

**MCLEOD LAKE INDIAN BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2017**

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# McLEOD LAKE INDIAN BAND

General Delivery

McLeod Lake, B.C.

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of McLeod Lake Indian Band ("the Band") and all the information in this report are the responsibility of the Band's management and have been approved by the Chief and Council of the Band.

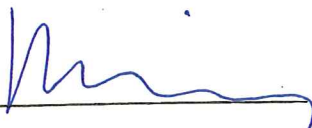
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

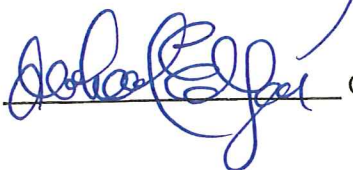
The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Band's assets are appropriately accounted for and adequately safeguarded.

The Chief and Council are responsible for ensuring management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by Deloitte LLP in accordance with Canadian generally accepted auditing standards, on behalf of the members. Deloitte LLP has full and free access to the Chief and Council.

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
CFO

## Independent Auditor's Report

To the Members of the  
McLeod Lake Indian Band

We have audited the accompanying consolidated financial statements of McLeod Lake Indian Band, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's 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 auditor's 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 McLeod Lake Indian Band as at March 31, 2017, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

Prince George, British Columbia  
July 28, 2017

**MCLEOD LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
year ended March 31, 2017

	Budget 2 0 1 7	2 0 1 7	2 0 1 6
Revenue			
Operations Fund			
Indigenous and Northern Affairs Canada	\$ 1,893,190	\$ 2,121,702	\$ 2,671,342
First Nation and Inuit Health Authority	404,095	467,022	428,080
PGNAETA	70,000	71,338	100,336
Oil and Gas Commission	1,100,000	791,000	689,000
Other (Schedule C)	1,225,000	14,286,168	727,320
Other government funding	125,865	371,668	147,368
Sale of logs from settlement lands	2,400,000	4,228,337	2,653,882
Stumpage revenue	-	295,984	138,058
Trust revenue	-	-	4,169,879
Equity earnings from business enterprises	-	2,231,859	-
Duz Cho Forest Products LP	-	10,244,833	-
Tse'khene Food & Fuel Ltd.	-	649,174	735,943
Tse'khene Community Development Corporation	-	1,950,108	683,596
Housing programs	-	398,906	311,237
	<b>7,218,150</b>	<b>38,108,099</b>	<b>13,456,041</b>
Expenses (Note 17)			
Band Administration Program	2,051,540	2,205,627	2,713,664
Health and Welfare Services	480,132	440,550	430,221
Education Services	639,860	522,202	543,860
Social Development Services	408,410	352,986	375,293
Membership Services	786,175	11,539,626	2,364,478
Infrastructure	502,840	964,446	837,113
Natural Resources	1,394,536	1,055,082	1,321,832
Economic Development Program	108,520	122,907	41,651
Capital Projects Program	347,115	122,678	473,506
Trust Program - logging and silviculture	1,010,000	1,279,878	2,080,767
Duz Cho Forest Products LP	-	11,698,314	-
Tse'khene Community Development Corporation	-	469,236	382,004
Tse'khene Food & Fuel Ltd.	-	715,199	811,381
Housing Programs	-	316,856	304,611
Equity loss from business enterprises	-	-	1,301,649
	<b>7,729,128</b>	<b>31,805,587</b>	<b>13,982,030</b>
<b>ANNUAL SURPLUS (DEFICIT) FROM OPERATIONS</b>	<b>(510,978)</b>	<b>6,302,512</b>	<b>(525,989)</b>
Other income (expense)			
Loss allocated to non-controlling interest	-	1,414	613
Net revenue - Treaty 8 Trust (Note 10)	-	2,038,670	729,344
Net revenue - Land and Minerals Trust (Note 11)	-	898,291	(1,548,478)
Net revenue - Provincial Revenues Trust (Note 12)	-	384,217	228,526
Net revenue - Ottawa Trust	-	25	(30)
Change in reserves - social housing program (Note 13)	-	19,781	63,279
Reversion to Trusts, net (Notes 8, 10)	-	(2,948,459)	(573,115)
Program recovery - Social housing	-	(14,573)	(97,479)
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(510,978)</b>	<b>6,681,878</b>	<b>(1,723,329)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>-</b>	<b>48,331,197</b>	<b>50,054,526</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 55,013,075</b>	<b>\$ 48,331,197</b>

The accompanying notes to the financial statements are an integral part of these financial statements.

**MCLEOD LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at March 31, 2017

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 4,482,545	\$ 2,911,048
Restricted cash (Note 3)	272,802	252,994
Accounts receivable (Note 4)	3,984,024	826,002
Investments and advances (Note 6)	33,065,454	36,850,560
	<u>41,804,825</u>	<u>40,840,604</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,994,480	1,425,302
Long-term debt (Note 7)	3,090,270	498,573
Due to related parties (Note 5)	5,938,142	718,649
Due to Silviculture Trust (Note 8)	620,352	443,176
Due to McLeod Lake Indian Band Treaty 8 Trust	3,968,959	901,398
Due to McLeod Lake Indian Band Lands and Minerals Trust	7,072	172,901
	<u>15,619,275</u>	<u>4,159,999</u>
<b>NET FINANCIAL ASSETS</b>	<u>26,185,550</u>	<u>36,680,605</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	269,369	67,367
Inventories	252,793	26,373
Tangible capital assets (Note 9)	22,929,085	9,501,752
Investment in Treaty 8 Trust (Note 10)	3,033,957	995,287
Investment in Land and Minerals Trust (Note 11)	1,729,578	831,287
Investment in Provincial Revenues Trust (Note 12)	612,743	228,526
	<u>28,827,525</u>	<u>11,650,592</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 55,013,075</u>	<u>\$ 48,331,197</u>

**CONTINGENT LIABILITIES (Note 14)**

**APPROVED ON BEHALF OF THE BAND COUNCIL**

\_\_\_\_\_  
Chief

\_\_\_\_\_  
CFO

The accompanying notes to the financial statements are an integral part of these financial statements.

**MCLEOD LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
year ended March 31, 2017

	<b>Budget 2 0 1 7 (Note 22)</b>		<b>2 0 1 7</b>	<b>2 0 1 6</b>
Annual surplus (deficit)	\$	(510,978)	\$ 6,681,878	\$ (1,723,329)
Adjustment on consolidation of Duz Cho Forest				
Products Limited Partnership - tangible capital assets	-	(12,389,801)	-	-
Acquisition of tangible capital assets	-	(2,855,810)	(2,316,677)	(2,316,677)
Amortization of tangible capital assets	-	1,723,420	604,594	604,594
Proceeds on disposal of tangible capital assets	-	610	87,177	87,177
Loss (gain) on sale of tangible capital assets	-	94,248	(5,342)	(5,342)
Increase in inventories	-	(226,420)	(6,655)	(6,655)
Use of prepaid expense	-	(202,002)	7,551	7,551
Net revenue - Treaty 8 Trust		(2,038,670)	(729,344)	(729,344)
Net revenue - Land and Minerals Trust		(898,291)	1,548,478	1,548,478
Net revenue - Provincial Revenues Trust		(384,217)	(228,526)	(228,526)
<b>DECREASE IN NET FINANCIAL ASSETS</b>		<b>(510,978)</b>	<b>(10,495,055)</b>	<b>(2,762,073)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>		<b>36,680,605</b>	<b>36,680,605</b>	<b>39,442,678</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$</b>	<b>36,169,627</b>	<b>\$ 26,185,550</b>	<b>\$ 36,680,605</b>



**MCLEOD LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
year ended March 31, 2017

	2 0 1 7	2 0 1 6
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ 6,681,878	\$ (1,723,329)
Items not involving the outlay of cash		
Amortization	1,723,420	604,594
Loss (gain) on disposal of tangible capital assets	94,248	(5,342)
Net revenue - Treaty 8 Trust	(2,038,670)	(729,344)
Net revenue - Land and Minerals Trust	(898,291)	1,548,478
Net revenue - Provincial Revenues Trust	(384,217)	(228,526)
Income allocated to non-controlling interest	(574)	(613)
Share of (earnings) loss in related companies	(2,231,859)	1,301,649
	<b>2,945,935</b>	<b>767,567</b>
Net change in operating working capital		
Accounts receivable	(2,283,186)	45,285
Prepaid expenses	76,336	7,552
Inventories	83,429	(6,655)
Accounts payable and accrued liabilities	569,178	905,912
	<b>1,391,692</b>	<b>1,719,661</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of demand loans	-	(94,899)
Repayment of long-term debt	(393,221)	(131,554)
Repayment to related parties	(159,604)	(141,375)
Advance from Silviculture Trust	177,176	332,117
Advance from Treaty 8 Trust	3,067,561	771,872
Advance (repayment of advances) from Land and Minerals Trust	(165,829)	58,258
	<b>2,526,083</b>	<b>794,419</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(2,855,810)	(2,316,677)
Proceeds on disposal of tangible capital assets	610	87,177
Distribution from Treaty 8 Trust	-	1,887,813
Distribution from Lands and Minerals Trust	-	2,240,000
Repayment of advance by related parties	528,730	(1,962,383)
	<b>(2,326,470)</b>	<b>(64,070)</b>
<b>NET CASH INFLOW</b>	<b>1,591,305</b>	<b>2,450,010</b>
<b>CASH , BEGINNING OF YEAR</b>	<b>3,164,042</b>	<b>714,032</b>
<b>CASH , END OF YEAR</b>	<b>\$ 4,755,347</b>	<b>\$ 3,164,042</b>
Cash is comprised of:		
Cash	\$ 4,482,545	\$ 2,911,048
Restricted cash	272,802	252,994
	<b>\$ 4,755,347</b>	<b>\$ 3,164,042</b>

The accompanying notes to the financial statements are an integral part of these financial statements.



**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements (the financial statements) include the assets, liabilities, revenue and expenditures of the McLeod Lake Indian Band (the "Band"), governed by the Chief and Council, and the entities which are controlled or are subject to joint control by the Band.

These financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

*a) Fund accounting*

The Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary financial statements. All inter-fund balances have been eliminated.

The Band maintains the following funds:

- The Operations Fund, which reports the general activities of the Band administration.
- The Ottawa Trust Fund, which reports on trust funds owned by the Band and held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.
- The Canada Mortgage and Housing Corporation ("CMHC") Social Housing Fund, which reports the CMHC funded social housing operations of the Band.
- The Tse'khene Community Development Corporation Fund, which reports on the activities of Tse'khene Community Development Corporation.
- The Tse'khene Food & Fuel Ltd. Fund, which reports on the activities of Tse'khene Food & Fuel Ltd.
- The Enterprise Fund, which reports on activities of the Limited Partnerships and other incorporated entities controlled by the McLeod Lake Indian Band on a modified equity basis.

*b) Reporting entity and principles of financial reporting*

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

These consolidated financial statements consolidate the assets, liabilities and results of operations of Tse'khene Development Corporation, a not-for-profit corporation created for the benefit of the Band members, Tse'khene Food & Fuel Corporation, a corporation which operates a gas station on reserve lands and Duz Cho Forest Products LP which operates a lumber mill. The mill was previously considered a Government Business Enterprise but it has been determined in the current fiscal period that the mill is not self-sustaining at this time and is therefore consolidated as an other government partnership in the current period.

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

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

*b) Reporting entity and principles of financial reporting (continued)*

Government business enterprises and government business partnerships, which are owned by the Band, or are controlled or jointly controlled by the Band Council, and which are not dependent on the McLeod Lake Indian Band for their continuing operations, are included in the consolidated financial statements using the modified equity method, whereby the investment was initially recorded at cost and adjusted to recognize the Band's share of earnings or losses, and reduced by distributions received. The business entity's accounting principles are not adjusted to conform with those of the Band.

Government business enterprises and government business partnerships accounted for using the modified equity method are as follows:

Duz Cho Logging Ltd. (100% owned)  
Duz Cho Logging Limited Partnership (100% owned)  
Duz Cho Construction Ltd. (100% owned)  
Duz Cho Construction Limited Partnership (100% owned)  
Duz Cho Group of Companies Ltd. (100% owned)  
McLeod Lake Indian Band Exploration Corporation (100% owned)  
McLeod Lake Indian Band Exploration Limited Partnership (100% owned)  
Three Feathers Limited Partnership (33.3% owned)  
McLeod Lake Mackenzie Community Forest LP (50% owned)

Entities which are not controlled or jointly controlled are accounted for at cost. These include:

Mackenzie Fibre Management Corporation

*c) Non-financial assets*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Tangible capital assets

Capital expenditures are any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery and equipment. They normally confer benefits lasting beyond one year and result in the acquisition of an asset or in the extension of the life of an asset. Capital expenditures of the General Band Operations Fund, the CMHC Social Housing Fund and the Enterprise Fund are recorded at cost in the respective fund.

Assets under construction are not amortized until the asset is available for productive use.

Tangible assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

Tangible capital assets are amortized using the diminishing-balance method at the following rates:

Community buildings	4% and 10%
Automotive equipment	30%
Silviculture and logging equipment	30%
Office equipment	20%
Computer equipment	45%
Paving	20%
Water systems and fire protection	4%

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

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

*c) Non-financial assets (continued)*

Tangible capital assets (continued)

Assets used in lumber manufacturing are amortized on a straight basis as follows:

Buildings	5%
Manufacturing equipment	10%
Other equipment	20%
Office equipment	20%
Computer equipment	50%
Leasehold improvements	20%

Tangible capital assets consisting of buildings financed by Canada Mortgage and Housing Corporation insured loans are amortized at a rate equal to the annual principle reduction in the loan.

Assets that no longer contribute to the ability of the Band to provide services are written down to residual value.

*(d) Revenue recognition*

Government transfers with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when, and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Any such liability is reduced, and an equivalent amount of revenue is recognized as the liability is settled.

Government transfers without stipulations are recognized in the period in which the transfer is authorized, any eligibility criteria have been met and reasonable estimate of the amount to be received can be made.

Certain funding received under the terms of specified use agreements (other than government transfers) is recognized as revenue when the related expenditures are incurred. Such funding received but not yet expended is included in the statement of financial position as deferred revenue.

Revenue earned on timber sale licences is recognized when wood fibre is delivered and the customer takes ownership and assumes the risk of loss, persuasive evidence of an arrangement exists and collection of the relevant receivables is reasonably assured.

Revenue earned from the sale of lumber, fuel, tobacco and confectionary items is recognized when the goods are delivered to the customer, persuasive evidence of an arrangement exists, and collection of the relevant receivables is reasonably assured.

Interest income, rental income, consulting fees and user fees are recognized when earned and/or the service is provided and collection is reasonably assured.

*(e) Impairment of long-lived assets*

The Band periodically reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. The Band reviews for impairment of long-lived assets (or asset groups) to be held and used whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the un-discounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value. When quoted market prices are not available, the Band uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

*(f) Financial instruments*

The Band's financial instruments consist of cash, restricted cash, marketable securities, accounts receivable, timber sales deposits, advances and loans receivable.

Financial instruments are recorded at fair value on initial recognition. They are subsequently recorded at cost less any impairment losses if other than temporary.

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

*(f) Financial instruments (continued)*

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Band determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Band expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

*(g) Use of estimates*

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives for tangible capital assets and valuation allowance for trade receivables and investments, loans and advances. Actual results could differ from those estimates.

*(h) Reforestation*

The Band accounts for costs related to the reforestation of logged areas in the period such areas are logged. Costs represent the required contribution to the McLeod Lake Indian Band Silviculture Trust pursuant to the Band Forest Practices Code.

*(i) Liability for contaminated sites*

The Band identifies contaminated sites and records a liability for the cost of remediating sites which meet the following requirements:

- i. An environmental standard exists
- ii. Contamination exceeds the environmental standards
- iii. The Band is directly responsible or accepts responsibility
- iv. It is expected that future economic benefits will be given up and
- v. A reasonable estimate of the amount of those benefits can be made

As at the date of these financial statements, no contaminated sites have been identified that meet these criteria.

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**2. CASH**

	2017	2016
Cash		
Operations Fund	\$ 3,724,611	\$ 2,800,281
Social Housing Fund	18,820	10,294
Duz Cho Forest Products Limited Partnership	229,917	-
Tse'khene Community Development Corporation	458,218	12,358
Tse'khene Food & Fuel Ltd.	50,979	88,115
	<u>\$ 4,482,545</u>	<u>\$ 2,911,048</u>

The Band has an authorized operating line of credit with a maximum authorized amount of \$800,000 which was not utilized at year end. This line of credit bears interest at prime plus 0.75% (3.45% - March 31, 2017) and is secured by a general security agreement over the assets of the Band.

**3. RESTRICTED CASH**

Operations Fund restricted cash representing a term deposit of \$12,278 (2016 - \$12,278) assigned to the Ministry of Forests, in support of licenses.

\$212,533 (2016 - \$192,750) representing the social housing replacement and operating reserves (see Note 12), can only be used upon approval of Canada Mortgage and Housing Corporation.

Funds on deposit with the Department of Indigenous and Northern Affairs Canada of \$47,991 (2016 - \$47,966) arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust for the Band 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 funds are accessible to the Band upon the completion of certain prescribed procedures.

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**4. ACCOUNTS RECEIVABLE**

	2 0 1 7	2 0 1 6
McLeod Lake Indian Band Operations Fund		
Indigenous and Northern Affairs Canada	\$ 112,113	\$ 412,200
PGNAETA	26,018	21,808
Other government agencies	1,483,893	-
Oil and Gas Commission	51,000	42,000
Other	320,610	421,258
Less: Allowance for doubtful accounts	(136,362)	(136,362)
	<u>1,857,272</u>	<u>760,904</u>
Social Housing Fund		
Rents receivable	34,941	42,336
CMHC subsidy receivable	2,801	3,590
	<u>37,742</u>	<u>45,926</u>
Duz Cho Forest Products Limited Partnership		
Accounts receivable	<u>1,523,438</u>	-
Tse'khene Community Development Corporation		
Accounts receivable	<u>510,821</u>	4,047
Tse'khene Food & Fuel Ltd.		
Accounts receivable	<u>54,751</u>	15,126
	<u>\$ 3,984,024</u>	<u>\$ 826,003</u>

**5. DUE TO RELATED PARTIES**

	2 0 1 7	2 0 1 6
Due to related parties		
Due to McLeod Lake Indian Band Exploration Limited Partnership	571,389	570,980
Due to Duz Cho Logging Limited Partnership	2,757,039	147,669
Due to Duz Cho Construction Limited Partnership	2,619,714	-
	<u>\$ 5,948,142</u>	<u>\$ 718,649</u>

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**6. INVESTMENTS AND ADVANCES**

Investments, loans and advances to commercial operations are summarized as follows:

	2 0 1 7	2 0 1 6
McLeod Lake Indian Band		
Government business enterprises	\$ (12,286)	\$ (6,791)
Government business partnerships	33,077,340	36,850,060
Other	400	400
	<u>33,065,454</u>	<u>36,843,669</u>
Duz Cho Group of Companies LP		
Other	-	6,891
	<u>\$ 33,065,454</u>	<u>\$ 36,850,560</u>

The Band has an ownership interest in limited partnerships in which the limited partner is the Duz Cho Group of Companies LP. The general partners, which are corporations controlled by the McLeod Lake Indian Band, are Duz Cho Logging Ltd., which owns 0.01% of Duz Cho Logging Limited Partnership, Duz Cho Construction Ltd. which owns 0.01% of Duz Cho Construction Limited Partnership, Duz Cho Group of Companies Ltd., which owns 0.01% of Duz Cho Group of Companies Limited Partnership and McLeod Lake Indian Band Exploration Corporation which owns 0.01% of McLeod Lake Indian Band Exploration Limited Partnership. All of the loans and advances are non-interest bearing and have no specific terms of repayment.

The Band has made investments in and loans and advances to the government business enterprises as summarized below:

	2 0 1 7	2 0 1 6
Duz Cho Logging Ltd.		
Investment in shares, at cost	\$ 100	\$ 100
Share of losses		
Balance, beginning of year	31	(2,607)
(Loss) earnings	(930)	2,638
Balance, end of year	(899)	31
	<u>(799)</u>	<u>131</u>
Duz Cho Group of Companies Ltd.		
Share of earnings (loss)		
Balance, beginning of year	(1,787)	(1,388)
Loss	(1,039)	(399)
Balance, end of year	(2,826)	(1,787)
Balance carried forward	\$ (3,625)	\$ (1,656)



**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**6. INVESTMENTS AND ADVANCES (continued)**

	<b>2 0 1 7</b>	2 0 1 6
Balance brought forward	<b>\$ (3,625)</b>	\$ (1,656)
Duz Cho Construction Ltd.		
Share of earnings (loss)		
Balance, beginning of year	<b>722</b>	(1,734)
Earnings (loss)	<b>(972)</b>	2,456
Balance, end of year	<b>(250)</b>	722
Duz Cho Forest Products Ltd.		
Investment in shares, at cost	<b>1</b>	1
Share of earnings (loss)		
Balance, beginning of year	<b>(7,446)</b>	(1,686)
Loss	<b>(2,553)</b>	(5,760)
Balance, end of year	<b>(9,999)</b>	(7,446)
	<b>(9,998)</b>	(7,445)
McLeod Lake Indian Band Exploration Corporation		
Investment in shares, at cost	<b>100</b>	100
Share of earnings		
Balance, beginning of year	<b>1,488</b>	1,544
(Loss) earnings	<b>(1)</b>	(56)
Balance, end of year	<b>1,487</b>	1,488
	<b>1,587</b>	1,588
	<b>\$ (12,286)</b>	\$ (6,791)

The McLeod Lake Indian Band holds the remaining 99.99% of McLeod Lake Indian Band Exploration Limited Partnership, Duz Cho Logging Limited Partnership, Duz Cho Construction Limited Partnership, Duz Cho Group of Companies Limited Partnership and McLeod Lake Indian Band Exploration Limited Partnership.

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**6. INVESTMENTS AND ADVANCES (continued)**

The Band has made investments and contributions to government business partnerships as summarized below:

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
Duz Cho Logging Limited Partnership		
Balance, beginning of year	\$ 5,815,180	\$ 6,711,046
Share of earnings (loss)	704,753	1,380,490
Drawings	-	(2,276,356)
	<hr/>	<hr/>
Balance, end of year	6,519,933	5,815,180
Advances	4,721,791	4,721,791
	<hr/>	<hr/>
	11,241,724	10,536,971
	<hr/>	<hr/>
Duz Cho Construction Limited Partnership		
Balance, beginning of year	18,704,382	21,098,037
Share of earnings (loss)	313,475	(393,655)
Drawings	-	(2,000,000)
	<hr/>	<hr/>
Balance, end of year	19,017,857	18,704,382
Advances	1,512	1,512
	<hr/>	<hr/>
	19,019,369	18,705,894
	<hr/>	<hr/>
Duz Cho Forest Products Limited Partnership		
Balance, beginning of year	-	(1,860,085)
Share of loss	-	(2,984,176)
Contributions	-	10,332,883
	<hr/>	<hr/>
Balance, end of year	-	5,488,622
Advances	-	1,584
	<hr/>	<hr/>
	-	5,490,206
	<hr/>	<hr/>
Balance carried forward	\$ 30,261,093	\$ 34,733,071

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**6. INVESTMENTS AND ADVANCES (continued)**

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
Balance brought forward	\$ 30,261,093	\$ 34,733,071
McLeod Lake Indian Band Exploration Limited Partnership		
Balance, beginning of year	705,248	2,662,482
Share of (loss) earnings	(13,848)	(557,234)
Drawings	-	(1,400,000)
	<u>691,400</u>	705,248
Advances	<u>15,750</u>	15,750
	<u>707,150</u>	720,998
Three Feathers Limited Partnership		
Balance, beginning of year	109,071	110,559
Share of (loss) earnings	(18,995)	88,512
Drawings	(20,000)	(90,000)
	<u>70,076</u>	109,071
McLeod Lake Mackenzie Community Forest Limited Partnership		
Balance, beginning of year	1,286,920	627,121
Share of earnings	1,252,101	1,165,535
Drawings	(500,000)	(505,736)
	<u>2,039,021</u>	1,286,920
	<u>\$ 33,077,340</u>	<u>\$ 36,850,060</u>

The summarized balance sheet and income statements of the government business partnerships, as at their year end of October 31, 2016, are shown below:

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
Balance sheet information		
Assets	\$ 48,465,434	\$ 63,851,085
Liabilities	16,445,187	27,900,614
Partners' Capital	32,020,247	35,950,471
Results of operations		
Revenues	65,468,402	68,499,720
Expenses	62,946,325	69,623,047
Net earnings (loss)	2,522,077	(1,123,327)

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**7. LONG-TERM DEBT**

**Social Housing**

All Nations Trust Company - mortgage payable in monthly instalments of \$2,049 including interest at 1.67% per annum, secured by a mortgage on buildings and a ministerial guarantee, maturing April 2018	\$	26,370	\$	50,293
All Nations Trust Company - mortgage payable in monthly instalments of \$1,784 including interest at 1.65% per annum, secured by a mortgage on buildings and a ministerial guarantee, renewal June 2017, maturing April 2027		198,780		216,766
All Nations Trust Company - mortgage payable in monthly instalments of \$2,396 including interest at 1.67% per annum, secured by a mortgage on buildings and a ministerial guarantee, renewal June 2018, maturing May 2023		168,432		194,160
All Nations Trust Company		-		37,354
		<b>393,582</b>		<b>498,573</b>

**Duz Cho Forest Products Limited Partnership**

Western Financial Insurance - repayable at \$18,400 per month including interest at 7.57% per annum, due May 31, 2017		124,670		-
Paper Excellence loan, repayable at \$10 per ODT of chips shipped to them, including interest at 3.65% per annum, due November 20, 2020		2,572,018		-
		<b>2,696,688</b>		<b>-</b>
	<b>\$</b>	<b>3,090,270</b>	<b>\$</b>	<b>498,573</b>

Scheduled principal repayments over the next five years are estimated as follows:

2018	\$	592,433
2019		472,595
2020		487,972
2021		505,949
2022		520,012
Thereafter		511,309

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**8. DUE TO SILVICULTURE TRUST**

A Silviculture Trust was established to bear the responsibility for funding silviculture expenditures on settlement lands. The Band funds the Silviculture Trust based on a set charge per cubic metre of logs harvested. Balances accrued based on logging performed are shown below:

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
Balance, beginning of year	<b>\$ 443,176</b>	\$ 111,059
Accrual	<b>295,984</b>	138,058
Expenses paid on behalf of Trust	<b>(118,808)</b>	(325,941)
Funds received from Trust	<b>-</b>	520,000
Balance, end of year	<b><u>\$ 620,352</u></b>	<b><u>\$ 443,176</u></b>

The expenses paid on behalf of the trust are shown as part of the reversion to trust amount in the statement of operations.

**9. TANGIBLE CAPITAL ASSETS**

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
	Net Book Value	Net Book Value
McLeod Lake Indian Band		
Community buildings	<b>\$ 4,118,281</b>	\$ 3,254,666
Water system and fire protection	<b>1,388,668</b>	1,472,082
Automotive equipment	<b>350,299</b>	314,996
Silviculture equipment	<b>3,007</b>	4,296
Office equipment	<b>58,993</b>	163,413
Computer equipment	<b>6,213</b>	15,032
Paving	<b>130,507</b>	119,134
Land	<b>25,000</b>	25,000
	<b><u>6,080,968</u></b>	<b><u>5,368,619</u></b>
Social Housing Fund		
Buildings	<b><u>632,175</u></b>	<b><u>697,768</u></b>

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**9. TANGIBLE CAPITAL ASSETS (continued)**

	2017	2016
	Net Book Value	Net Book Value
Duz Cho Forest Products Limited Partnership		
Building	2,674,274	-
Manufacturing equipment	7,923,211	-
Automotive equipment	83,593	-
Other equipment	3,645	-
Computer equipment	19,221	-
Land	795,332	-
	<b>11,499,276</b>	<b>-</b>
Tse'khene Community Development Corporation		
Buildings	3,880,226	2,591,138
Office equipment	18,833	23,543
Computer equipment	285	640
Land	813,419	813,419
	<b>4,712,763</b>	<b>3,428,740</b>
Tse'khene Food & Fuel Ltd.		
Leasehold improvements	-	3,348
Store equipment	3,903	3,277
	<b>3,903</b>	<b>6,625</b>
	<b>\$ 22,929,085</b>	<b>\$ 9,501,752</b>

For additional information, see the Schedule of Tangible Capital Assets (Schedule B)

**10. EQUITY IN TREATY 8 TRUST**

The McLeod Lake Indian Band is the beneficiary of the McLeod Lake Indian Band Treaty 8 Trust which was established in April 2000 upon ratification of a land settlement agreement. The income from the Trust represented by the Trust Project and Development Account is to be allocated to the Band annually, and the Band must also loan an amount, determined by the Trust, to the Capital Account of the Trust each year. Details of Trust Project and Development Account transactions are shown below:

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**10. EQUITY IN TREATY 8 TRUST (continued)**

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
Treaty 8 Project and Development Account, beginning of year	\$ <b>995,287</b>	\$ 265,943
Revenue - Treaty 8 Project and Development Account	<b>2,938,413</b>	2,400,824
Expenses - Treaty 8 Project and Development Account	<b>(530,700)</b>	(1,085,060)
Interfund transfers - Treaty 8 Project and Development Account	<b>(369,043)</b>	(586,420)
	<u><b>\$ 3,033,957</b></u>	<u>\$ 995,287</u>

Under the terms of the trust agreement, net logging profits earned by the Band must be reverted to this trust. The amount of profits reverted in the current fiscal year are \$3,067,268 (2016 – \$899,056). These amounts have been reported as an expense in the statement of operations.

**11. EQUITY IN LAND AND MINERALS TRUST**

The McLeod Lake Indian Band is the beneficiary of the McLeod Lake Indian Band Land and Minerals Trust which was established in May 2011. The income from the Trust represented by the Land and Minerals Project Account is to be allocated to the Band annually. Details of Land and Minerals Project Account transactions are shown below:

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
Lands and Minerals Project Account, beginning of year	\$ <b>831,287</b>	\$ 2,379,765
Revenue - Lands and Minerals Project Account	<b>898,291</b>	691,522
Expenses - Lands and Minerals Project Account	<b>-</b>	(2,240,000)
	<u><b>\$ 1,729,578</b></u>	<u>\$ 831,287</u>

**12. EQUITY IN PROVINCIAL REVENUES TRUST**

The McLeod Lake Indian Band is the beneficiary of the McLeod Lake Indian Band Provincial Revenues Trust which was established in May 2011. The income from the Trust represented by the Provincial Revenues Trust Project Account is to be allocated to the Band annually. Details of the Provincial Revenues Trust Project Account transactions are shown below:



**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**12. EQUITY IN PROVINCIAL REVENUES TRUST (continued)**

	2017	2016
Lands and Minerals Project Account, beginning of year	\$ 831,287	\$ 2,379,765
Revenue - Lands and Minerals Project Account	898,291	691,522
Expenses - Lands and Minerals Project Account	-	(2,240,000)
	<u>\$ 1,729,578</u>	<u>\$ 831,287</u>
	2017	2016
Provincial Revenues Project Account, beginning of year	\$ 228,526	\$ -
Revenue - Provincial Revenues Project Account	384,168	228,526
Expenses - Provincial Revenues Project Account	-	-
Interfund transfers - Provincial Revenues Project Account	49	-
	<u>\$ 612,743</u>	<u>\$ 228,526</u>

**13. REPLACEMENT RESERVES**

Under the terms of agreements with Canada Mortgage and Housing Corporation ("CMHC"), the Band is required to make yearly deposits equal to required contributions to a replacement reserve account for each housing phase. Contributions are based on a percentage of total asset costs. The use of these funds is subject to approval by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may be otherwise approved by CMHC. Withdrawals are credited to interest first and then principal.

Under the terms of agreements with CMHC – Full Subsidy Program, after the payment of all costs and expenses including the allocation to the Replacement Reserve fund, any surplus will be retained by the Band within an Operating Reserve fund. These funds, along with accumulated interest, must be held in a separate bank account. These funds may only be used for the ongoing operating costs of the housing projects committed under the Full Subsidy Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund.

Under agreements with CMHC, the Band may also establish a subsidy surplus reserve where any operating surplus can be retained to a maximum of \$500 per housing unit plus interest earned within the reserve. An additional operating surplus, within the CMHC Housing Programs, is subject to recovery by Canada Mortgage and Housing Corporation.

	2017	2016
Replacement Reserve	\$ 117,583	\$ 109,437
Operating Surplus Reserve	98,050	83,313
	<u>\$ 215,633</u>	<u>\$ 192,750</u>

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**13. REPLACEMENT RESERVES (continued)**

Replacement reserve information relating to the Band's CMHC housing programs is as follows:

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
Balance, beginning of year	\$ <b>192,750</b>	\$ 129,471
Allocations for the year, replacement reserve	<b>18,736</b>	19,190
Allocations for the year, operating surplus	<b>14,737</b>	67,673
Expenditures	<u><b>(10,590)</b></u>	<u>(23,584)</u>
	<u><b>\$ 215,633</b></u>	<u>\$ 192,750</u>

**14. CONTINGENT LIABILITIES**

The Band has entered into an agreement with the McLeod Lake Indian Band Silviculture Trust to perform reforestation activities on behalf of the Band (Note 8). In the event actual future reforestation costs exceed the resources of the McLeod Lake Indian Band Silviculture Trust the Band is contingently liable to fund the shortfall.

The Band has a contingent liability related to Indigenous and Northern Affairs Canada's ministerial loan guarantees on housing mortgages. The outstanding balance of these mortgages at March 31, 2016 was \$381,693.

**15. PENSION PLAN**

The Band has a defined contribution pension plan for certain employees. The employees contribute a minimum of 5% of their earnings which McLeod Lake Indian Band matches.

**16. RELATED PARTY TRANSACTIONS**

During the year, the Band paid logging costs in the amount of \$nil to Duz Cho Logging Limited Partnership (2016 - \$1,445,358) for logging settlement lands.

**MCLEOD LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
year ended March 31, 2017

**17. EXPENSES BY OBJECT**

	2 0 1 7	2 0 1 6
Amortization	\$ 1,723,421	\$ 544,387
Communications	198,805	156,787
Consulting	386,351	97,148
Contracts	521,211	846,221
Honoraria	502,974	541,309
Insurance	412,306	144,085
Legal and professional	681,374	1,308,667
Logging and silviculture	652,034	1,754,826
Material and supplies	774,081	193,243
Membership assistance and distributions	11,891,470	2,849,654
Office, repairs and maintenance and miscellaneous	2,671,173	506,179
Other	515,013	264,424
Purchases of goods for resale	5,994,711	633,749
Travel	467,700	331,479
Wages and benefits	4,412,963	2,508,223
	<b>31,805,587</b>	12,680,381
Equity loss from business enterprises	-	1,301,649
	<b>\$ 31,805,587</b>	<b>\$ 13,982,030</b>

**18. INCOME AND EXPENDITURES BY SEGMENT**

The Band has presented income and expenditures by segment in Schedule A. The segments presented are as follows:

*Operating Fund:*

Administration – this segment reflects funding and expenditures related to Band governance activities.

Community Health Services – this segment discloses program activities funded by the First Nations Health Authority (formerly funded by Health Canada) that relate to provision health related services to the Band members.

Education Services – this segment discloses program activities primarily funded by Indigenous and Northern Affairs Canada ("INAC"). These programs relate to elementary, secondary and post-secondary education.

Social Services – this segment relates to programs and services related to the social benefit and welfare of Band members, including social assistance, daycare and infant development, and is funded by primarily by INAC and the Province of British Columbia.

**18. INCOME AND EXPENDITURES BY SEGMENT (continued)**

Membership Services – this segment relates to programs and services to Band members and is funded primarily by the business entities owned by the Band and the Oil and Gas Commission. The programs relate to youth, elders, employment training and distributions.

Infrastructure Services – this segment relates to services relating to operation and maintenance of the Bands community buildings and water facilities.

Natural Resource Services – this segment relates to program and services involving forestry, land management and consultation and is primarily funded by contract revenue, INAC and the Oil and Gas Commission.

Economic Development Services – this segment relates to programs relating to economic development and is primarily funded by the Oil and Gas Commission and INAC.

Capital Services – this segment discloses the services related to housing renovations and repairs and is funded by the Oil and Gas Commission and INAC.

Schedule A also discloses activities related to funds operated by the Band including the Social Housing Fund, Development Corporation Fund, Tse'khene Food & Fuel Ltd, Enterprise Fund, Duz Cho Forest Products Limited Partnership, Trust Fund and the Ottawa Trust Fund, Treaty 8 Trust Project and Development Fund, Land & Minerals Trust Project and Development Fund and the Provincial Revenues Trust Project & Development Fund as disclosed in Note 1.

**19. BUDGETED FIGURES**

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

**MCLEOD LAKE INDIAN BAND**  
**REVENUE AND EXPENDITURES BY SEGMENT**  
year ended March 31, 2017

**SCHEDULE A**

<b>Programs</b>	<b>INAC Revenue</b>	<b>Other Revenue</b>	<b>Total Revenue</b>	<b>Total Expenditure</b>	<b>Net (Expenditure) Revenue Before Adjustments</b>	<b>Net Transfers/ Recovery of prior year surplus</b>	<b>Net (Expenditure) Revenue After Adjustments</b>	<b>2 0 1 6 Opening Equity (Deficit)</b>	<b>2 0 1 7 Closing Equity (Deficit)</b>
<b>Unrestricted</b>									
Administration	291,541	839,430	1,130,971	2,205,627	(1,074,656)	4,921,340	3,846,684	3,754,213	7,600,897
Health and Welfare services	-	526,701	526,701	440,550	86,151	5,134	91,285	(91,285)	-
Education	464,858	90,285	555,143	522,202	32,941	(175,914)	(142,973)	142,973	-
Social Development	649,722	126,162	775,884	352,986	422,898	(537,799)	(114,901)	111,965	(2,936)
Membership	4,174	9,416,672	9,420,846	11,539,626	(2,118,780)	1,676,098	(442,682)	442,682	-
Infrastructure	391,236	11,101	402,337	964,446	(562,109)	740,013	177,904	3,613,685	3,791,589
Natural Resources	204,536	1,467,896	1,672,432	1,055,082	617,350	(3,460,641)	(2,843,291)	2,843,291	-
Economic Development	33,518	3,799,933	3,833,451	122,907	3,710,544	(2,652,439)	1,058,105	626,689	1,684,794
Capital	82,117	5,000	87,117	122,678	(35,561)	(518,728)	(554,289)	554,289	-
Tse'khene Food & Fuel	-	649,174	649,174	715,199	(66,025)	-	(66,025)	(91,408)	(157,433)
Development Corporation	-	1,950,108	1,950,108	469,236	1,480,872	-	1,480,872	1,640,359	3,121,231
Duz Cho Forest Products	-	10,244,833	10,244,833	11,698,314	(1,453,481)	1,453,481	-	-	-
Social Housing Fund	-	398,906	398,906	316,856	82,050	(14,737)	67,313	(836,147)	(768,834)
Enterprise Fund	-	2,231,859	2,231,859	-	2,231,859	-	2,231,859	33,323,462	35,555,321
Trust Fund	-	4,228,337	4,228,337	1,279,878	2,948,459	(4,401,940)	(1,453,481)	-	(1,453,481)
	<b>2,121,702</b>	<b>35,986,397</b>	<b>38,108,099</b>	<b>31,805,587</b>	<b>6,302,512</b>	<b>(2,966,132)</b>	<b>3,336,380</b>	<b>46,034,768</b>	<b>49,371,148</b>
<b>Restricted</b>									
Ottawa Trust Fund	-	25	25	-	25	-	25	47,966	47,991
Treaty 8 Trust	-	2,938,413	2,938,413	899,743	2,038,670	-	2,038,670	995,287	3,033,957
Lands and Mineral Trust	-	898,291	898,291	-	898,291	-	898,291	831,287	1,729,578
Provincial Revenues Trust	-	384,217	384,217	-	384,217	-	384,217	228,526	612,743
Social housing reserves	-	30,371	30,371	10,590	19,781	-	19,781	192,750	212,531
Non-controlling interest	-	1,414	1,414	-	1,414	-	1,414	613	2,027
	<b>-</b>	<b>4,252,731</b>	<b>4,252,731</b>	<b>910,333</b>	<b>3,342,398</b>	<b>-</b>	<b>3,342,398</b>	<b>2,296,429</b>	<b>5,638,827</b>
<b>TOTAL</b>	<b>2,121,702</b>	<b>40,239,128</b>	<b>42,360,830</b>	<b>32,715,920</b>	<b>9,644,910</b>	<b>(2,966,132)</b>	<b>6,678,778</b>	<b>48,331,197</b>	<b>55,009,975</b>

**MCLEOD LAKE INDIAN BAND**  
**REVENUE AND EXPENDITURES BY SEGMENT**  
year ended March 31, 2016

**SCHEDULE A1**

<b>2 0 1 6</b>	<b>INAC</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>	<b>(Expenditure)</b>	<b>Net Transfers/</b>	<b>(Expenditure)</b>	<b>Opening</b>	<b>Closing</b>
<b>Programs</b>	<b>Revenue</b>	<b>Revenue</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Revenue</b>	<b>Recovery of</b>	<b>Revenue</b>	<b>Equity</b>	<b>Equity</b>
					<b>Before</b>	<b>prior year</b>	<b>After</b>	<b>(Deficit)</b>	<b>(Deficit)</b>
					<b>Adjustments</b>	<b>surplus</b>	<b>Adjustments</b>	<b>(Restated -</b>	<b>(Restated - Note 19)</b>
								<b>Note 19)</b>	<b>Note 19)</b>
<b>Unrestricted</b>									
Administration	285,984	2,857,481	3,143,465	2,713,664	429,801	(1,181,047)	(751,246)	4,505,459	3,754,213
Community Health Services	-	428,080	428,080	430,221	(2,141)	-	(2,141)	(89,144)	(91,285)
Education	456,000	189,464	645,464	543,860	101,604	(160)	101,444	41,529	142,973
Social Development	637,650	164,838	802,488	375,293	427,195	(410,139)	17,056	94,909	111,965
Membership	4,094	1,014,243	1,018,337	2,364,478	(1,346,141)	1,596,877	250,736	191,946	442,682
Infrastructure	594,277	295,558	889,835	837,113	52,722	(10,173)	42,549	3,571,136	3,613,685
Natural Resources	204,536	456,060	660,596	1,321,832	(661,236)	-	(661,236)	3,504,527	2,843,291
Economic Development	32,879	508,130	541,009	41,651	499,358	-	499,358	127,331	626,689
Capital	455,922	354,450	810,372	473,506	336,866	(25,164)	311,702	242,587	554,289
Tse'khene Food & Fuel	-	735,943	735,943	811,381	(75,438)	-	(75,438)	(15,970)	(91,408)
Development Corporation	-	683,596	683,596	382,004	301,592	500,000	801,592	838,767	1,640,359
Social Housing Fund	-	311,237	311,237	304,611	6,626	(67,673)	(61,047)	(775,100)	(836,147)
Enterprise Fund	-	-	-	1,301,649	(1,301,649)	(500,000)	(1,801,649)	35,125,111	33,323,462
Trust Fund	-	2,785,619	2,785,619	2,080,767	704,852	(573,115)	131,737	(131,737)	-
	<u>2,671,342</u>	<u>10,784,699</u>	<u>13,456,041</u>	<u>13,982,030</u>	<u>(525,989)</u>	<u>(670,594)</u>	<u>(1,196,583)</u>	<u>47,231,351</u>	<u>46,034,768</u>
<b>Restricted</b>									
Ottawa Trust Fund	-	973	973	-	973	(1,003)	(30)	47,996	47,966
Treaty 8 Trust	-	2,400,824	2,400,824	1,671,480	729,344	-	729,344	265,943	995,287
Lands and Mineral Trust	-	691,522	691,522	2,240,000	(1,548,478)	-	(1,548,478)	2,379,765	831,287
Provincial Revenues Trust	-	228,526	228,526	-	228,526	-	228,526	-	228,526
Social housing reserves	-	86,863	86,863	23,584	63,279	-	63,279	129,471	192,750
Non-controlling interest	-	613	613	-	613	-	613	-	613
	<u>-</u>	<u>3,409,321</u>	<u>3,409,321</u>	<u>3,935,064</u>	<u>(525,743)</u>	<u>(1,003)</u>	<u>(526,746)</u>	<u>2,823,175</u>	<u>2,296,429</u>
<b>TOTAL</b>	<u>2,671,342</u>	<u>14,194,020</u>	<u>16,865,362</u>	<u>17,917,094</u>	<u>(1,051,732)</u>	<u>(671,597)</u>	<u>(1,723,329)</u>	<u>50,054,526</u>	<u>48,331,197</u>

**MCLEOD LAKE INDIAN BAND**  
**TANGIBLE CAPITAL ASSETS**  
year ended March 31, 2017

**SCHEDULE B**

	Community buildings	Water system & fire protection	Automotive equipment	Silviculture equipment	Office equipment	Computer equipment	Paving	Land	Social housing fund buildings	Tse' Khene Community Development Corporation	Tse' Khene Food & Fuel Ltd.	Duz Cho Forest Products Limited Partnership	Total 2017
<b>Cost</b>													
Balance, beginning of the year	\$ 4,525,862	\$ 1,610,695	\$ 1,594,747	\$ 89,994	\$ 920,120	\$ 230,326	\$ 970,543	\$ 25,000	\$ 3,167,814	\$ 3,855,968	\$ 8,459	\$ 13,417,216	\$ 30,416,744
Add: Additions	1,092,666	-	142,574	-	-	-	44,000	-	45,460	1,369,656	1,373	229,417	2,925,146
Less: Disposals	-	-	-	-	(799,848)	(168,647)	-	-	-	(4,506)	(3,908)	(69,336)	(1,046,245)
<b>Balance: end of year</b>	<b>\$ 5,618,528</b>	<b>1,610,695</b>	<b>1,737,321</b>	<b>89,994</b>	<b>120,272</b>	<b>61,679</b>	<b>1,014,543</b>	<b>25,000</b>	<b>3,213,274</b>	<b>5,221,118</b>	<b>5,924</b>	<b>13,577,297</b>	<b>32,295,645</b>
<b>Accumulated amortization</b>													
Balance: beginning of year	1,271,196	138,613	1,279,751	85,698	756,707	215,294	851,409	-	2,470,046	427,228	1,834	1,027,415	8,525,191
Add: amortization	229,051	83,414	107,271	1,289	14,747	7,049	32,627	-	111,053	85,566	747	1,050,606	1,723,420
Less: Accumulated Amortization on disposals	-	-	-	-	(710,175)	(166,877)	-	-	-	(4,439)	(560)	-	(882,051)
<b>Balance, end of year</b>	<b>1,500,247</b>	<b>222,027</b>	<b>1,387,022</b>	<b>86,987</b>	<b>61,279</b>	<b>55,466</b>	<b>884,036</b>	<b>-</b>	<b>2,581,099</b>	<b>508,355</b>	<b>2,021</b>	<b>2,078,021</b>	<b>9,366,560</b>
<b>Net book value</b>	<b>\$ 4,118,281</b>	<b>\$ 1,388,668</b>	<b>\$ 350,299</b>	<b>\$ 3,007</b>	<b>\$ 58,993</b>	<b>\$ 6,213</b>	<b>\$ 130,507</b>	<b>\$ 25,000</b>	<b>\$ 632,175</b>	<b>\$ 4,712,763</b>	<b>\$ 3,903</b>	<b>\$ 11,499,276</b>	<b>\$ 22,929,085</b>

**TANGIBLE CAPITAL ASSETS**  
year ended March 31, 2016

	Community buildings	Water system & fire protection	Automotive equipment	Silviculture equipment	Office equipment	Computer equipment	Paving	Land	Social housing fund buildings	Tse' Khene Community Development Corporation	Tse' Khene Food & Fuel Ltd.	Total 2016
<b>Cost</b>												
Balance, beginning of the year	\$ 3,969,374	\$ 1,328,797	\$ 1,535,030	\$ 89,994	\$ 920,120	\$ 214,003	\$ 970,543	\$ 25,000	\$ 3,167,814	\$ 2,635,005	\$ 8,459	\$ 14,864,139
Add: Additions	556,488	281,898	125,393	-	-	16,323	-	-	-	1,336,575	-	2,316,677
Less: Disposals	-	-	(65,676)	-	-	-	-	-	-	(115,612)	-	(181,288)
<b>Balance: end of year</b>	<b>\$ 4,525,862</b>	<b>1,610,695</b>	<b>1,594,747</b>	<b>89,994</b>	<b>920,120</b>	<b>230,326</b>	<b>970,543</b>	<b>25,000</b>	<b>3,167,814</b>	<b>3,855,968</b>	<b>8,459</b>	<b>16,999,528</b>
<b>Accumulated amortization</b>												
Balance: beginning of year	1,027,208	104,819	1,254,394	83,856	726,175	197,780	821,625	-	2,366,820	409,315	643	6,992,635
Add: amortization	243,988	33,794	82,517	1,842	30,532	17,514	29,784	-	103,226	60,206	1,191	604,594
Less: Accumulated Amortization on disposals	-	-	(57,160)	-	-	-	-	-	-	(42,293)	-	(99,453)
<b>Balance, end of year</b>	<b>1,271,196</b>	<b>138,613</b>	<b>1,279,751</b>	<b>85,698</b>	<b>756,707</b>	<b>215,294</b>	<b>851,409</b>	<b>-</b>	<b>2,470,046</b>	<b>427,228</b>	<b>1,834</b>	<b>7,497,776</b>
<b>Net book value</b>	<b>\$ 3,254,666</b>	<b>\$ 1,472,082</b>	<b>\$ 314,996</b>	<b>\$ 4,296</b>	<b>\$ 163,413</b>	<b>\$ 15,032</b>	<b>\$ 119,134</b>	<b>\$ 25,000</b>	<b>\$ 697,768</b>	<b>\$ 3,428,740</b>	<b>\$ 6,625</b>	<b>\$ 9,501,752</b>



**MCLEOD LAKE INDIAN BAND**  
**CONSOLIDATED SCHEDULE OF OTHER INCOME**  
year ended March 31, 2017

**SCHEDULE C**

	2 0 1 7	2 0 1 6
Natural resource contracts	\$ 13,790,983	\$ 187,000
Donations	69,955	107,181
Interest	70,543	105,306
(Loss) gain on disposal of assets	(91,442)	3,661
Other	446,129	324,172
	<b>\$ 14,286,168</b>	<b>\$ 727,320</b>