

CIDM# _____

Audit 2018-2019

615

g1Qsmr ☺

**Stellat'en First Nation
Consolidated Financial Statements
*March 31, 2019***

Stellat'en First Nation

Contents

For the year ended March 31, 2019

	Page
Management's Responsibility	
Independent Auditor's Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Changes in Net Financial Assets.....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements.....	5
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	15
Schedule 2 - Consolidated Schedule of Expenses by Object.....	16
Schedule 3 - Schedule of Revenue and Expense and Accumulated Deficit- Band Government.....	17
Schedule 4 - Schedule of Revenue and Expenses and Accumulated Surplus - Social Assistance.....	18
Schedule 5 - Schedule of Revenue and Expenses and Accumulated Surplus - Education.....	19
Schedule 6 - Schedule of Revenue and Expenses and Accumulated Surplus - Operations & Maintenance.....	20
Schedule 7 - Schedule of Revenue and Expenses and Accumulated Surplus - Economic Development.....	21
Schedule 8 - Schedule of Revenue and Expenses and Accumulated Surplus - Community Health	22
Schedule 9 - Schedule of Revenue and Expenses and Accumulated Surplus - Other	23
Schedule 10 - Schedule of Revenue and Expenses and Accumulated Surplus - Capital	24



STELLAT'EN FIRST NATION
BOX 760, FRASER LAKE, B.C. V0J 1S0 – PHONE (250) 699-8747 – FAX (250) 699-6430
www.stellaten.com

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 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 Chief and Council on behalf of the Members to audit the 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 25, 2019



Financial Administrator

Independent Auditor's Report

To the Members of Stellat'en First Nation:

Opinion

We have audited the consolidated financial statements of Stellat'en First Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Prince George, British Columbia

July 25, 2019

MNP LLP
Chartered Professional Accountants

MNP
LLP

Stellat'en First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Cash	1,181,418	4,497,429
Portfolio investments (Note 3)	2,278,652	2,345,645
Accounts receivable (Note 4)	623,827	280,080
Funds held in trust (Note 5)	7,847	6,446
Advances to related Nation entities (Note 6)	3,880	200,897
Investment in Nation business entities (Note 7)	206,172	32,878
Total of assets	4,201,794	7,363,355
Liabilities		
Accounts payable and accruals (Note 9)	336,496	563,550
Deferred revenue (Note 10)	-	789,687
Debt (Note 11)	2,508,316	1,532,067
Total of financial liabilities	2,844,812	2,885,304
Net financial assets	1,356,982	4,478,051
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	12,702,496	9,878,444
Prepaid expenses	20,294	25,480
Total non-financial assets	12,722,789	9,903,824
Accumulated surplus (Note 13)	14,079,771	14,381,975

Approved on behalf of the Council:


 Councillor
 Councillor


 Councillor
 Ken Lupton Councillor

Stellat'en First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	<i>Schedules</i>	2019 Budget (Note 17)	2019	2018
Revenue				
Indigenous Services Canada (Note 15)		3,053,173	3,275,717	4,150,166
First Nations Health Authority		90,238	117,689	1,272,583
Canada Mortgage and Housing Corporation		7,500	13,600	-
Ottawa trust fund		-	1,401	1,386
Resource industry revenue		658,752	1,714,309	33,454
Carrier Sekani Family Services		239,008	386,778	1,005,183
Other revenue		3,427,760	332,606	460,447
Carrier Sekani Tribal Council		262,560	283,890	716,157
Earnings from investment in Nation business entities		-	173,294	38,293
Province of British Columbia		73,595	117,384	60,588
Prince George Aboriginal Employment and Training		82,500	77,940	103,142
Forest opportunity fund		-	-	2,000,000
Gain on disposal of tangible capital assets		-	-	1,290
Indigenous Services Canada Recoveries		-	-	(3,847)
		7,895,087	6,494,608	9,838,842
Expenses				
Band Government	3	1,135,550	1,421,405	1,005,664
Social Assistance	4	450,873	430,505	388,225
Education	5	1,175,095	1,076,045	934,561
Operations & Maintenance	6	684,379	741,595	417,744
Economic Development	7	316,301	357,714	440,242
Community Health	8	429,209	396,387	573,253
Other	9	1,422,833	1,167,389	1,504,960
Capital	10	435,361	1,205,772	725,471
Total Expenses (Schedule 2)		6,049,801	6,796,812	5,990,120
Annual surplus (deficit)		1,845,486	(302,204)	3,848,722
Accumulated surplus, beginning of year		14,381,975	14,381,975	10,533,253
Accumulated surplus, end of year		16,227,461	14,079,771	14,381,975

Stellat'en First Nation
Consolidated Statement of Changes In Net Financial Assets
For the year ended March 31, 2019

	2019 <i>Budget</i> <i>(Note 17)</i>	2019	2018
Annual surplus (deficit)	1,845,486	(302,204)	3,848,722
Purchases of tangible capital assets	(3,313,417)	(3,600,419)	(3,463,805)
Amortization of tangible capital assets	-	776,368	528,984
Proceeds of disposal of tangible capital assets	-	-	2,600
Use (acquisition) of prepaids expenses	-	5,186	(6,590)
Gain on sale of tangible capital assets	-	-	(1,290)
Increase (decrease) in net financial assets	(1,467,931)	(3,121,069)	908,621
Net financial assets, beginning of year	4,478,051	4,478,051	3,569,430
Net financial assets, end of year	3,010,120	1,356,982	4,478,051

Stellat'en First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	(302,204)	3,848,722
Non-cash items		
Amortization	776,368	528,984
Earnings from investment in Nation business entities	(173,294)	(38,293)
Loss on disposal of investments	-	4,600
Interest income from Ottawa Trust Fund	(1,401)	(1,387)
Gain on disposal of tangible capital assets	-	(1,290)
	299,469	4,341,336
Changes in working capital accounts		
Accounts receivable	(243,767)	598,893
Accounts payable and accruals	(227,054)	39,345
Deferred revenue	(789,687)	789,687
Prepaid expenses	5,186	(6,588)
	(955,853)	5,782,673
Financing activities		
Advances of debt	1,000,000	-
Repayment of debt	(23,751)	(19,898)
	976,249	(19,898)
Capital activities		
Purchases of tangible capital assets	(3,600,419)	(3,463,805)
Proceeds of disposal of tangible capital assets	-	2,600
	(3,600,419)	(3,461,205)
Investing activities		
Purchase of portfolio investments	(46,851)	(52,926)
Proceeds on disposal of portfolio investments	113,844	16,080
Repayment of advances to related Nation entities	197,017	1,591
	264,010	(35,255)
Increase (decrease) in cash	(3,316,013)	2,246,315
Cash, beginning of year	4,497,429	2,251,114
Cash, end of year	1,181,416	4,497,429

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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:

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.

Reporting entity

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.

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.

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 declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Building and infrastructure	4 %
Machinery and equipment	30 %
Office equipment	30 - 55 %
Automobile	30 %

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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 consolidated 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 consolidated 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 (use of estimates)

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, 2019

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 16. 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.

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, 2019.

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, 2019, no liability for contaminated sites exist.

Recent accounting pronouncements

PS 3430 Restructuring Transactions

Effective April 1, 2018, the First Nation adopted the recommendations relating to PS 3430 *Restructuring Transactions* as set out in the CPA Canada Public Sector Accounting Handbook. The main features of this standard are as follows:

- 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.

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

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. Portfolio investments

	2019	2018
CIBC Wood Gundy	2,192,296	2,145,445
Walton Investment Group LLP	86,358	200,200
	2,278,652	2,345,645

The funds can only be used with the consent of the membership. Market value of CIBC Wood Gundy portfolio investments is \$1,702,219 (2018 - \$2,161,714). Walton Investment Group LLP is not in an active market, no market value available at March 31, 2019.

4. Accounts receivable

	2019	2018
Indigenous Services Canada	264,809	-
Goods and Services Tax Receivable	3,803	4,821
Province of British Columbia	34,000	50,889
Carrier Sekani Family Services	108,313	359
Members of the Nation	2,866	8,215
Other	141,382	238,715
 Subtotal	 555,173	 302,999
<u>Less: allowance for doubtful accounts</u>	<u>(31,346)</u>	<u>(22,939)</u>
	 523,827	 280,060

5. Funds held in trust

	2019	2018
Capital Trust		
Balance, beginning and end of year	2,202	2,202
 Revenue Trust		
Balance, beginning of year	4,244	2,858
Interest	162	73
Special (British Columbia)	1,239	1,313
 Balance, end of year	 5,645	 4,244
	 7,847	 6,446

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.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

6. Advances to related Nation entities

	2019	2018
Demand promissory note		
Slenyah Store Limited Partnership	162,890	162,890
Advances to (from) Nation entities		
Stellat'en Duchun Forestry Inc.	10,411	10,410
Stellat'en Holdings Inc.	9,175	9,175
Slenyah Store Inc.	1,833	1,833
Slenyah Store Limited Partnership	(162,890)	(162,890)
Stellat'en Holdings Limited Partnership	(17,459)	179,559
	(158,930)	38,087
Advances from Nation business entities		
0987339 BC Ltd.	(40)	(40)
Stellako Custom Wood Ltd.	(40)	(40)
	(80)	(80)
	3,880	200,897

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, 2019

7. Investment in Nation business entities

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Current share of earnings (loss)</i>	2019
				<i>Total investment</i>
Wholly-owned Businesses:				
Stellako Custom Wood Ltd.	40	-	-	40
0987339 BC Ltd.	32,838	-	173,294	206,132
	32,878	-	173,294	206,172

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Current share of earnings (loss)</i>	2018
				<i>Total investment</i>
Wholly-owned Businesses:				
Stellako Custom Wood Ltd.	40	-	-	40
0987339 BC Ltd.	428,864	(434,319)	38,293	32,838
	428,904	(434,319)	38,293	32,878

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.</i> <i>As at March 31, 2019</i>	<i>0987339 BC Ltd.</i> <i>As at March 31, 2019</i>
Assets		
Accounts receivable	40	40
Investment in partnership	-	646,648
Total assets	40	646,688
 Liabilities		
Accounts payable and accruals	-	3,204
Advances from related parties	-	188,662
Deficiency in partnership investment	-	137,142
Total Liabilities	-	329,008
 Retained Earnings	40	317,680
 Total revenue	-	179,249
Total expenses	-	5,955
Comprehensive income	-	173,294

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, 2018. No significant or unusual transactions occurred between December 31, 2018 and March 31, 2019, therefore the December 31, 2018 figures are included without adjustment.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Credit facility

At March 31, 2019, the Nation had available lines of credit totaling \$100,000 (2018 – \$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, 2019 - market value of \$1,702,219).

9. Accounts payable and accruals

	2019	2018
Accounts payable and accruals	241,017	469,346
Wages payable	85,089	80,439
Government remittances payable	10,390	13,765
	<hr/> 336,496	<hr/> 563,550

10. Deferred revenue

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

	2019	2018
Deferred funding contributions Water Source Assessment and Treatment Options Study CPMS10434	-	789,687

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

11. Debt

	2019	2018
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 \$1,702,219 (2018 - \$2,161,714) and a Band Council Resolution authorizing borrowings and pledge of security	413,679	434,794
CIBC Housing Loan repayable in monthly instalments of \$8,333 including interest at 3.95%, secured by portfolio investments market value of \$1,702,219 (2018 - \$2,161,714) and a Band Council Resolution authorizing borrowings and pledge of security	997,364	-
	2,508,316	1,532,067

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:

2020	1,114,359
2021	17,773
2022	18,488
2023	19,232
2024	20,005
	1,189,857
Thereafter	1,318,459

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.

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, 2019 might be recovered.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

13. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
Equity in Ottawa Trust Funds	7,846	6,446
Equity in operating fund	3,671,574	5,996,274
Equity in tangible capital assets	10,194,179	8,346,377
<u>Investment in Nation business entities</u>	<u>206,172</u>	<u>32,878</u>
	14,079,771	14,381,975

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

	2019	2018
Direct Nation Funding		
ISC revenue per confirmation	2,465,057	4,939,853
Deferred revenue to subsequent year	-	(789,687)
Deferred revenue recognized during the year	789,687	-
<u>Additional subsidy from ISC</u>	<u>20,973</u>	<u>-</u>
	3,275,717	4,150,166

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

16. 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 revenue 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.

17. 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 31, 2018. 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	1,845,486
Adjusted for:	
Transfers	(262,891)
Acquisition of tangible capital asset	(3,313,417)
<hr/>	
Budgeted deficit as approved by Chief and Council	(1,730,822)

18. Comparative figures

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