

NADLEH WHUT'EN INDIAN BAND

FINANCIAL STATEMENTS

MARCH 31, 2018

NADLEH WHUT'EN INDIAN BAND

FINANCIAL STATEMENTS

MARCH 31, 2018

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NADLEH WHUT'EN INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2018

The accompanying financial statements of Nadleh Whut'en Indian Band are the responsibility of management and have been approved by Chief and Council.

The 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 Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

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

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

The Council meets periodically with management, as well as the external auditors, to discuss Internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, DMC Chartered Professional Accountants Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Nadleh Whut'en Indian Band and meet when required.

On behalf of Nadleh Whut'en Indian Band:

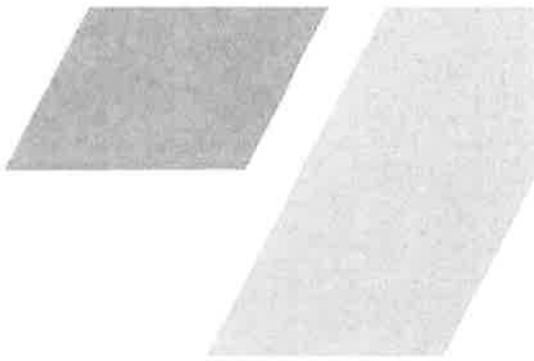
Chief

Kay Nowski
Councillor

Councillor

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Date



Independent Auditor's Report

To the Members of
Nadleh Whut'en Indian Band

We have audited the accompanying financial statements of Nadleh Whut'en Indian Band, which comprise the statement of financial position as at March 31, 2018, and the statements of revenue, expenditures and accumulated surplus, change in net debt, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 First Nation'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 First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

We were unable to obtain sufficient audit evidence for the band's investment in Band Owned Entities. As a result, we are not able to determine whether any adjustments might be necessary to these investments, other income or ending surplus on Schedule 4075 Investment Fund.

Qualified opinion

Except as noted in the above paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2018 and the results of its operations, the changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

DMC Chartered Professional
Accountants Inc.

Prince George, British Columbia
July 26, 2018

NADLEH WHUT'EN INDIAN BAND

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash (Note 2)	\$ 5,140,681	\$ 3,276,187
Restricted cash (Note 2)	122,964	122,802
Accounts receivable (Note 3)	407,229	484,460
Member loans receivable (Note 4)	-	3,246
Due from government (Note 5)	194,093	221,117
Inventory held for sale (Note 6)	23,479	37,588
Portfolio investments (Note 7)	116,006	112,138
Investment and advances in band owned entities (Notes 8, 9)	9,060	20,065
Trust funds (Note 10)	<u>841,427</u>	<u>768,359</u>
	6,854,939	5,045,962
LIABILITIES		
Bank indebtedness	-	1,339
Accounts payable and accrued liabilities (Note 11)	488,895	268,917
Due to government agencies (Note 12)	14,464	17,003
Deferred revenue (Note 13)	359,500	1,314,800
Advances from band owned entities (Note 14)	10,000	19,999
Long-term debt (Note 15)	<u>16,108,750</u>	<u>16,619,860</u>
Replacement reserves (Note 16)	83,578	78,064
	17,065,187	18,319,982
NET DEBT	(10,210,248)	(13,274,020)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 17)	25,638,124	25,684,500
Prepaid expenses	<u>43,934</u>	<u>46,467</u>
	25,682,058	25,730,967
ACCUMULATED SURPLUS	\$ 15,471,810	\$ 12,456,947

Contingent liabilities (Note 18)

Economic dependence (Note 19)

Approved on behalf of the Nadleh Whut'en Indian Band

John D. Nesk, Chief

Roy Nesk, Councillor

See accompanying notes to these financial statements.

NADLEH WHUT'EN INDIAN BAND

STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget	2018 Actual	2017
EXCESS OF REVENUE OVER EXPENDITURES	\$ (2,702,113)	\$ 3,014,863	\$ 3,403,598
Acquisition of tangible capital assets	-	(1,399,635)	(5,681,310)
Amortization of tangible capital assets	-	1,446,011	967,721
	-	46,376	(4,713,589)
Acquisition of prepaid asset	2,533	(26,575)	(46,467)
Use of prepaid asset	-	29,108	49,423
	2,533	2,533	2,956
Decrease in net financial assets	(2,699,580)	3,063,772	(1,307,035)
NET DEBT AT BEGINNING OF YEAR	-	(13,274,020)	(11,966,985)
NET DEBT AT END OF YEAR	\$ -	\$ (10,210,248)	\$ (13,274,020)

See accompanying notes to these financial statements.

NADLEH WHUT'EN INDIAN BAND

STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Federal government transfer for operating (Note 20)	\$ 2,157,622	\$ 3,061,738	\$ 3,725,258
Provincial government transfers for operating (Note 20)	32,000	75,000	85,960
Other Aboriginal Groups	2,601,499	4,063,321	4,340,876
Band Generated	282,210	2,018,908	2,290,901
Administration fees and overhead	330,000	-	-
Other Revenue	72,475	221,979	126,453
Trust Funds income	-	73,068	46,605
Income from portfolio investments	-	10,877	11,281
Interest income	-	4,417	2,773
Transfer from deferred revenue	1,314,800	1,314,800	-
Transfer to deferred revenue	-	(359,500)	(1,314,800)
	6,790,606	10,484,608	9,315,307
COST OF GOODS SOLD			
	-	1,125,135	1,026,304
GROSS PROFIT			
	6,790,606	9,359,473	8,289,003
EXPENDITURES			
Administration	1,424,471	1,759,562	1,048,015
Social Services	316,040	456,300	338,355
Education	1,335,168	1,240,396	887,107
Housing	1,355,961	230,221	377,340
Capital	168,728	1,379,561	1,361,405
Economic Development	2,083,698	938,947	762,271
Community Services	134,747	333,343	175,912
	6,818,813	6,338,330	4,950,405
REPLACEMENT RESERVE			
	-	(6,756)	(15,036)
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS			
	(2,702,113)	3,014,385	3,323,558
OTHER ITEMS			
Gain on disposal of tangible capital assets	-	-	80,040
Gain on disposal of investment	-	478	-
	-	478	80,040
EXCESS OF REVENUE OVER EXPENDITURES			
	(2,702,113)	3,014,863	3,403,598
ACCUMULATED SURPLUS AT BEGINNING OF YEAR			
	-	12,456,947	9,053,349
CAPITALIZATION OF TANGIBLE CAPITAL ASSETS			
	673,192	-	-
ACCUMULATED SURPLUS AT END OF YEAR			
	\$ (2,028,921)	\$ 15,471,810	\$ 12,456,947

See accompanying notes to these financial statements.

NADLEH WHUT'EN INDIAN BAND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
Cash flows from OPERATING ACTIVITIES		
Excess of Revenue Over Expenditures	\$ 3,014,863	\$ 3,403,598
Items not affecting cash		
Amortization	1,446,011	967,721
Replacement reserve	13,070	11,893
Gain on disposal of investment	(478)	-
	4,473,466	4,383,212
Change in non-cash operating working capital		
Accounts receivable	77,231	(174,871)
Member loans receivable	3,246	(133)
Due from government	27,024	(120,399)
Inventory held for sale	14,109	(652)
Prepaid expenses	2,532	2,962
Accounts payable and accrued liabilities	219,978	(871,454)
Due to government agencies	(2,539)	9,382
Deferred revenue	(955,300)	1,314,800
	3,859,747	4,542,847
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,399,637)	(5,681,317)
FINANCING ACTIVITIES		
Advances from long-term debt	-	6,053,203
Repayment of long-term debt	(511,109)	(2,106,497)
Repayment of short-term financing	(1,339)	(657,352)
	(512,448)	3,289,354
INVESTING ACTIVITIES		
Investment in Vanderhoof Co-op	(3,868)	(3,760)
Increase in Ottawa Trust Revenue	(73,068)	7,131
Advances to band owned entities (net)	(6,070)	11,179
	(83,006)	14,550
INCREASE IN CASH AND CASH EQUIVALENTS	1,864,656	2,165,434
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,398,989	1,233,555
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,263,645	\$ 3,398,989
REPRESENTED BY		
Cash	\$ 5,140,681	\$ 3,276,187
Restricted cash	122,964	122,802
	\$ 5,263,645	\$ 3,398,989

See accompanying notes to these financial statements.

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

DESCRIPTION OF OPERATIONS

Nadleh Whut'en Indian Band is a self-governed First Nations Band and operates on Nadleh Whut'en First Nation traditional territory, located in Fort Fraser, BC. Off-reserve aboriginal communities are also located throughout Northern BC with its head office located in Fort Fraser, BC.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of accounting

These 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 Chartered Professional Accountants of Canada.

(b) Reporting entity principles of financial reporting

These financial statements report only on the activities of the Nadleh Whut'en Indian Band.

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

Incorporated business entities, which are owned by the First Nation, or are controlled by the First Nation Council, and which are not dependent on the First Nation for their continuing operations are included in the financial statement using the modified equity method, whereby the investment was initially recorded at cost and adjusted to recognize the Nation's share of earning or losses and reduced by distributions received. The business entity's accounting principles are not adjusted to conform to those of the Nation.

1. Chundo Yus Forestry General Partner Ltd.
2. Chundo Yus Real Estate General Partner Ltd.
3. Chundo Yus Forestry Limited Partnership
4. Nadleh Limited Partner Ltd.

Investments in and advances to these companies are recorded on a modified equity basis less adjustments for any impairments in value which are considered to be permanent, are reported in the statement of financial position.

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

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

(c) Financial instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all of its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash (restricted and unrestricted), accounts receivable, advances from related parties, portfolio investments and trust funds.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, reserves, advances to related parties and long-term debt.

Fair value is determined by the price that is quoted in an active market. The most recent quote price becomes its new carrying value. When a quoted price in an active market is not available for an equity instrument that is a portfolio investment, it is measured at cost.

(d) Cash and cash equivalents

Cash includes cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(e) Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value based on first in first out basis.

(f) Portfolio investments

Portfolio investments are recorded at amortized cost. The investment is increased by the Nation's contributions and/or the Nation's share of partnership income. The investment is reduced by any draws by the Nation.

(g) Trust funds

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada 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.

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

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

(h) Tangible capital assets

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

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

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

Buildings and infrastructure	5% - 10% Declining balance
Automotive equipment	25% Declining balance
Computer equipment and software	55% - 100% Declining balance
Equipment	20% Declining balance

Social housing assets acquired under Canadian Mortgage and Housing Corporation ("CMHC") sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for CMHC reporting purposes, and is recorded as a charge against social housing operations.

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

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

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

(i) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as excess of the carrying value of the asset over its fair life.

(j) Surplus recoveries and deficit funding

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

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

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

(k) Replacement reserve

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

(l) Revenue recognition

All revenue is recorded on an accrual basis whereby amounts received or recorded as a receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

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

Investment income reported on investments is recorded in the period earned.

Government transfers are recognized in the financial statements in the period in which events giving 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.

(m) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are for resale. Non-financial assets include tangible assets, prepaid expenses and inventory of supplies.

(n) Net debt

The financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt is determined by liabilities less financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

(o) Segment Disclosure

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The First Nation has provided definitions of segments used as well as presented financial information in segment format (Note 21).

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

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

(p) Use of estimates

The preparation of financial statements in conformity with Public sector accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of estimates relate to the impairment of assets, allowance for doubtful accounts and rates for amortization. Actual results could differ from those estimates.

2. CASH

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Nadleh Whut'en Indian Band must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund. Cash is comprised of the following:

	2018	2017
Externally restricted Replacement Reserve	\$ 122,964	\$ 122,802
Unrestricted		
Operating	4,973,716	3,187,028
Social Housing	47,496	15,989
Property Tax	82,057	42,688
Nautley Store	37,412	30,482
	<hr/> 5,140,681	3,276,187
	<hr/> \$ 5,263,645	\$ 3,398,989

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

3. ACCOUNTS RECEIVABLE

	2018	2017
Due from members		
Social housing - rent receivable	\$ 483,038	\$ 439,408
Due from others		
Services - non-members	392,553	470,609
Other	33,725	32,306
	426,278	502,915
Allowance for doubtful accounts	909,316	942,323
	(502,087)	(457,863)
	\$ 407,229	\$ 484,460

4. MEMBER LOANS RECEIVABLE

	2018	2017
Loans to band members	\$ 7,754	\$ 48,344
Allowance for doubtful accounts	(7,754)	(45,098)
	\$ -	\$ 3,246

5. DUE FROM GOVERNMENT AGENCIES

	2018	2017
Indigenous and Northern Affairs Canada	\$ 175,096	\$ 100,587
Provincial government	-	80,995
Federal government - GST Rebate	18,997	39,535
	\$ 194,093	\$ 221,117

6. INVENTORY HELD FOR RESALE

Inventory held for resale is classified as follows:

	2018	2017
Fuel and oil	\$ 6,798	\$ 12,411
Cigarettes and tobacco	9,648	12,777
Groceries, confectionary	7,033	12,400
	\$ 23,479	\$ 37,588

NADLEH WHUT'EN INDIAN BAND**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2018****7. PORTFOLIO INVESTMENTS**

	2018	2017
Vanderhoof Co-operative Equity Investment	\$ 116,004	\$ 112,136
Pacific Trail/First Nation Group Limited Partnership (PTP - 780 Units)	1	1
<u>FNLP GP2 Inc. (1 Common Share)</u>	<u>1</u>	<u>1</u>
	\$ 116,006	\$ 112,138

8. INVESTMENT IN BAND OWNED ENTITIES

Nadleh Whut'en Indian Band's investment in government business partnerships consists of the following:

- ◆ Chundo Yus Forestry General Partner Ltd. (100%)
- ◆ Chundo Yus Mining General Partner Ltd. (100%)
- ◆ Chundo Yus Real Estate General Partner Ltd. (100%)
- ◆ Chundo Yus Forestry Limited Partnership (99.99%)
- ◆ Chundo Yus Mining Limited Partnership (99.99%)
- ◆ Chundo Yus Real Estate Limited Partnership (99.99%)
- ◆ Nadleh Limited Partner Ltd. (100%)

The First Nation entered into a Bare Trust / Agency Agreement with Nadleh Limited Partner Ltd. on May 29, 2015, which states that all income received from the Trust Property will belong to and be for the sole benefit of the First Nation and will be paid to the First Nation upon the direction of the Chief & Council.

	2018	2017
Chundo Yus Forestry General Partner Ltd. (100%)	\$ (1,462)	\$ 21
Chundo Yus Mining General Partner Ltd. (100%)	-	22
Chundo Yus Real Estate General Partner Ltd. (100%)	21	21
Chundo Yus Forestry Limited Partnership (99.99%)	9,500	9,500
Chundo Yus Mining Limited Partnership (99.99%)	-	9,500
Chundo Yus Real Estate Limited Partnership (99.99%)	1,000	1,000
<u>Nadleh Limited Partner Ltd. (100%)</u>	<u>1</u>	<u>1</u>
	\$ 9,060	\$ 20,065

8. INVESTMENT IN BAND OWNED ENTITIES, continued

	Chundo Yus Forestry General Partner Ltd. (100%)	Chundo Yus Mining General Partner Ltd. (100%)	Chundo Yus Real Estate General Partner Ltd. (100%)	Chundo Yus Forestry Limited Partner Partnership (99.99%)	Chundo Yus Mining Limited Partnership (99.99%)	Chundo Yus Real Estate Limited Partnership (99.99%)	Nadleh Limited Partner Ltd. (100%)
Cash	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ (390)
Accounts receivable							
Investment		\$ 1		\$ 1			
Due from Nadleh Whut'en							
Due from Chundo Yus General Partners							
Total assets	\$ 21	\$ -	\$ 21	\$ 9,500	\$ -	\$ (389)	\$ 1
Accounts payable							
Due to Nadleh Whut'en		\$ 2,777		\$ 2,761			\$ 564,031
Total liabilities	2,777	\$ -	2,761	\$ -	\$ -	\$ 564,125	\$ -
Equity							
Total liabilities and equity	\$ 21	\$ -	\$ 21	\$ 9,500	\$ -	\$ (389)	\$ 1

8. INVESTMENT IN BAND OWNED ENTITIES, continued

	Chundo Yus Forestry General Partner Ltd. (100%)	Chundo Yus Mining General Partner Ltd. (100%)	Chundo Yus Real Estate General Partner Ltd. (100%)	Chundo Yus Forestry Limited Partner (99.99%)	Chundo Yus Mining Limited Partnership (99.99%)	Chundo Yus Real Estate Limited Partnership (99.99%)	Nadleh Limited Partner Ltd. (100%)
Revenue							
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses							
Bank charges	-	-	-	-	-	1,483	-
Insurance	-	-	-	-	-	3,286	-
Professional fees	-	-	-	-	-	46,590	-
						51,359	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (51,359)	\$ -

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

9. ADVANCES TO BAND OWNED ENTITIES

	2018	2017
Chundo Yus Forestry General Partner Ltd. (100%)	\$ 2,777	\$ 2,777
Chundo Yus Mining General Partner Ltd. (100%)	-	2,765
Chundo Yus Real Estate General Partner Ltd. (100%)	2,761	2,761
Chundo Yus Real Estate Limited Partnership (99.99%)	<u>514,155</u>	514,155
	<hr/>	<hr/>
	\$ 519,693	\$ 522,458
	<hr/>	<hr/>

Related party balances are non-interest bearing with no set terms of repayment.

Related party transactions, if any, are in the normal course of business, and are for fair consideration that is mutually agreed upon by the related parties.

During the year, the Nadleh Whut'en Indian Band paid consulting and professional fees for its related parties as follows:

Chundo Yus Forestry General Partner Ltd. - 2018 - \$500 (2017 - \$500)
 Chundo Yus Mining General Partner Ltd. - 2018 - \$ - (2017 - \$500)
 Chundo Yus Real Estate General Partner Ltd. - 2018 - \$500 (2017 - \$500)
 Chundo Yus Real Estate Limited Partnership - 2018 - \$3,750 (2017 - \$3,740)

10. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2018	2017	
Capital funds held in trust	\$ 14,423	\$ 14,423	
Revenue funds held in trust	<u>827,004</u>	753,936	
	<hr/>	<hr/>	
	\$ 841,427	\$ 768,359	
	<hr/>	<hr/>	
	March 31, 2017	Additions, 2018	March 31, 2018
Capital funds held in trust	\$ 14,423	\$ -	\$ 14,423
Revenue funds held in trust	753,936	73,068	<u>827,004</u>
	<hr/>	<hr/>	<hr/>
	\$ 768,359	\$ 73,068	\$ 841,427
	<hr/>	<hr/>	<hr/>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade payables	\$ 262,536	\$ 95,894
Accrued payables	71,308	37,705
Wages payable	68,272	63,028
Vacation payable	41,398	36,045
Social Housing Rent payable	23,124	26,942
Other payables	22,257	9,303
	<hr/> \$ 488,895	<hr/> \$ 268,917

12. DUE TO GOVERNMENT AGENCIES

	2018	2017
Federal government	\$ 11,342	\$ 15,953
Provincial government	3,122	1,050
	<hr/> \$ 14,464	<hr/> \$ 17,003

13. DEFERRED REVENUE

	March 31, 2017	Funding received, 2018	Revenue recognized, 2018	March 31, 2018
Federal government				
INAC NTLB-001	\$ 1,314,800	\$ -	\$ (1,314,800)	\$ -
INAC NTV5	-	359,500	-	<hr/> 359,500
	<hr/> \$ 1,314,800	<hr/> \$ 359,500	<hr/> \$ (1,314,800)	<hr/> \$ 359,500

14. ADVANCES FROM BAND OWNED ENTITIES

	2018	2017
Advances from:		
Chundo Yus Forestry Limited Partnership (99.99%)	\$ (9,999)	\$ (9,999)
Chundo Yus Mining Limited Partnership (99.99%)	-	(9,999)
Nadleh Limited Partner	(1)	(1)
	<hr/> \$ (10,000)	<hr/> \$ (19,999)

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

15. LONG-TERM DEBT

Treaty Loan, Carrier Sekani Tribal Council. Treaty negotiation loan, non-interest loan, non-interest bearing, repayable at the earlier of: a) the twelfth anniversary of the date of signing of the agreement in principle by the Carrier Sekani Tribal Council; b) the date on which a treaty is signed by the Carrier Sekani Tribal Council. **\$ 1,407,264** **\$ 1,407,264**

Construction Loan - Facility 3 bearing interest at 3.45% per annum, repayable in monthly payments of \$40,606 plus interest, due on demand. The loan is secured by a general security agreement providing first ranking security interest over all of the tangible and intangible assets of the borrower, all risk insurance including course of construction and general liability insurance with the lender named as a loss payee, and a pledge of the borrower's revenue stream as required. The loan matures on February 28, 1947. **14,577,109** **15,027,355**

CIBC Mortgage bearing interest at 2.99% per annum, repayable in monthly payments of \$1,586 including interest, due on demand. The loan is secured by buildings with a net book value \$87,067 and a Government of Canada Ministerial Guarantee. The loan matures on August 1, 2022. **86,523** **102,717**

CMHC mortgage bearing interest at 1.22% per annum, repayable in monthly payments of \$2,539 including interest, due on demand. The loan is secured by buildings with a net book value \$37,854 and a Government of Canada Ministerial Guarantee. The loan matures on June 1, 2019. **37,854** **67,665**

Loan repaid during the year. **-** **5,793**

Loan repaid during the year. **-** **9,066**

\$ 16,108,750 **\$ 16,619,860**

Principal portion of long-term debt due within the next five years:

2019	\$ 46,861
2020	999,414
2021	992,258
2022	992,795
2023 and thereafter	13,077,422
	\$ 16,108,750

	2018	2017
Interest expense for the year on long-term debt	\$ 447,532	\$ 355,186

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

16. RESERVES

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the First Nation is required to make annual deposits of at least \$6,756 to a separate replacement reserve for the replacement of certain items contained in the rental housing projects financed by CMHC.

	2018	2017
Balance, beginning of year	\$ 78,064	\$ 66,171
Contributions, required during the year	6,756	15,036
Withdrawals	(1,242)	(3,143)
	\$ 83,578	\$ 78,064

As at March 31, 2018, the Replacement Reserve Fund is overfunded by \$39,386 (2017 - overfunded by \$44,738).

17. TANGIBLE CAPITAL ASSETS

	Cost	Additions	Accumulated amortization	2018 Net book value
Buildings and infrastructure	\$ 35,760,676	\$ 1,367,788	\$ 11,648,744	\$ 25,479,720
Automotive equipment	388,980	-	362,805	26,175
Computer equipment	62,642	14,054	62,683	14,013
Office equipment	110,918	2,824	31,340	82,403
Equipment	349,354	14,972	328,512	35,813
	\$ 36,672,570	\$ 1,399,638	\$ 12,434,084	\$ 25,638,124

	Cost	Additions	Accumulated amortization	2017 Net book value
Buildings and infrastructure	\$ 30,204,531	\$ 5,556,145	\$ 10,249,467	\$ 25,511,208
Automotive equipment	388,980	-	354,080	34,901
Computer equipment	52,698	9,944	52,644	9,998
Office equipment	-	110,918	11,092	99,827
Equipment	345,050	4,304	320,788	28,566
	\$ 30,991,259	\$ 5,681,311	\$ 10,988,071	\$ 25,684,500

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

18. CONTINGENT LIABILITIES

Recoveries of Government Funding

Under the terms of the agreement with Indigenous and Northern Affairs Canada and other government agencies, certain surplus may be recoverable and so repayable to the government by the First Nation. The amount of the liability, if any, of the First Nation is not determinable at this time.

Carrier Sekani Treaty Funding Loan Agreement

The Carrier Sekani Tribal Council has signed an agreement on behalf of its member First Nations with Canada and British Columbia. The First Nation has signed a treaty loan agreement with the Carrier Sekani Tribal Council. The loan to the First Nation shall accrue interest at a rate established pursuant to the First Nation loan agreement between the Carrier Sekani Tribal Council with Canada and British Columbia. The amount of the liability for interest, if any, of the First Nation is not determinable at this time.

Ministerial Loan Agreement

The First Nation is contingently liable for Ministerial Loan Guarantees in the amount of \$37,956 for loans to individual First Nations Members.

Credit Facility

The First Nation has a \$800,000 revolving credit facility with the Bank of Montreal for general working capital purposes and is secured by a general security agreement providing first ranking security interest over all of the tangible and intangible assets of the borrower, with interest charged at prime plus 1% per annum.

The First Nation has a \$50,000 MasterCard facility for general working capital purposes.

The First Nation has a \$2,000,000 on-reserve housing loan program which provides up to 80% of the mortgage value to qualified borrowers for the construction, renovation, refinance or purchase of a dwelling on reserve, and a \$1,440,000 Treasury Risk Management Facility to facilitate hedging of interest rate risk.

19. ECONOMIC DEPENDENCE

Nadleh Whut'en Indian Band receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Northern Affairs Canada. The First Nation's ability to operate certain programs depends on the contribution of this funding.

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

20. GOVERNMENT TRANSFERS

	2018		
	Operating	Capital	Total
Federal government transfers			
Aboriginal Affairs and Northern Development Canada	\$ 2,545,008	\$ 469,312	\$ 3,014,320
Canada Mortgage and Housing Corporation	16,418	-	16,418
Other	31,000	-	31,000
Total	2,592,426	469,312	3,061,738
Provincial government transfers			
	75,000	-	75,000
	\$ 2,667,426	\$ 469,312	\$ 3,136,738
	2017		
	Operating	Capital	Total
Federal government transfers			
Aboriginal Affairs and Northern Development Canada	\$ 2,152,369	\$ 1,421,653	\$ 3,574,022
Canada Mortgage and Housing Corporation	151,236	-	151,236
Total	2,303,605	1,421,653	3,725,258
Provincial government transfers			
	85,960	-	85,960
	\$ 2,389,565	\$ 1,421,653	\$ 3,811,218

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

21. SEGMENTED INFORMATION

Nadleh Whut'en Indian Band is a First Nation organization that provides a wide range of services to its members including social, education, housing, capital, economic development and community services. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives with special regulations, restrictions or limitations.

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

Administration

The Administration departments provides operational and programmatic support to the Nation. It also manages the Nation's financial records to ensure that the government's operations are fiscally responsible and accurate financial results of government programming are being reported.

Social Services

The Social Services program provides assistance to community members unable to provide for themselves and their dependents. The services include, but are not limited to, income assistance, child and family services, and assisted living.

Education

The Education program offers aboriginal employment and training programs to assist members to attain employment, provides kindergarten to grade 12 courses and provides post secondary education support.

Housing

The Housing program is responsible for the administration and management of Social Housing units.

Capital

The Capital program provides for the development of new capital projects and infrastructure programs on the reserve.

Economic Development

The Economic Development department is responsible for creating and sustaining businesses and partnerships that provide economic growth and stability for the Nation.

Community Services

The Community Services department supports the members in their efforts to enhance their self-awareness, health and wellness, education and employment. Various programs are being offered in this department.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

21. SEGMENTED INFORMATION, continued

	Administration		Social Services		2018		Education	
	2018 Budget	2018 Actual	2017 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues								
Indigenous and Northern Affairs Canada	\$ 445,666	\$ 474,115	\$ 216,313	\$ 336,733	\$ 377,185	\$ 382,085	\$ 1,120,027	\$ 1,146,470
Federal Government	25,000	45,000	10,960	140,925	110,297	455,948	2,000	477,437
Provincial Government			87,880					372,946
Other Aboriginal Groups	97,201	101,000	213,367					9,836
Band Generated	282,210	334,144	107,450	9,999	1,000	35,975	36,835	15,327
Other revenue	356,500	125,032						
Total revenue	1,181,577	1,104,291	635,970	336,733	528,109	493,382	1,613,950	1,660,742
Expenses								
Amortization	1,661	2,239		729	794			1,514
Consulting fees	9,095	134,567	158,096	11,332	5,560	112,000	114,339	2,200
Materials and supplies	14,101	16,586	15,590	24,363	46,605	47,533	74,000	115,089
Social assistance and support			192,042	206,997	175,647			48,947
Travel	21,650	66,005	34,447	8,800	53,336	44,770	673,618	33,434
Tuition and allowances							631,798	30,012
Wages and benefits	497,700	420,804	333,747	35,154	60,705	52,536	164,441	532,830
Other expenses	881,925	1,119,937	503,895	55,681	76,596	11,515	277,675	169,588
Total expenses	1,424,471	1,759,560	1,048,014	316,040	456,300	338,355	1,335,168	1,240,398
Other income	(242,894)	(655,269)	(412,044)	20,693	71,809	155,027	278,782	420,344
Annual surplus (deficit)	\$ (242,894)	\$ (655,269)	\$ (332,004)	\$ 20,693	\$ 71,809	\$ 155,027	\$ 278,782	\$ 420,344
								\$ 613,257

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

21. SEGMENTED INFORMATION, continued

	2018 Budget	Housing 2018 Actual	2017 Actual	2018 Budget	Capital 2018 Actual	2017 Actual	2018 Budget	2018 Budget	Economic Development 2018 Actual	2017 Actual
Revenues										
Indigenous and Northern Affairs	\$ -	\$ -	\$ 1,378,090	\$ 99,780	\$ 771,240	\$ 159,487	\$ 155,416	\$ 245,310	\$ 335,790	
Canada			16,418	151,236						
Federal Government										75,000
Provincial Government										865,753
Other Aboriginal Groups										1,920,963
Band Generated			146,762	143,662						21,780
Other revenue			1,325,410	(1,303,519)						
Total revenue			1,314,800	1,488,590	369,469	99,780	411,740	2,561,840	2,183,266	5,044,528
Expenses										
Amortization		112,572	112,684	164,647	1,288,499	806,289			39,636	41,997
Consulting fees			59,610		48,073	30,550			240,766	153,610
Materials and supplies	450	6,587	4,457		16,211	11,520	15,725		80,190	88,280
Travel	1,000	5,031	1,598				16,290		42,835	45,169
Wages and benefits	30,711	40,441	46,699			303	185,889		265,807	261,665
Other expenses	1,323,800	72,346	167,328	4,081	26,475	513,046	1,713,794	1,394,847	1,197,853	
Total expenses		1,355,961	236,977	392,376	168,728	1,379,561	1,361,405	2,083,698	2,064,081	1,788,574
Other income	(41,161)	1,251,613	(22,907)	(68,948)	(967,821)	1,200,435	99,568	2,980,447	478	1,430,712
Annual surplus (deficit)	\$ (41,161)	\$ 1,251,613	\$ (22,907)	\$ (68,948)	\$ (967,821)	\$ (967,821)	\$ 1,200,435	\$ 99,568	\$ 2,980,925	\$ 1,430,712

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

21. SEGMENTED INFORMATION, continued

	Community Services			Consolidated totals		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues						
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ 2,157,622	\$ 3,014,320	\$ 3,574,022
Federal Government	30,000	30,000	-	-	47,418	151,236
Provincial Government	30,500	171,075	503,999	32,000	75,000	85,960
Other Aboriginal Groups	-	8,467	3,075	2,601,499	4,063,322	4,340,875
Band Generated	-	31,066	27,920	282,210	2,018,909	2,290,903
Other revenue	-	-	-	1,717,275	1,878,019	(633,456)
Total revenue	60,500	246,608	534,994	6,790,606	11,096,988	9,809,540
Expenses						
Amortization	-	1,401	1,518	-	1,446,012	967,721
Consulting fees	-	6,975	-	437,742	556,052	522,515
Materials and supplies	25,000	46,993	25,764	153,639	298,766	242,091
Social assistance and support	42,025	26,025	-	234,067	233,022	175,647
Travel	9,769	32,399	22,901	90,943	229,617	163,017
Tuitions and allowances	-	-	-	673,618	631,798	532,830
Wages and benefits	18,822	135,981	90,688	932,717	1,093,629	925,699
Other expenses	39,131	103,927	81,384	4,296,087	3,593,707	2,956,462
Total expenses	134,747	353,701	222,255	6,818,813	8,082,604	6,485,977
Other income	(74,247)	(107,093)	312,739	(28,207)	3,014,384	3,323,563
Annual surplus (deficit)	\$ (74,247)	\$ (107,093)	\$ 312,739	\$ (28,207)	478	80,040

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

22. EXPENSES BY OBJECT

	2018 Budget	2018 Actual	2017 Actual
Administration fees	\$ 380,946	\$ -	\$ -
Amortization	-	1,446,011	967,721
Bad debts	-	49,881	118,353
Capital purchases	1,232,700	-	-
Catering	19,700	61,289	53,253
Ceremony	1,350	-	-
Child care	20,145	21,014	-
Community Development	-	5,393	-
Consulting fees	437,742	556,053	522,515
Contracted services	1,325,727	51,567	69,948
Donations	-	1,679	21,330
Economic development	-	220	4,600
Election	-	8,500	4,000
Family violence	-	-	1,618
Honorarium	118,398	127,917	111,850
Insurance	56,397	86,770	100,619
Interest and bank charges	9,420	21,241	38,274
Interest on long-term debt	397,559	447,532	477,799
Janitorial	6,000	21,893	4,129
Materials and supplies	153,638	298,767	242,089
Meeting expenses	17,189	35,482	1,000
Municipal services	-	6,942	6,000
Office expenses	28,729	17,736	13,356
Professional fees	199,000	215,639	44,013
Project expenses	-	10,769	-
Purchases	-	1,125,135	1,026,304
Regional District Services	23,976	17,607	14,699
Relocation costs	16,834	300	-
Rent (Recovery)	159,129	212,282	(9,305)
Repairs and maintenance	19,768	113,455	45,115
Retrofit Initiative expense	1,000	-	117,827
Social assistance and support	234,067	233,022	175,647
Training	128,210	128,886	38,231
Travel	90,943	229,618	163,011
Tuitions and allowances	673,618	631,798	532,830
Utilities and telephone	128,911	175,125	137,320
Vehicle	5,000	10,313	6,863
Wages and benefits	932,717	1,093,629	925,700
	\$ 6,818,813	\$ 7,463,465	\$ 5,976,709

NADLEH WHUT'EN INDIAN BAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

23. EMPLOYMENT RETIREMENT PLAN

The First Nation has a defined contribution plan for its employees, where 5% of employees gross payroll is contributed to a defined contribution plan. Total band contributions for 2018 were \$73,510 (2017 - \$49,706).

24. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Interest rate risk

The First Nation is exposed to interest rate risk. Interest rate risk is the risk that the First Nation has interest rate exposure on its bank contingent liabilities, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The First Nation reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates, which have been relatively stable over the period presented. There are some loans that are at fixed term rates and do not effect interest rate risk. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management, the interest rate risk to the First Nation is low and not material.

25. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council on July 13, 2017.

26. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.