

Stellat'en First Nation
Consolidated Financial Statements
March 31, 2016

Stellat'en First Nation Contents

For the year ended March 31, 2016

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STELLAT'EN FIRST NATION

Management's Responsibility

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To the Members of Stellat'en First Nation:

The accompanying consolidated financial statements of Stellat'en First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Stellat'en First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 19, 2016

Band Administrator

Independent Auditors' Report

To the Members of Stellat'en First Nation:

We have audited the accompanying consolidated financial statements of Stellat'en First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

The Nation was unable to provide a listing of the opening tangible capital assets at historical cost. We were unable to verify the existence, completeness and valuation of the tangible capital assets. We were also unable to verify the existence, completeness and valuation of the opening accumulated surplus as a result of this matter.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Stellat'en First Nation as at March 31, 2016 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



MNP LLP

Chartered Professional Accountants

Prince George, British Columbia

July 19, 2016

Stellat'en First Nation
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Cash	540,978	709,997
Accounts receivable (Note 3)	249,766	455,325
Portfolio investments (Note 4)	1,312,515	1,103,806
Funds held in trust (Note 5)	3,543	2,225
Advances to related Nation entities (Note 7)	553,108	394,008
Investment in (deficit from) Nation business entities (Note 6)	115,917	(347,855)
Total financial assets	2,775,827	2,317,506
Liabilities		
Accounts payable and accruals	271,072	209,965
Long-term debt (Note 9)	1,572,667	1,606,311
Total liabilities	1,843,739	1,816,276
Net financial assets	932,088	501,230
Contingencies (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 1)	4,785,696	4,527,811
Prepaid expenses	28,193	27,952
Total non-financial assets	4,813,889	4,555,763
Accumulated surplus (Note 11)	5,745,977	5,056,993
Approved on behalf of the Council		
	Chief	
		Councillor

Stellat'en First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	Schedules	2016 Budget (Note 15)	2016	2015
Revenue				
Indigenous and Northern Affairs Canada (Note 13)	1,925,112	2,033,882	2,086,807	
Ottawa trust fund	-	1,318	3,302	
First Nations Health Authority	81,408	122,169	78,164	
Resource industry revenue	1,051,270	476,090	1,856,703	
Carrier Sekani Family Services	405,440	457,359	220,161	
Prince George Aboriginal Employment and Training	80,983	82,039	61,493	
Province of British Columbia	3,177	265,280	106,462	
Other revenue	759,371	390,171	258,912	
Earnings from investment in Nation business entities	-	866,028	56,136	
	4,306,761	4,694,336	4,728,140	
Expenses				
Band Government	3	653,138	753,489	815,278
Social Assistance	4	492,975	378,780	360,425
Education	5	943,839	609,840	631,675
Infrastructure Operations & Management	6	341,897	384,581	327,433
Economic Development	7	517,509	384,404	437,717
Community Health	8	380,542	522,234	360,591
Other	9	526,210	439,734	690,966
Capital	10	167,905	532,290	250,627
	4,024,015	4,005,352	3,874,712	
Annual surplus				
Accumulated surplus, beginning of year		282,746	688,984	853,428
		5,056,993	5,056,993	4,203,565
Accumulated surplus, end of year		5,339,739	5,745,977	5,056,993

Stellat'en First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2016

	2016 Budget (Note 15)	2016	2015
Annual surplus			
Purchases of tangible capital assets	282,746	688,984	853,428
Amortization of tangible capital assets	-	(453,578)	(779,452)
Transfer of tangible capital assets to related party	-	193,268	190,459
Change in inventory	-	-	126,761
Proceeds of disposal of tangible capital assets	-	-	50,678
Acquisition of prepaid expenses	-	2,425	-
Use of prepaid expenses	-	(241)	-
		80,599	
Increase in net financial assets			
Net financial assets (debt), beginning of year	282,746	430,858	522,473
Net financial assets, end of year	501,230	501,230	(21,243)

The accompanying notes are an integral part of these financial statements

Stellat'en First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	688,984	853,428
Non-cash items		
Amortization	193,268	190,459
Bad debts (recovery)	(144)	(8,799)
Earnings from investment in Nation business entities	(459,139)	(56,136)
Interest income from Ottawa Trust Fund	(1,318)	(3,302)
Gain on disposal of investments	-	(8,295)
INAC funded capital project	-	227,307
Changes in working capital accounts		
Accounts receivable	421,651	1,194,662
Prepaid expenses	205,712	(271,254)
Inventory	(241)	80,599
Accounts payable and accruals	61,094	50,578
Deferred revenue	-	(2,174)
Deposits payable	-	(49,254)
	688,216	984,507
Financing activities		
Advances of long-term debt	-	500,000
Repayment of long-term debt	(33,643)	(13,043)
	(33,643)	486,957
Capital activities		
Purchases of tangible capital assets	(453,578)	(779,452)
Proceeds of disposal of tangible capital assets	2,425	-
	(451,153)	(779,452)
Investing activities		
Purchase of portfolio investments	(218,633)	(1,103,806)
Proceeds on disposal of portfolio investments	5,294	-
Advances to related Nation entities	(163,505)	-
Repayment of advances to Nation entities	4,405	-
	(372,439)	(1,103,806)
Decrease in cash resources		
Cash resources, beginning of year	(169,019)	(411,794)
Cash resources, end of year	709,997	1,121,791
	540,978	709,997

Stellat'en First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

1. Operations

The Stellat'en First Nation (the "Nation") is located in the province of British Columbia, and provides various services to its members. Stellat'en First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Stellat'en First Nation are excluded from the First Nation reporting entity.

Stellat'en First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- 0987339 BC Ltd.
- Stellako Custom Wood Ltd.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

All intangible assets and items inherited by the rights of the Nation, such as reserve land, forests, water and mineral resources are not recognized in the Nation's consolidated financial statements

Amortization

Tangible capital assets are amortized over the expected useful life using the declining balance basis at the following rates. In the year of acquisition, amortization is taken at one-half of the rates below:

Rate

Building and infrastructure	4 %
Machinery and equipment	30 %
Office equipment	30 %
Computer equipment	55 %
Automobile	30 %

Stellat'en First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

2. Significant accounting policies (Continued from previous page)

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, and prepaid expenses.

Revenue recognition

Government Funding

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Ottawa Trust Fund revenue

The First Nation recognizes revenues of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Other revenue

Revenue such as resources industry revenue, administration fee revenue, and other revenue is recognized when the performance is achieved, amounts are reasonably estimated and the collection is reasonably assured.

Financial instruments

The Nation's financial instruments consists of cash, funds held in trust, accounts receivable, portfolio investments, advances to related Nation entities, accounts payable and accruals, and long term debt. Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Nation is responsible for these estimates are reviewed periodically and, as adjustments become necessary, they are reported in annual surplus in the periods in which they become known.

Stellat'en First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

2. Significant accounting policies (Continued from previous page)

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when an asset's service potential is reduced. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value of long-lived assets.

The Nation does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

Segments

The First Nation conducts its business through a number of reportable segments as described in Note 14. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2016, no liability for contaminated sites exist.

Stellat'en First Nation Notes to the Consolidated Financial Statements *For the year ended March 31, 2016*

2. Significant accounting policies (Continued from previous page)

Recent accounting pronouncements

PS 2200 Related Party Disclosures

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the consolidated financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The First Nation does not expect the application of the new Standard to have a material effect on the consolidated financial statements.

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The First Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

Stellat'en First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

2. Significant accounting policies (Continued from previous page)

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

Stellat'en First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

2. Significant accounting policies *(Continued from previous page)*

PS 3430 Restructuring Transactions

In June 2015 new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged. The First Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3420 Inter-entity Transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued new PS 3420 Inter-entity Transactions.

The new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The main features of the new Section are:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis.
- Transactions are measured at the carrying amount, except in specific circumstances.
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice.
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.

Inter-entity transactions are considered in conjunction with PS 2200 Related Party Disclosures.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation does not expect application of the new standard to have a material effect on the consolidated financial statements.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

3. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	68,679	112,946
Federal government	31,744	33,401
First Nation Health Authority	825	2,000
Carrier Sekani Family Services	-	34,907
Members of the Nation	12,639	20,305
Other	135,879	251,766
	<hr/>	<hr/>
	249,766	455,325

4. Portfolio investments

	2016	2015
CIBC Wood Gundy	1,103,148	1,103,806
Walton Investment Group LLP	209,367	-
	<hr/>	<hr/>
	1,312,515	1,103,806

The funds can only be used with the consent of the membership. Market value of CIBC Wood Gundy portfolio investments is \$1,108,342 (2015-\$1,141,997). Walton Investment Group LLP is not in an active market, no market value available at March 31, 2016.

The fees paid to maintain the portfolio investments in CIBC Wood Gundy for the year ended March 31, 2016 is \$12,197 (2015 - \$4,285).

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

5. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

	2016	2015
Capital Trust		
Balance, beginning of year	2,202	2,202
Balance, end of year	2,202	2,202
Revenue Trust		
Balance, beginning of year	23	69,697
Interest	72	2,075
Special (British Columbia)	1,246	1,227
Withdrawal	-	(72,976)
Balance, end of year	1,341	23
	3,543	2,225

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

Stellat'en First Nation

Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Investment in (deficit from) Nation business entities

The First Nation has investments in the following entities:

	Opening balance	Loans / advances	Cumulative earnings (loss)	Total investment	2016
Wholly-owned Businesses:					
Stellako Custom Wood Ltd. 0987339 BC Ltd.	(2,960)	3,000	870,661	115,917	40

The financial statements of Stellako Custom Wood Ltd. and 0987339 B.C. Ltd. are not audited. Summary financial information for each First Nation business enterprise, accounted for using the modified equity method, for their respective year-end is as follows:

	Stellako Custom Wood Ltd. As at March 31, 2016	0987339 BC Ltd. As at March 31, 2016
Assets		
Accounts receivable	40	40
Investments	-	77
Investment in partnership	-	383,822
Total assets	40	383,939
Accounts payable and accruals	-	1,998
Advances from related parties	-	184,134
Deficiency in partnership investment	-	81,930
Total liabilities	-	268,062
Shareholder's deficit	40	115,877
Total revenue	14,312	872,761
Total expenses	14,312	2,100
Net income	-	870,661
Comprehensive income	-	870,661

The reported amounts for 0987339 BC Ltd. include the results of the following consolidated entities: Stellat'en Holdings LP and Stellat'en Holdings Inc. The year-end for Stellat'en Holdings LP is December 31, 2015. No significant or unusual transactions occurred between December 31, 2015 and March 31, 2016, therefore the December 31, 2015 figures are included without adjustment.

Stellat'en First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

7. Advances to related Nation entities

Demand promissory note Stenyah Store Limited Partnership	2016	2015
Advances to (from) Nation business entities		
Stellat'en Duchun Forestry Inc.	2,803	7,910
Stellat'en Duchun Forestry Limited Partnership	5,350	3,250
Stellat'en Holdings Inc.	8,812	6,712
Stenyah Store Inc.	1,834	1,834
Stenyah Store Limited Partnership	(162,890)	(163,701)
Stellat'en Holdings limited Partnership	339,364	173,758
	195,273	29,763
Advances from Nation business entities		
0987339 BC Ltd.	4,270	1,500
Stellako Custom Wood Ltd.	(40)	9,140
	4,230	10,640
	553,108	394,008

Demand promissory note and advances to (from) related Nation business entities are unsecured, non-interest bearing and have no set terms of repayment.

8. Credit facility

At March 31, 2016, the First Nation had available lines of credit totaling \$100,000 (2015 – \$100,000), none of which were drawn at year-end. The following has been collateralized in connection with this line of credit:

- General security agreement;
- Band Council Resolution authorizing borrowings and pledge of security; and
- Unlimited hypothecation on portfolio investments at CIBC Wood Gundy (March 31, 2016 - market value of \$1,108,342).

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

9. Long-term debt

	2016	2015
Carrier Sekani Tribal Council Treaty Negotiation Loan (see below for details)	1,097,273	1,097,273
Ford Credit Loan, repaid during the year.	-	13,800
CIBC Demand installment loan, repayable in monthly installments of \$2,774 including interest at 3.49%, secured by portfolio investments (market value of \$1,108,342) and a Band Council Resolution authorizing borrowings and pledge of security	475,394	495,238
	1,572,667	1,606,311

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2017	1,114,192
2018	17,566
2019	18,189
2020	18,835
2021	19,502
	<hr/>
Thereafter	1,188,284
	<hr/>
	384,383

Carrier Sekani Tribal Council Treaty Negotiation Loan:

Stellat'en First Nation is no longer a part of the loan agreement representing advances made by Carrier Sekani Tribal Council for negotiation. The loan is due and payable by the Nation on November 3, 2016.

CIBC Demand Loan:

The First Nation must provide annual audited financial statements within 180 days of year-end.

10. Contingencies

Stellat'en First Nation is a defendant in several lawsuits and is involved in various actions related to land leases, environmental damages, third party liability, garnishment, indemnification, compensatory damages and contract breach. Management cannot determine whether any claims will be successful and cannot estimate the potential loss, if any.

11. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Equity in Ottawa Trust Funds	3,543	2,225
Equity in operating fund	763,108	989,842
Equity in tangible capital assets	4,310,301	4,018,773
Investment in business entities (enterprise fund)	669,025	46,153
	5,745,977	5,056,993

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

12. Economic dependence

Stellat'en First Nation receives a significant portion of revenue from Indigenous and Northern Affairs Canada (INAC) as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these funding agreements.

13. INAC funding reconciliation

	2016	2015
Direct Band Funding		
INAC revenue per confirmation	2,064,051	2,062,885
Recovery	3,928	(399)
Anticipated recovery	(5,848)	(3,928)
Anticipated additional subsidy from INAC on the housing project	28,249	28,249
Prior year additional subsidy for housing project received in current year	(28,249)	-
	<hr/>	<hr/>
	2,033,882	2,086,807

14. Segments

The Nation receives revenues and incurs expenses from many different projects and sources. For management and reporting purposes, the revenues, expenses and surplus or deficits are attributed to the following segments:

Band Government:

Includes general operations, support and financial management of the Nation.

Social Assistance:

Includes revenues and expenses relating to social assistance members of the Nation.

Education:

Includes revenues and expenses relating to the primary, secondary and post secondary education of the members of the Nation.

Infrastructure Operations and Maintenance:

Includes operations and maintenance of buildings and infrastructure held by the Nation.

Economic Development:

Includes operations and maintenance of buildings and infrastructure held by the Nation.

Community Health:

Includes activities related to the provision of health services with the Nation.

Other:

Includes revenue and expenditures related to programs put on to support the Stellat'en First Nation community.

Capital:

Includes revenue and expenditures related to capital projects.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

15. Budget information

The disclosed budget information has been approved by Chief and Council of the Stellat'en First Nation at the Chief and council meeting held on May 25, 2015. The budget information on the Statement of Operations and Accumulated Surplus is presented using the same accounting policies as the actual results. A reconciliation from those results to the surplus amount budgeted by Chief and Council is included below.

Budgeted surplus per Statement of Operations

282,746

Adjusted for:

Transfers

(300,129)

Prior period surplus

(188,566)

Budgeted surplus (deficit) as approved by Chief and Council

(205,949)

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Stellat'en First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Automobile</i>	<i>Building and infrastructure</i>	<i>Computer equipment</i>	<i>Machinery and equipment</i>	<i>Office equipment</i>	2016	2015
Cost							
Balance, beginning of year	133,595	7,662,118	4,719	442,301	259,181	8,501,914	8,094,135
Acquisition of tangible capital assets	-	449,928	-	-	3,650	453,578	779,452
Disposal of tangible capital assets	-	-	-	(32,663)	-	(32,663)	(371,673)
Balance, end of year	133,595	8,112,046	4,719	409,638	262,831	8,922,829	8,501,914
Accumulated amortization							
Balance, beginning of year	116,562	3,178,875	1,937	427,852	248,877	3,974,103	4,028,563
Annual amortization	5,110	179,330	-	4,335	4,493	193,268	190,458
Accumulated amortization on disposals	-	-	-	(30,238)	-	(30,238)	(244,918)
Balance, end of year	121,672	3,358,205	1,937	401,949	253,370	4,137,133	3,974,103
Net book value of tangible capital assets	11,923	4,753,841	2,782	7,689	9,461	4,785,696	4,527,811
2015 Net book value of tangible capital assets	17,033	4,483,243	2,782	14,449	10,304	4,527,811	

Stellat'en First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2016

	2016 Budget (Note 15)	2016	2015
Consolidated expenses by object			
Allowances	514,464	296,714	301,391
Amortization	-	193,268	190,459
Bad debts (recovery)	-	(144)	(8,799)
Contract services	672,178	569,021	679,108
General and administrative expenses	304,226	260,847	315,527
Honouraria	117,700	124,886	122,841
Insurance	37,270	32,336	35,104
Interest and bank charges	5,528	29,405	8,526
Licenses and memberships	15,602	10,421	14,804
Litigation	-	80,100	91,518
Office	814,490	690,331	609,309
Professional development	9,000	93	17,910
Professional fees	189,600	330,262	334,176
Renovation materials	-	200	-
Repairs and maintenance	57,709	78,639	16,442
Supplies	115,628	157,744	73,856
Telephone	34,182	35,258	34,914
Travel	101,446	122,647	107,661
Utilities	58,255	54,005	55,251
Wages and benefits	976,737	939,319	874,714
	4,024,015	4,005,352	3,874,712

Stellat'en First Nation
Band Government

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit
For the year ended March 31, 2016

	2016 Budget (Note 15)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	231,001	225,951	288,450
Ottawa trust fund	-	1,318	3,302
Resource industry revenue	292,495	284,234	376,641
Province of British Columbia	-	-	5,056
Other revenue	50,500	88,989	37,179
	573,996	600,492	710,628
Expenses			
Bad debts (recovery)	-	(144)	(8,799)
Contract services	9,330	7,936	33,695
General and administrative expenses	-	-	1,460
Honouraria	114,000	116,704	117,923
Insurance	6,220	4,662	12,572
Interest and bank charges	4,700	16,119	8,526
Licenses and memberships	6,835	5,815	7,410
Litigation	-	80,100	91,518
Office	43,916	37,327	39,746
Professional development	9,000	93	17,910
Professional fees	45,100	61,619	87,729
Repairs and maintenance	-	315	-
Supplies	10,950	24,738	18,105
Telephone	18,020	20,309	19,534
Travel	29,072	25,455	19,359
Utilities	5,850	5,543	5,840
Wages and benefits	350,145	346,898	342,750
	653,138	753,489	815,278
Annual deficit before transfers	(79,142)	(152,997)	(104,650)
Transfers between programs	(121,500)	79,103	97,956
Annual deficit	(200,642)	(73,894)	(6,694)
Accumulated deficit, beginning of year	(193,022)	(193,022)	(186,328)
Accumulated deficit, end of year	(393,664)	(266,916)	(193,022)

Stellat'en First Nation
Social Assistance
Schedule 4 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016 Budget (Note 15)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	450,013	453,143	436,994
Other revenue	-	(3,928)	-
	450,013	449,215	436,994
 Expenses			
Allowances	318,953	201,232	195,443
Contract services	400	-	340
Honouraria	1,700	8,183	1,661
Office	67,376	66,133	65,828
Supplies	3,830	1,637	1,160
Telephone	2,980	2,410	2,594
Travel	2,300	1,813	1,473
Wages and benefits	95,436	97,372	91,926
	492,975	378,780	360,425
 Annual surplus (deficit) before transfers			
Transfers between programs	(42,962)	70,435	76,569
	42,989	(54,578)	40,900
 Annual surplus			
Accumulated surplus, beginning of year	27	15,857	117,469
	187,766	187,766	70,297
 Accumulated surplus, end of year			
	187,793	203,623	187,766

Stellat'en First Nation
Education

Schedule 5 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016 Budget (Note 15)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	689,732	689,732	675,240
First Nations Health Authority			1,000
Prince George Aboriginal Employment and Training	7,362	7,362	7,362
Other revenue		8,228	653
	697,094	705,322	684,255
 Expenses			
Allowances	195,511	95,482	105,948
Contract services	493,469	388,191	379,859
General and administrative expenses	8,424	8,424	35,778
Licenses and memberships	8,583	3,725	6,314
Office	40,050	25,490	13,276
Professional fees	68,000	498	600
Supplies	28,701	17,787	19,923
Telephone	2,300	2,410	2,247
Travel	14,000	8,699	7,233
Wages and benefits	84,801	59,134	60,497
	943,839	609,840	631,675
 Annual surplus (deficit) before transfers			
Transfers between programs	(246,745) (137,880)	95,482 (24,736)	52,580 (7,164)
 Annual surplus (deficit)			
Accumulated surplus, beginning of year	(384,625) 254,584	70,746 254,584	45,416 209,168
 Accumulated surplus (deficit), end of year			
	(130,041)	325,330	254,584

Stellat'en First Nation
Infrastructure Operations & Management
Schedule 6 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016 Budget (Note 15)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	251,749	286,222	364,495
Resource industry revenue	30,000	-	20,000
Other revenue	24,184	24,132	22,624
	305,933	310,354	407,119
 Expenses			
Contract services	650	19,123	609
General and administrative expenses	-	3,857	-
Insurance	24,950	19,807	18,751
Interest and bank charges (recovery)	828	(159)	-
Licenses and memberships	-	160	156
Office	138,426	75,715	137,192
Professional fees	-	44,854	-
Renovation materials	-	200	-
Repairs and maintenance	25,926	40,128	15,840
Supplies	6,600	13,694	7,172
Telephone	6,482	6,303	6,286
Travel	1,100	574	-
Utilities	49,905	42,654	47,194
Wages and benefits	87,030	117,671	94,233
	341,897	384,581	327,433
 Annual surplus (deficit) before transfers			
Transfers between programs	(35,964)	(74,227)	79,686
	127,635	150,159	161,541
 Annual surplus			
Accumulated surplus (deficit), beginning of year	91,671	75,932	241,227
	240,066	240,006	(1,221)
 Accumulated surplus, end of year	331,737	315,938	240,006

Stellat'en First Nation
Economic Development
For the year ended March 31, 2016

	2016 Budget (Note 15)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	28,313	28,313	77,718
Earnings from investment in Nation business entities	-	866,028	56,136
Resource industry revenue	506,000	55,370	741,063
Carrier Sekani Family Services	50,000	70,000	61,291
Province of British Columbia	-	137,203	101,258
Other revenue	621,610	141,380	133,264
	1,205,923	1,298,294	1,170,730
Expenses			
General and administrative expenses	232,841	114,323	166,814
Contract services	60,000	10,073	63,436
Honouraria	-	-	2,943
Office	145,076	183,211	138,039
Licenses and memberships	-	636	740
Professional fees	20,100	9,730	24,549
Wages and benefits	43,302	46,247	19,334
Supplies	-	6,816	1,543
Travel	16,190	12,603	20,319
Utilities	-	765	-
	517,509	384,404	437,717
Annual surplus before transfers	688,414	913,890	733,013
Transfers between programs	248,608	(89,563)	(269,038)
Annual surplus	937,022	824,327	463,975
Accumulated surplus, beginning of year	827,514	827,514	363,539
Accumulated surplus, end of year	1,764,536	1,651,841	827,514

Stellat'en First Nation
Community Health
Consolidated Schedule of Revenue and Expenses and Accumulated Deficit
For the year ended March 31, 2016

	2016 Budget (Note 15)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	98,411	99,379	43,464
First Nations Health Authority	81,408	122,169	77,164
Carrier Sekani Family Services	164,440	219,859	158,871
Prince George Aboriginal Employment and Training	-	-	6,278
Province of British Columbia	3,177	1,577	148
Other revenue	26,577	47,278	19,312
	<hr/> 374,013	<hr/> 490,262	<hr/> 305,237
Expenses			
General and administrative expenses	14,998	21,370	15,994
Contract services	1,000	52,311	1,890
Insurance	6,100	5,012	3,781
Office	71,070	102,596	70,866
Licenses and memberships	184	84	184
Professional fees	-	43,841	209
Repairs and maintenance	1,782	3,154	602
Supplies	4,700	2,236	4,062
Telephone	4,400	3,826	4,254
Travel	21,484	40,925	25,426
Utilities	2,500	3,648	2,217
Wages and benefits	252,324	243,231	231,106
	<hr/> 380,542	<hr/> 522,234	<hr/> 360,591
Annual deficit before transfers	(6,529)	(31,972)	(55,354)
Transfers between programs	(3,000)	(2,462)	(7,569)
Annual deficit	(3,529)	(34,434)	(62,923)
Accumulated surplus (deficit), beginning of year	(20,305)	(20,305)	42,618
Accumulated deficit, end of year	(23,834)	(54,739)	(20,305)

Stellat'en First Nation

Other

Schedule 9 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit

For the year ended March 31, 2016

	2016 <i>Budget</i> <i>(Note 15)</i>	2016	2015
Revenue			
Resource industry revenue	222,775	130,836	718,999
Prince George Aboriginal Employment and Training	73,621	74,677	47,853
Other revenue	36,500	68,948	36,135
Carrier Sekani Family Services	191,000	165,500	-
Province of British Columbia	-	126,500	-
	523,896	566,461	802,987
Expenses			
Contract services	77,559	781	198,396
General and administrative expenses	40,927	105,838	88,594
Honouraria	2,000	-	315
Office	268,077	141,668	116,381
Professional fees	56,400	124,348	221,088
Supplies	10,847	7,140	3,891
Travel	16,700	32,578	33,270
Wages and benefits	53,700	27,381	29,031
	526,210	439,734	690,966
Annual surplus (deficit) before transfers			
Transfers between programs	(2,314) (68,500)	126,727 (51,826)	112,021 2,410
Annual surplus (deficit)	(70,814) (759,209)	74,901 (759,209)	114,431 (873,640)
Accumulated deficit, beginning of year			
Accumulated deficit, end of year	(830,023)	(684,308)	(759,209)

Stellat'en First Nation

Schedule 10 - Consolidated Schedule of Revenue and Expenses and Accumulated Capital Surplus

For the year ended March 31, 2016

	2016 Budget (Note 15)	2016	2015
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Revenue			
Indigenous and Northern Affairs Canada	175,893	251,142	200,446
Other revenue	-	1,145	9,745
	175,893	252,287	210,191
 Expenses			
Amortization	-	193,268	190,459
Contract services	29,769	90,606	883
General and administrative expenses	7,036	7,036	6,888
Office	40,500	58,191	27,982
Supplies	50,000	83,695	18,001
Travel	600	-	582
Interest and bank charges	-	13,445	-
Insurance	-	2,855	-
Professional fees	-	45,372	-
Repairs and maintenance	30,000	35,042	-
Utilities	-	1,395	-
Wages and benefits	10,000	1,385	5,832
	167,905	532,290	250,627
 Annual surplus (deficit) before transfers			
Transfers between programs	7,988	(280,003)	(40,436)
	(94,352)	(6,096)	(19,036)
 Annual deficit			
Accumulated surplus, beginning of year	(86,364)	(286,099)	(59,472)
	3,858,454	3,858,454	3,917,926
 Accumulated surplus, end of year			
	3,772,090	3,572,355	3,858,454