

Stellat'en First Nation
Consolidated Financial Statements
March 31, 2017

Stellat'en First Nation

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For the year ended March 31, 2017

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STELLAT'EN FIRST NATION

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Management's Responsibility

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 fulfils 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 18, 2017

Band Administrator

Independent Auditors' Report

To the Members of Stelat'en First Nation:

We have audited the accompanying consolidated financial statements of Stelat'en First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Stelat'en First Nation as at March 31, 2017 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.

Prince George, British Columbia

July 18, 2017

MNP LLP

Chartered Professional Accountants

Stellat'en First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016 <i>Restated (Note 14)</i>
Financial assets		
Cash	2,251,114	540,978
Accounts receivable (Note 3)	444,635	249,766
Portfolio investments (Note 4)	2,313,399	1,312,515
Funds held in trust (Note 5)	5,060	3,543
Advances to related Nation entities (Note 6)	202,488	553,108
Investment in Nation business entities (Note 7)	428,904	115,917
Total financial assets	5,645,600	2,775,827
Liabilities		
Accounts payable and accruals	524,207	271,072
Long-term debt (Note 9)	1,551,965	1,572,667
Total liabilities	2,076,172	1,843,739
Net financial assets	3,569,428	932,088
Contingencies (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 1)	6,944,933	5,013,605
Prepaid expenses	18,892	28,193
Total non-financial assets	6,963,825	5,041,798
Accumulated surplus (Note 11)	10,533,253	5,973,886

Approved on behalf of the Council



Chief


Clifford Lewis

Councillor

Stellat'en First Nation
Consolidated Statement of Operations
For the year ended March 31, 2017

	<i>Schedules</i>	<i>2017 Budget (Note 16)</i>	<i>2017</i>	<i>2016 Restated (Note 14)</i>
Revenue				
Indigenous and Northern Affairs Canada (Note 13)		1,865,735	2,179,822	2,033,882
Ottawa trust fund		-	1,517	1,318
First Nations Health Authority		3,038,168	2,303,924	122,169
Resource industry revenue		1,821,891	1,966,205	475,338
Carrier Sekani Family Services		182,930	233,073	223,674
Carrier Sekani Tribal Council		1,384,874	1,433,374	237,500
Prince George Aboriginal Employment and Training		74,479	113,506	86,956
Province of British Columbia		383,200	380,000	265,280
Other revenue		1,385,476	430,909	362,036
Earnings from investment in Nation business entities		-	747,507	870,661
		10,136,753	9,789,837	4,678,814
Expenses				
Band Government	3	767,217	854,443	744,756
Social Assistance	4	514,976	366,524	378,780
Education	5	969,731	857,681	608,112
Infrastructure Operations & Management	6	336,255	357,882	384,580
Economic Development	7	407,286	703,430	384,405
Community Health	8	876,334	414,786	517,925
Other	9	1,560,165	1,116,892	438,982
Capital	10	99,446	558,832	578,459
		5,531,410	5,230,470	4,035,999
Annual surplus		4,605,343	4,559,367	642,815

Stellat'en First Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2017

	2017	<i>2016 Restated (Note 14)</i>
Accumulated surplus, beginning of year, as previously reported	5,745,977	5,056,993
Correction of an error <i>(Note 14)</i>	227,909	274,078
Accumulated surplus, beginning of year, as restated	5,973,886	5,331,071
Annual surplus	4,559,367	642,815
Accumulated surplus, end of year	10,533,253	5,973,886

Stellat'en First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016 Restated (Note 14)
Annual surplus	4,605,343	4,559,367	642,815
Purchases of tangible capital assets	(3,085,424)	(2,344,424)	(453,578)
Amortization of tangible capital assets	-	413,096	239,437
Use (acquisition) of prepaids expenses	-	9,301	(241)
Proceeds of disposal of tangible capital assets	-	-	2,425
	1,519,919	2,637,340	430,858
Net financial assets, beginning of year	932,088	932,088	501,230
Net financial assets, end of year	2,452,007	3,569,428	932,088

Stellat'en First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016 <i>Restated (Note 14)</i>
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	4,559,367	642,815
Non-cash items		
Amortization	413,096	239,437
Bad debts (recovery)	190,715	(144)
Earnings from investment in Nation business entities	(312,987)	(463,772)
Loss on disposal of investments	4,567	4,633
Interest income from Ottawa Trust Fund	(1,517)	(1,318)
	4,853,241	421,651
Changes in working capital accounts		
Accounts receivable	(385,584)	205,712
Prepaid expenses	9,301	(241)
Accounts payable and accruals	253,135	61,094
	4,730,093	688,216
Financing activities		
Repayment of long-term debt	(20,702)	(33,643)
Capital activities		
Purchases of tangible capital assets	(2,344,424)	(453,578)
Proceeds of disposal of tangible capital assets	-	2,425
	(2,344,424)	(451,153)
Investing activities		
Purchase of portfolio investments	(1,011,276)	(218,633)
Proceeds on disposal of portfolio investments	5,825	5,294
Advances to related Nation entities	-	(163,505)
Repayment of advances to Nation entities	350,620	4,405
	(654,831)	(372,439)
Increase (decrease) in cash	1,710,136	(169,019)
Cash, beginning of year	540,978	709,997
Cash, end of year	2,251,114	540,978

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 in accordance with Canadian public sector accounting standards as recommended by the Public Accounting Standards Board ("PSAB") of CPA Canada and are consistent with the accounting policies set out by the Department of Indigenous and Northern Affairs Canada. Significant accounting policies adopted by the First Nation are as follows:

Reporting entity consolidated

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

Stellat'en First Nation business entities, owned or controlled by the Nation's Council but not dependent on the 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 Nation. Thus, the 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 based on historical cost accounting records. 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 as assets in the Nation's consolidated financial statements. Historic works of art and treasures are not recorded as assets in these consolidated financial statements.

Amortization

Assets under construction are not amortized until the asset becomes available for use. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Rate</i>
Building and infrastructure	4 %
Machinery and equipment	30 %
Office equipment	30 - 55 %
Automobile	30 %

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

Funds held in Trust

Funds held in trust on behalf of 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 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 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 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 Transfers

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

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 and advances to related Nation entities 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.

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 Nation conducts its business through a number of reportable segments as described in Note 15. These operating segments are established by senior management to facilitate the achievement of the 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 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 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, 2017.

At each financial reporting date, the 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 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, 2017, no liability for contaminated sites exist.

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 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. Earlier adoption is permitted. The Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

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 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.

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

PS 3450 Financial Instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued new PS 3450 Financial Instruments. The new standard establishes requirements for recognition, measurement, derecognition, presentation and disclosure of financial assets and financial liabilities, including derivatives. The main features of the new standard are:

Financial instruments are classified into two measurement categories: fair value, or cost or amortized cost.

Almost all derivatives, including embedded derivatives not closely related to the host contract, are measured at fair value.

Portfolio investments in equity instruments quoted in an active market are measured at fair value.

Other financial assets and financial liabilities are generally measured at cost or amortized cost.

An entity may elect to measure any group of financial assets or financial liabilities (or both) at fair value when the entity has a risk management or investment strategy to manage those items on a fair value basis.

Remeasurement gains and losses on financial instruments measured at fair value are reported in the statement of remeasurement gains and losses until the financial instrument is derecognized.

Budget to actual comparisons are not required within the statement of remeasurement gains and losses;

Financial liabilities are derecognized when, and only when, they are extinguished.

Financial assets and financial liabilities are only offset and reported on a net basis if a legally enforceable right to set off the recognized amounts exists, and the entity intends to settle on a net basis or realize/settle the amounts simultaneously.

In May 2012, the transitional provisions for this Section were amended, effective at the time the standard is initially applied, to clarify that the measurement provisions are applied prospectively. Adjustments to previous carrying amounts are recognized in opening accumulated remeasurement gains or losses. Additionally, a new transitional provision has been added that applies to government organizations transitioning from the standards in Part V of the CPA Canada Handbook – Accounting with items classified as available for sale. Accumulated other comprehensive income (OCI) from items classified as available for sale is recognized in accumulated remeasurement gains or losses on transition.

In September 2015, the effective date for governments was extended by three years. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. In the period that a public sector entity applies PS 3450, it also applies PS 1201, PS 2601 and PS 3041. Early adoption is permitted.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

3. Accounts receivable

	2017	2016
Indigenous and Northern Affairs Canada	82,684	68,679
GST Receivable	8,517	31,744
Province of British Columbia	11,147	937
First Nation Health Authority	210,102	566
Carrier Sekani Family Services	41,773	10,748
Members of the Nation	3,125	12,639
Other	110,226	149,546
Subtotal	467,574	274,859
Less: allowance for doubtful accounts	(22,939)	(25,093)
	444,635	249,766

4. Portfolio investments

	2017	2016
CIBC Wood Gundy	2,108,599	1,103,148
Walton Investment Group LLP	204,800	209,367
	2,313,399	1,312,515

The funds can only be used with the consent of the membership. Market value of CIBC Wood Gundy portfolio investments is \$2,162,392 (2016 - \$1,108,342). Walton Investment Group LLP is not in an active market, no market value available at March 31, 2017.

5. Funds held in trust

Funds held in trust include the Ottawa Trust accounts which arise from moneys 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*. Capital and revenue trust moneys are transferred to the Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the Nation's Council.

	2017	2016
Capital Trust		
Balance, beginning of year	2,202	2,202
Balance, end of year	2,202	2,202
Revenue Trust		
Balance, beginning of year	1,341	23
Interest	95	72
Special (British Columbia)	1,422	1,246
Balance, end of year	2,858	1,341
	5,060	3,543

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

6. Advances to related Nation entities

	2017	2016
Demand promissory note		
Slenyah Store Limited Partnership	353,605	353,605
Less: write down of promissory note	(190,715)	-
	162,890	353,605
Advances to (from) Nation entities		
Stellat'en Duchun Forestry Inc.	2,803	2,803
Stellat'en Duchun Forestry Limited Partnership	5,350	5,350
Stellat'en Holdings Inc.	8,812	8,812
Slenyah Store Inc.	1,834	1,834
Slenyah Store Limited Partnership	(162,890)	(162,890)
Stellat'en Holdings Limited Partnership	179,459	339,364
	35,368	195,273
Advances from Nation business entities		
0987339 BC Ltd.	4,270	4,270
Stellako Custom Wood Ltd.	(40)	(40)
	4,230	4,230
	202,488	553,108

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

7. Investment in Nation business entities

The Nation has investments in the following entities:

	<i>Opening balance</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>2017 Total investment</i>
Wholly-owned Businesses:				
Stellako Custom Wood Ltd.	40	-	-	40
0987339 BC Ltd.	115,877	(434,520)	747,507	428,864
	115,917	(434,520)	747,507	428,904
	<i>Opening balance</i>	<i>Loans / advances</i>	<i>Opening balance</i>	<i>2016 Total investment</i>
Wholly-owned Businesses:				
Stellako Custom Wood Ltd.	(2,960)	3,000	-	40
0987339 BC Ltd.	(344,895)	(409,889)	870,661	115,877
	(347,855)	(406,889)	870,661	115,917

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

Summary financial information for each Nation business enterprise, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Stellako Custom Wood Ltd. As at March 31, 2017</i>	<i>0987339 BC Ltd. As at March 21, 2017</i>
Assets		
Accounts receivable	40	40
Investments	-	152
Investment in partnership	-	965,164
Total assets	40	965,356
Accounts payable and accruals	-	500
Advances from related parties	-	188,234
Deficiency in partnership investment	-	123,330
Total liabilities	-	312,064
Shareholder's deficit	40	653,292
Total revenue	-	750,107
Total expenses	-	2,600
Comprehensive income	-	747,507

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, 2016. No significant or unusual transactions occurred between December 31, 2016 and March 31, 2017, therefore the December 31, 2016 figures are included without adjustment.

8. Credit facility

At March 31, 2017, the Nation had available lines of credit totaling \$100,000 (2016 – \$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 investment at CIBC Wood Gundy (March 31, 2017 - market value of \$2,162,392).

9. Long-term debt

	2017	2016
Carrier Sekani Tribal Council Treaty Negotiation Loan (see below for details)	1,097,273	1,097,273
CIBC demand instalment loan, repayable in monthly instalments of \$2,774 including interest at 2.7%, secured by portfolio investments (market value of \$2,162,392 (2016 - \$1,108,342)) and a Band Council Resolution authorizing borrowings and pledge of security	454,692	475,394
	1,551,965	1,572,667

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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:

2018	1,118,546
2019	21,855
2020	22,452
2021	23,066
2022	23,697
	<hr/>
	1,209,616
	<hr/>
Thereafter	342,349
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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 was due and payable by the Nation on November 3, 2016 and is still outstanding.

10. Contingencies

The 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:

	2017	<i>2016 Restated (Note 14)</i>
Equity in Ottawa Trust Funds	5,060	3,543
Equity in operating fund	3,406,560	763,107
Equity in tangible capital assets	6,490,241	4,538,211
Investment in Nation business entities	631,392	669,025
	<hr/>	
	10,533,253	5,973,886
	<hr/>	

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 Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these funding agreements.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

13. INAC funding reconciliation

	2017	2016
Direct Band Funding		
INAC revenue per confirmation	2,179,822	2,064,051
Recovery	-	3,928
Anticipated recovery	-	(5,848)
Prior year additional subsidy for housing project received in current year	-	(28,249)
	2,179,822	2,033,882

14. Correction of an error

During the year, the Nation updated its tangible capital asset records to bring the consolidated financial statements into compliance with PS 3150 Tangible Capital Assets. The effect of these changes on the March 31, 2016 comparative figures was:

- Tangible capital assets increased \$227,909
- Capital expenses increased \$46,169
- Annual surplus decreased \$46,169
- Accumulated surplus decreased \$227,909

15. 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.

16. 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 November 9, 2016. 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	4,605,343
Adjusted for:	
Transfers	454,288
Acquisition of tangible capital asset	(3,085,424)
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Budgeted surplus as approved by Chief and Council	1,974,207

17. Comparative figures

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