

**Stellat'en First Nation**  
**Consolidated Financial Statements**  
*March 31, 2018*

# Stellat'en First Nation

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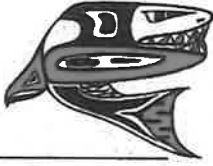
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## STELLAT'EN FIRST NATION

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### **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, 2018

  
Band Administrator

## Independent Auditors' Report

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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, 2018, 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, 2018 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 19, 2018

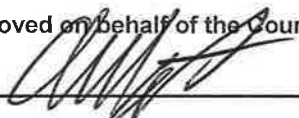
**MNP LLP**

Chartered Professional Accountants

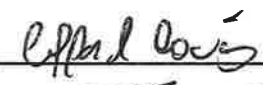
**Stellat'en First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2018*

	2018	2017 <i>Restated (Note 16)</i>
<b>Financial assets</b>		
Cash	4,497,429	2,251,114
Accounts receivable (Note 3)	280,060	444,635
Portfolio investments (Note 4)	2,345,645	2,313,399
Funds held in trust (Note 5)	6,446	5,060
Advances to related Nation entities (Note 6)	200,897	202,488
Investment in Nation business entities (Note 7)	32,878	428,904
<b>Total financial assets</b>	<b>7,363,355</b>	<b>5,645,600</b>
<b>Liabilities</b>		
Accounts payable and accruals (Note 9)	563,551	524,207
Deferred revenue (Note 10)	789,687	-
Debt (Note 11)	1,532,067	1,551,965
<b>Total liabilities</b>	<b>2,885,305</b>	<b>2,076,172</b>
<b>Net financial assets</b>	<b>4,478,050</b>	<b>3,569,428</b>
<b>Contingencies (Note 12)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	9,878,444	6,944,933
Prepaid expenses	25,480	18,892
<b>Total non-financial assets</b>	<b>9,903,924</b>	<b>6,963,825</b>
<b>Accumulated surplus (Note 13)</b>	<b>14,381,974</b>	<b>10,533,253</b>

Approved on behalf of the Council:



Chief



Councilor



Councilor

# Stellat'en First Nation

## Consolidated Statement of Operations

*For the year ended March 31, 2018*

	<i>Schedules</i>	<b>2018 Budget (Note 18)</b>	<b>2018</b>	<b>2017 Restated (Note 16)</b>
<b>Revenue</b>				
Indigenous Services Canada (Note 15)		4,779,331	4,150,166	2,179,822
First Nations Health Authority		85,885	1,272,583	2,302,569
Ottawa trust fund		-	1,386	1,517
Forest opportunity fund		2,000,000	2,000,000	-
Resource industry revenue		1,835,944	791,450	2,226,499
Carrier Sekani Tribal Council		21,500	716,157	732,767
Other revenue		492,871	469,947	432,264
Carrier Sekani Family Services		238,209	234,370	233,073
Prince George Aboriginal Employment and Training		74,193	103,142	106,058
Province of British Columbia		476,000	60,588	380,000
Earnings from investment in Nation business entities		-	38,293	747,507
		<b>10,003,933</b>	<b>9,838,082</b>	<b>9,342,076</b>
<b>Expenses</b>				
Band Government	3	755,893	1,005,664	854,443
Social Assistance	4	471,029	388,225	366,524
Education	5	1,121,312	934,561	914,837
Infrastructure Operations & Maintenance	6	640,921	417,744	352,311
Economic Development	7	424,957	440,242	691,800
Community Health	8	426,915	569,937	410,423
Other	9	2,950,786	1,504,960	633,539
Capital	10	257,080	725,471	558,832
<b>Total Expenses (Schedule 2)</b>		<b>7,048,893</b>	<b>5,986,804</b>	<b>4,782,709</b>
<b>Surplus before other items</b>		<b>2,955,040</b>	<b>3,851,278</b>	<b>4,559,367</b>
<b>Other income (expense)</b>				
Gain on disposal of tangible capital assets		-	1,290	-
Indigenous Services Canada recovery		-	(3,847)	-
		-	(2,557)	-
<b>Annual surplus</b>		<b>2,955,040</b>	<b>3,848,721</b>	<b>4,559,367</b>

The accompanying notes are an integral part of these financial statements

**Stellat'en First Nation**  
**Consolidated Statement of Accumulated Surplus**  
*For the year ended March 31, 2018*

	<b>2018</b>	<i>2017 Restated (Note 16)</i>
<b>Accumulated surplus, beginning of year, as previously reported</b>	<b>10,533,253</b>	5,745,977
Correction of an error <i>(Note 16)</i>	-	227,909
<b>Accumulated surplus, beginning of year, as restated</b>	<b>10,533,253</b>	5,973,886
<b>Annual surplus</b>	<b>3,848,721</b>	4,559,367
<b>Accumulated surplus, end of year</b>	<b>14,381,974</b>	10,533,253

*The accompanying notes are an integral part of these financial statements*

**Stellat'en First Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2018*

	<b>2018 Budget (Note 18)</b>	<b>2018</b>	<b>2017 Restated (Note 16)</b>
<b>Annual surplus</b>	<b>2,955,040</b>	<b>3,848,721</b>	4,559,367
Purchases of tangible capital assets	<b>(3,580,341)</b>	<b>(3,463,805)</b>	(2,344,424)
Amortization of tangible capital assets	-	<b>528,984</b>	413,096
Gain on sale of tangible capital assets	-	<b>(1,290)</b>	-
Proceeds of disposal of tangible capital assets	-	<b>2,600</b>	-
Use (acquisition) of prepaids expenses	-	<b>(6,588)</b>	9,301
Transfers	<b>(300,073)</b>	-	-
	<b>(925,374)</b>	<b>908,622</b>	2,637,340
<b>Net financial assets, beginning of year</b>	<b>3,569,428</b>	<b>3,569,428</b>	932,088
<b>Net financial assets, end of year</b>	<b>2,644,054</b>	<b>4,478,050</b>	3,569,428

*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, 2018*

	<b>2018</b>	2017 <i>Restated (Note 16)</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	3,848,721	4,559,367
Non-cash items		
Amortization	528,984	413,096
Bad debts	-	190,715
Gain on disposal of tangible capital assets	(1,290)	-
Earnings from investment in Nation business entities	(38,293)	(312,987)
Loss on disposal of investments	4,600	4,567
Interest income from Ottawa Trust Fund	(1,386)	(1,517)
	<b>4,341,336</b>	<b>4,853,241</b>
Changes in working capital accounts		
Accounts receivable	598,893	(385,584)
Prepaid expenses	(6,588)	9,301
Accounts payable and accruals	39,345	253,135
Deferred revenue	789,687	-
	<b>5,762,673</b>	<b>4,730,093</b>
<b>Financing activities</b>		
Repayment of long-term debt	(19,898)	(20,702)
<b>Capital activities</b>		
Purchases of tangible capital assets	(3,463,805)	(2,344,424)
Proceeds of disposal of tangible capital assets	2,600	-
	<b>(3,461,205)</b>	<b>(2,344,424)</b>
<b>Investing activities</b>		
Purchase of portfolio investments	(52,926)	(1,011,276)
Proceeds on disposal of portfolio investments	16,080	5,825
Repayment of advances to related Nation entities	1,591	350,620
	<b>(35,255)</b>	<b>(654,831)</b>
<b>Increase in cash</b>	<b>2,246,315</b>	<b>1,710,136</b>
<b>Cash, beginning of year</b>	<b>2,251,114</b>	<b>540,978</b>
<b>Cash, end of year</b>	<b>4,497,429</b>	<b>2,251,114</b>

*The accompanying notes are an integral part of these financial statements*

**Stellat'en First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**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 Services 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:

	<b>Rate</b>
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 consolidated 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.

**Stellat'en First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**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 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 17. 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, 2018.

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, 2018, no liability for contaminated sites exist.

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

***Recent accounting pronouncements***

**PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions**

Effective April 1, 2017, the Nation adopted the recommendations relating to PS 2200 *Related Party Disclosures* and PS 3420 *Inter-Entity Transactions*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements. They also establish 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.

There was no material impact on the consolidated financial statements of adopting the new Sections.

**PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights**

Effective April 1, 2017, the Nation adopted the recommendations relating to PS 3210 *Assets*, PS 3320 *Contingent Assets*, and PS 3380 *Contractual Rights*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 *Assets* provides additional guidance to clarify the definition of assets set out in PS 1000 *Financial Statement Concepts*.

PS 3320 *Contingent Assets* establishes disclosure standards on contingent assets.

PS 3380 *Contractual Rights* 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 Section 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.

There was no material impact on the consolidated financial statements of adopting the new Sections.

**Stellat'en First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**3. Accounts receivable**

	2018	2017
Indigenous Services Canada	-	82,684
GST Receivable	4,821	8,517
Province of British Columbia	50,889	11,147
First Nation Health Authority	-	210,102
Carrier Sekani Family Services	359	41,773
Members of the Nation	8,215	3,125
Other	238,715	110,226
Subtotal	302,999	467,574
Less: allowance for doubtful accounts	(22,939)	(22,939)
	<b>280,060</b>	<b>444,635</b>

**4. Portfolio investments**

	2018	2017
CIBC Wood Gundy	2,145,445	2,108,599
Walton Investment Group LLP	200,200	204,800
	<b>2,345,645</b>	<b>2,313,399</b>

The funds can only be used with the consent of the membership. Market value of CIBC Wood Gundy portfolio investments is \$2,161,714 (2017 - \$2,162,392). Walton Investment Group LLP is not in an active market, no market value available at March 31, 2018.

**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 Services Canada, with the consent of the Nation's Council.

	2018	2017
<b>Capital Trust</b>		
Balance, beginning of year	2,202	2,202
Balance, end of year	2,202	2,202
<b>Revenue Trust</b>		
Balance, beginning of year	2,858	1,341
Interest	73	95
Special (British Columbia)	1,313	1,422
Balance, end of year	4,244	2,858
	<b>6,446</b>	<b>5,060</b>

**Stellat'en First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**6. Advances to related Nation entities**

	<b>2018</b>	<b>2017</b>
<b>Demand promissory note</b>		
Slenyah Store Limited Partnership	<b>162,890</b>	353,605
Less: write down of promissory note	-	(190,715)
	<b>162,890</b>	162,890
<b>Advances to (from) Nation entities</b>		
Stellat'en Duchun Forestry Inc.	<b>10,410</b>	2,803
Stellat'en Duchun Forestry Limited Partnership	-	5,350
Stellat'en Holdings Inc.	<b>9,175</b>	8,812
Slenyah Store Inc.	<b>1,833</b>	1,834
Slenyah Store Limited Partnership	<b>(162,890)</b>	(162,890)
Stellat'en Holdings Limited Partnership	<b>179,559</b>	179,459
	<b>38,087</b>	35,368
<b>Advances from Nation business entities</b>		
0987339 BC Ltd.	<b>(40)</b>	4,270
Stellako Custom Wood Ltd.	<b>(40)</b>	(40)
	<b>(80)</b>	4,230
	<b>200,897</b>	202,488

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

**Stellat'en First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**7. Investment in Nation business entities**

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>2018 Total investment</i>
<b>Wholly-owned Businesses:</b>				
Stellako Custom Wood Ltd.	40	-	-	40
0987339 BC Ltd.	428,864	(434,319)	38,293	32,838
	<b>428,904</b>	<b>(434,319)</b>	<b>38,293</b>	<b>32,878</b>
	<i>Opening balance</i>	<i>Loans / advances</i>	<i>Opening balance</i>	<i>2017 Total investment</i>
<b>Wholly-owned Businesses:</b>				
Stellako Custom Wood Ltd.	40	-	-	40
0987339 BC Ltd.	115,877	(434,520)	747,507	428,864
	<b>115,917</b>	<b>(434,520)</b>	<b>747,507</b>	<b>428,904</b>

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, 2018</i>	<i>0987339 BC Ltd. As at March 31, 2018</i>
<b>Assets</b>		
Accounts receivable	40	40
Investments	-	156
Investment in partnership	-	842,329
<b>Total assets</b>	<b>40</b>	<b>842,525</b>
Accounts payable and accruals	-	2,000
Advances from related parties	-	188,734
Deficiency in partnership investment	-	134,560
<b>Total liabilities</b>	<b>-</b>	<b>325,294</b>
<b>Retained Earnings</b>	<b>40</b>	<b>517,231</b>
<b>Total revenue</b>	<b>-</b>	<b>41,031</b>
<b>Total expenses</b>	<b>-</b>	<b>2,738</b>
<b>Comprehensive income</b>	<b>-</b>	<b>38,293</b>

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, 2017. No significant or unusual transactions occurred between December 31, 2017 and March 31, 2018, therefore the December 31, 2017 figures are included without adjustment.



**Stellat'en First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**8. Credit facility**

At March 31, 2018, the Nation had available lines of credit totaling \$100,000 (2017 – \$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, 2018 - market value of \$2,161,714).

**9. Accounts payable and accruals**

Included in accounts payable and accruals is \$13,765 (2017 - \$12,416) for government remittances and \$3,847 (2017 - \$399) for Indigenous Services Canada recovery.

**10. Deferred revenue**

The Nation has recorded the following externally restricted funding as deferred revenue to be used in the completion of ongoing projects:

	2018	2017
<b>Deferred funding contributions</b>		
Water Source Assessment and Treatment Options Study CPMS10434	789,687	-

**11. Debt**

	2018	2017
Carrier Sekani Tribal Council Treaty Negotiation Loan (see below for details)	1,097,273	1,097,273
CIBC demand loan, repayable in monthly instalments of \$2,774 including interest at 3.45%, secured by portfolio investments market value of \$2,161,714 (2017 - \$2,162,392) and a Band Council Resolution authorizing borrowings and pledge of security	434,794	454,692
	<b>1,532,067</b>	<b>1,551,965</b>

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:

2019	1,117,125
2020	19,256
2021	19,931
2022	20,629
2023	21,352
	<b>1,198,293</b>
Thereafter	333,774

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.

**Stellat'en First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**12. 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.

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2018 might be recovered.

**13. Accumulated surplus**

Accumulated surplus consists of the following:

	2018	2017
Equity in Ottawa Trust Funds	6,446	5,060
Equity in operating fund	4,698,103	3,406,560
Equity in tangible capital assets	9,443,650	6,490,241
Investment in Nation business entities	233,775	631,392
	<b>14,381,974</b>	<b>10,533,253</b>

**14. Economic dependence**

Stellat'en First Nation receives a significant portion of revenue from Indigenous Services Canada ("ISC") as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by ISC 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.

**15. Indigenous Services Canada funding reconciliation**

	2018	2017
<b>Direct Nation Funding</b>		
ISC revenue per confirmation	4,939,853	2,179,822
Deferred revenue to subsequent year	(789,687)	-
	<b>4,150,166</b>	<b>2,179,822</b>

**16. Correction of an error**

During the 2017 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, 2017 comparative figures was:

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

**Stellat'en First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**17. 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 activities related to economic development with 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.

**18. 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 October 6, 2017. The budget information on the Consolidated 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	2,955,040
Adjusted for:	
Transfers	(300,073)
Acquisition of tangible capital asset	(3,580,341)
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Budgeted deficit as approved by Chief and Council	(925,374)
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**19. Comparative figures**

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