

FILE COPY

CHESLATT CARRIER NATION
Financial Statements
Year Ended March 31, 2016



CHESLATTA CARRIER NATION
Index to Financial Statements
Year Ended March 31, 2016

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flow	7
Notes to Financial Statements	8 - 19





CHESLATTA CARRIER NATION

P.O. Box 909 • Burns Lake, B.C. • V0J 1E0
Phone 250-694-3334 • Fax 250-694-3632



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Cheslatta Carrier Nation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Cheslatta Carrier Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

Chief and council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Chief and Council meets periodically with management and the member's auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the shareholders by Tony Tiani & Company Inc. , in accordance with Canadian accounting standards for not-for-profit organizations.



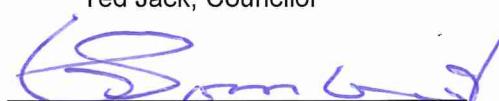
Corrina Leween, Chief



Ted Jack, Councilor



Hazel Burt, Councilor



Glenn Sombert, Controller

Burns Lake, BC
July 28, 2016



INDEPENDENT AUDITOR'S REPORT

To the Members of Cheslatta Carrier Nation

We have audited the accompanying financial statements of Cheslatta Carrier Nation, which comprise the statement of financial position as at March 31, 2016 and the statements of revenues and expenditures, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Basis for Qualified Opinion

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

(continues)

Independent Auditor's Report to the Members of Cheslatta Carrier Nation *(continued)*

Qualified Opinion

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

Other Matters

The financial statements of the Nation for the year ended March 31, 2015 were audited by another firm of public accountants who issued a qualified audit opinion on July 27, 2015.

Prince George, British Columbia
July 28, 2016

Tom Tom & Company
CHARTERED PROFESSIONAL ACCOUNTANTS

CHESLATTA CARRIER NATION
Statement of Financial Position
March 31, 2016

	2016	2015
		<i>Revised</i>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,965,819	\$ 1,188,555
Restricted cash (<i>Note 4</i>)	533,364	109,372
Accounts receivable (<i>Note 5</i>)	1,052,696	1,106,199
Investments (<i>Note 6</i>)	5,263	3,503
Investment in Government Business Enterprises (<i>Notes 7, 8</i>)	<u>2,339,728</u>	1,726,336
TOTAL FINANCIAL ASSETS	<u>\$ 5,896,870</u>	\$ 4,133,965
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (<i>Note 10</i>)	\$ 577,162	\$ 534,988
Goods and services tax payable	256,178	24,558
Deferred income (<i>Note 11</i>)	333,448	236,523
Long term debt (<i>Note 12</i>)	1,127,596	1,166,152
Silviculture liability (<i>Note 9</i>)	623,308	-
TOTAL FINANCIAL LIABILITIES	<u>2,917,692</u>	1,962,221
NET FINANCIAL ASSETS	<u>2,979,178</u>	2,171,744
NON-FINANCIAL ASSETS		
Inventory	5,105	5,105
Tangible capital assets (<i>Note 13</i>)	3,244,520	3,316,936
Prepaid expenses	95,842	92,387
	<u>3,345,467</u>	3,414,428
ACCUMULATED SURPLUS	<u>\$ 6,324,645</u>	\$ 5,586,172
CONTINGENT LIABILITY (<i>Note 14</i>)		

ON BEHALF OF THE MEMBERS

Alweas. _____ Chief
Totzel Bunt _____ Council

o'neil Jack _____ Council
Samund _____ Controller

See notes to financial statements



CHESLATTA CARRIER NATION
Statement of Revenues and Expenditures
For the Year Ended March 31, 2016

	2016	2015	
			<i>Revised</i>
REVENUES			
Indigenous and Northern Affairs Canada	\$ 950,866	\$ 848,513	
Carrier Sekeni Family Services	179,650	110,573	
Contracting	3,495,309	1,224,913	
Community support	12,250	3,900	
Logging revenues	517,058	976,248	
PGNAETA	57,641	52,803	
Rent	169,121	264,800	
FNESC	39,600	-	
Province of British Columbia	278,075	325,000	
Loss from investment in Government Business Enterprises	(80,183)	(38,115)	
Loss on disposal of assets	(36,792)	-	
Other	<u>1,711,924</u>	<u>1,355,911</u>	
	7,294,519	5,124,546	
EXPENDITURES			
Administration	1,488,899	1,264,559	
Capital	205,521	240,242	
Community Health	100,040	105,954	
Community Support	261,960	238,138	
Economic Development	3,507,657	1,499,504	
Education	154,858	152,315	
FNESC	27,470	-	
Housing	184,536	333,455	
Operations & Maintenance	201,230	162,847	
PGNAETA	55,751	44,099	
Social Development	261,869	337,452	
Treaty	<u>3,586</u>	<u>5,839</u>	
	6,453,377	4,384,404	
EXCESS OF REVENUES OVER EXPENDITURES			
INDIGENOUS AND NORTHERN AFFAIRS CANADA RECOVERIES	(102,669)	(24,295)	
CHANGE IN STATUS OF GOVERNMENT BUSINESS ENTERPRISES	-	204,924	
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>5,586,172</u>	<u>4,665,401</u>	
	5,483,503	4,846,030	
ACCUMULATED SURPLUS, END OF YEAR	\$ 6,324,645	\$ 5,586,172	

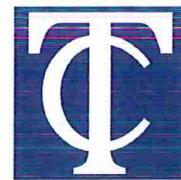
See notes to financial statements



CHESLATTA CARRIER NATION
Statement of Changes in Net Financial Assets
Year Ended March 31, 2016

	2016	2015
NET FINANCIAL ASSETS - BEGINNING OF YEAR	\$ 2,171,743	\$ 796,345
Excess of revenues over expenditures	841,142	740,142
Purchase of tangible capital assets	(184,643)	(338,382)
Amortization of tangible capital assets	205,521	278,971
Proceeds on disposal of tangible capital assets	14,747	-
Change in tangible capital assets	-	511,432
Loss on tangible capital assets	36,792	-
	3,085,302	1,988,508
Acquisition of prepaid expenses	(3,455)	(27,289)
Change in inventory	-	29,895
Indigenous and Northern Affairs Canada recoveries	(102,669)	(24,295)
Change in status of government business enterprise	-	204,924
	(106,124)	183,235
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,979,178	\$ 2,171,743

See notes to financial statements



CHESLATTA CARRIER NATION
Statement of Cash Flow
Year Ended March 31, 2016

	2016	2015	
			Revised
OPERATING ACTIVITIES			
Excess of revenues over expenditures	\$ 841,142	\$ 740,142	
Items not affecting cash:			
Amortization	205,521	240,242	
Indigenous and Northern Affairs Canada recoveries	(102,669)	(24,295)	
Bad debt	-	205,562	
Loss from investment in government business enterprises	80,183	38,115	
Loss on disposal of tangible capital assets	36,792	-	
Silviculture	202,312	-	
Change in tangible capital assets reclassified to government business enterprises	-	550,161	
Noot'senay mortgage reclassified to government business enterprise	-	483,028	
Reforestation obligation reclassified to government business enterprise	-	(344,127)	
	<u>1,263,281</u>	<u>1,888,828</u>	
Changes in non-cash working capital:			
Accounts receivable	53,503	(371,228)	
Inventory	-	29,895	
Accounts payable and accrued liabilities	42,174	181,067	
Deferred income	96,925	-	
Prepaid expenses	(3,455)	(27,289)	
Silviculture liability	623,308	-	
Goods and services tax payable	231,620	26,000	
	<u>1,044,075</u>	<u>(161,555)</u>	
Cash flow from operating activities	<u>2,307,356</u>	<u>1,727,273</u>	
INVESTING ACTIVITIES			
Purchase of tangible capital assets	(184,643)	(338,384)	
Proceeds on disposal of tangible capital assets	14,747	-	
Increase in funds held in Ottawa trust	(3,087)	(3,387)	
Increase in funds held in Silviculture trust	(420,905)	-	
Change in investments	(695,335)	1,487,667	
Noot'senay withdrawal	(196,475)	-	
	<u>(1,485,698)</u>	<u>1,145,896</u>	
Cash flow from (used by) investing activities			
FINANCING ACTIVITIES			
Proceeds from long term financing	107,440	-	
Repayment of long term debt	(145,995)	(106,355)	
Treaty funding	(5,839)	-	
	<u>(44,394)</u>	<u>(106,355)</u>	
Cash flow used by financing activities			
INCREASE IN CASH FLOW			
Cash - beginning of year	<u>777,264</u>	<u>2,766,814</u>	
CASH - END OF YEAR	\$ 1,965,819	\$ 4,163,889	

See notes to financial statements



CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

1. DESCRIPTION OF BUSINESS

Cheslatta Carrier Nation (the "Nation") provides services such as government, public works, social development, community health, advanced education, economic development, land and resources, housing and community schooling.

The Nation is exempt from income tax under Section 87 of the Indian Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements ("financial statements") were prepared in accordance with Canadian public sector accounting standards prescribed for government as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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 expenses that have been prepaid.

Fund accounting

The Nation uses fund accounting procedures which results 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 Operating Fund which reports the general activities of the Nation's administration

The Treaty Fund which reports the revenues, expenses and surplus (deficit) related to the Treaty Negotiations.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to Cheslatta Carrier Nation's capital assets.

The Ottawa Trust Fund which reports on Trust funds owned by Cheslatta Carrier Nation 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.

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Reporting entity consolidated and principals of financial reporting

The Cheslatta Carrier Nation reporting entity includes the Nation government and all related entities which are accountable to the Nation and are either owned or controlled by the Nation

The financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for government business enterprises and government business partnerships. Trusts administered on behalf of third parties by Cheslatta Carrier Nation are excluded from the Nation reporting entity.

Government business enterprises and government business partnerships, which are owned by the Nation, or are controlled by the Nation's Council, and which are not dependent on the Cheslatta Carrier Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. The Nation's investment in these entities are initially recorded at cost and adjusted to recognize the Nation'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 Nation.

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

- Cheslatta Forest Products Ltd.
- Noot'senay Enterprises Ltd.
- Noot'senay Enterprises Limited Partnership
- Danskin Garage Enterprises Ltd.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in liquid investments and are valued at cost plus accrued value. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Restricted cash

Restricted cash are funds being held in trust by third party administrators and not available for general use.

Non-financial assets

The Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are stated at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Tangible capital assets are amortized over their estimated useful lives utilizing the following rates and methods:

Buildings	5%	straight-line method
Social Housing buildings	5%	straight-line method
Infrastructure	4%	straight-line method
Vehicles	20%	declining balance method
Equipment	20%	declining balance method

Tangible capital assets are written down when conditions indicate that they no longer contribute to Cheslatta Carrier Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Impairment of Long Lived Assets

The Nation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized when certain criteria are met and at the best estimate of the amount required to remediate the site as outlined under PS 3260.

Net financial assets

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

(continues)

CHESLATTER CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Funding Recoveries and Reimbursement

Funding received from the federal government sources in the form of conditional transfer payments are subject to recovery by the crown for unexpected balances or unallowable expenses. The crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specified purpose. Recoveries and reimbursements are accounted for when they are determined to be payable or reimbursed.

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.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

Revenue earned on timber sale licenses 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.

Rental revenue is recognized as it becomes receivable under the terms of the rental agreement.

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.

All other revenue is recognized when performance is achieved and collection is reasonably assured.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Reforestation

The Nation accounts for costs related to the reforestation of logged areas in the period such areas are logged. Costs represents estimated post logging expenditures related to silviculture responsibilities pursuant to the Nation Forest Practices Code.

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Segment Disclosure

The Band provides a range of services to its members. For each reporting segment, revenue and expenditures 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.

3. NOOT'SENAY ENTERPRISES LIMITED PARTNERSHIP

The compiled financial statements for Noot'senay Enterprises Limited Partnership were prepared by another chartered accounting firm. As such, we have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

4. RESTRICTED CASH

	2016	2015
Ottawa trust	\$ 112,458	\$ 109,372
Silviculture trust	<u>420,906</u>	-
	\$ 533,364	\$ 109,372

Ottawa Trust Funds on deposit with Department of Indigenous and Northern Affairs Canada arise from monies derived from capital of revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust for the Nation in the Consolidate 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.

Silviculture monies held in trust by an independent third part on behalf of the Nation in support of its forest timber licenses. The silviculture trust is currently underfunded by \$202,402.

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

5. ACCOUNTS RECEIVABLE

	2016	2015
Trade receivables	\$ 708,081	\$ 878,539
Rent Receivable	854,106	752,793
Loans and advances	396,589	397,665
Trust receivable	53,899	-
Social Development Loans	3,962	3,899
Other	7,335	4,725
 Subtotal	 2,023,972	2,037,621
Allowance for doubtful accounts	(971,277)	(931,422)
 	 \$ 1,052,695	\$ 1,106,199

6. INVESTMENT

	2016	2015
Investments	\$ 5,263	\$ 3,503

Investment in Vanderhoof Co-op Equity is comprised of the proportionate share of equity earned from purchases at Vanderhoof Co-op.

7. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES
Cheslatta Forest Products Ltd.

	2016	2015
Balance, begining of year	\$ (24,224)	\$ -
Loss	-	(24,224)
Common shares	2	2
 Balance, end of year	 \$ (24,222)	\$ (24,222)

Noot'senay Enterprises Ltd.

Balance, begining of year	\$ (833)	\$ -
Loss	-	(833)
Common shares	251	251
 Balance, end of year	 \$ (582)	\$ (582)

Danskin Garage Enterprises Ltd.

Advances	\$ 412,849	\$ -
Loss	(51,659)	-
Common shares	1	-
 \$ 361,191	 \$ -	

Noot'senay Enterprises Limited Partnership - 100%

Balance, begining of year	\$ 1,744,243	\$ 1,677,371
Advances	287,622	79,927
Loss	(28,524)	(13,055)

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

7. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (continued)

	2016	2015
Balance, end of year	\$ 2,003,341	\$ 1,744,243
	\$ 2,339,728	\$ 1,719,439

The financial statements of Cheslatta Forest Products Ltd., Danskin Garage Enterprises Ltd., Noot'senay Enterprises Ltd., and Noot'senay Enterprises Limited Partnership are not audited.

8. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES, CONTINUED

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

	Cheslatta Forest Products Ltd. As at March 31, 2016	Danskin Garage Enterprises Ltd. As at March 31, 2016	Noot'senay Enterprises Ltd. As at March 31, 2016	Noot'senay Enterprises Ltd. As at March 31, 2016
Assets				
Current assets	\$ -	\$ 111,138	\$ -	\$ 1,365,361
Due from related party	3	-	10	-
Mortgage receivable	-	-	-	276,028
Property plant and equipment	-	246,418	-	457,094
Investments	-	-	-	277,532
Total Assets	3	357,556	10	2,376,015
Liabilities				
Current Liabilities	-	409,412	-	35,293
Reforestation obligation	-	-	-	344,127
Equity	3	-	10	1,996,595
Total liabilities and Equity	3	409,412	10	2,376,015
Statement of Operations				
Revenues	-	276,799	-	566,991
Expenses	-	(40,986)	-	(595,516)
Cost of Sales	-	(288,264)	-	-
Other	-	792	-	-
	-	(51,659)	-	(28,525)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

9. SILVICULTURE LIABILITY

Deferred income consists of cash paid by the Province of British Columbia to cover the costs of replanting a cut block destroyed by a forest fire. As of March 31, 2016, approximately half of the obligation has been fulfilled.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Accounts payable and accrued liabilities	\$ 515,757	\$ 480,761
Government remittances	21,884	16,667
Accrued wages and benefits	37,261	35,325
Worksafe BC payable	2,260	2,235
	\$ 577,162	\$ 534,988

11. DEFERRED REVENUE

Deferred income consists of cash paid by the Province of British Columbia to cover the costs of replanting a cut block destroyed by a forest fire. As of March 31, 2016, approximately half of the obligation has been fulfilled.

12. LONG TERM DEBT

	2016	2015
Indian and Northern Affairs Canada bearing interest at the specified Consolidated Revenue Fund Lending Rate to Crown Corporations of the equivalent yield on a Treasury bill plus 1/8 of 1% (March 31, 2016 - 1.15%) and is currently due and payable.	\$ 545,979	\$ 542,393
Noot'senay Enterprises Limited Partnership Mortgage bearing interest at prime plus 1% (March 31, 2016 - 3.80%) per annum, repayable in monthly principal payments of \$5,750 plus interest. The loan matures in December 2021 and is secured by the assignment of rents on the houses owned by Cheslatta Carrier Nation.	345,028	427,677
Royal Bank of Canada Demand Loan loan bearing interest at 3.33% per annum, repayable in monthly blended payments of \$935. The loan matures on October 31, 2026 and is secured by a general security agreement and specific land and building.	99,659	-

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

12. LONG TERM DEBT (*continued*)

	2016	2015
Royal Bank of Canada Demand Loan loan bearing interest at 2.76% per annum, repayable in monthly blended payments of \$1,332. The loan matures on October 1, 2017 and is secured by receipt of signed band council resolution, ministerial guarantee and approved lender loan agreement, CMHC Insurance and conditions documents, and assignment of fire insurance to Royal Bank.	44,751	59,284
Royal Bank of Canada Demand Loan loan bearing interest at 2.76% per annum, repayable in monthly blended payments of \$1,284. The loan matures on October 1, 2017 and is secured by receipt of signed band council resolution, ministerial guarantee and approved lender loan agreement, CMHC Insurance and conditions documents, and assignment of fire insurance to Royal Bank.	43,139	57,148
Royal Bank of Canada Loan loan bearing interest at 4.75% per annum, repayable in monthly blended payments of \$1,750. The loan matures on October 12, 2016 and is secured by a general security agreement with a net book value of \$80,036.	31,609	50,696
Royal Bank of Canada Loan loan bearing interest at 4.75% per annum, repayable in monthly blended payments of \$1,050. The loan matures on September 4, 2016 and is secured by a general security agreement and specific equipment with a net book value of \$44,410.	17,431	28,954
	<u>\$ 1,127,596</u>	<u>\$ 1,166,152</u>

Principal repayment terms are approximately:

2017	\$ 149,824
2018	137,916
2019	119,766
2020	93,777
2021	23,596
Thereafter	602,717
	<u>\$ 1,127,596</u>

Treaty Negotiation Loan

Cheslatta Carrier Nation has signed a loan agreement representing advances made by Canada for negotiation.

The loan is due and payable by Cheslatta Carrier Nation to Canada, and the Nation will pay the loan to Canada on the earliest of the following dates:

1. The date a treaty is signed by the negotiating parties takes effect unless otherwise agreed in the treaty;

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

12. LONG TERM DEBT (continued)

2. The twelfth anniversary of the date of the first loan advance by Canada to the Nation under the earliest First Nation Funding Agreement (October 17, 1995);
3. The seventh anniversary after the signing of an Agreement in Principle;
4. The date the Federal Minister demands payment of the loan due to an event of default under this agreement or under any First Nation Funding Agreement.

13. TANGIBLE CAPITAL ASSETS

	2016		2015	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	\$ 563,675	\$ 1,535,624	\$ 563,675	\$ 1,446,686
Housing - trust	1,800,154	977,857	1,800,154	876,065
Land	1,527,687	-	1,527,687	-
Motor vehicles	871,208	-	871,208	-
Other machinery and equipment	291,000	-	291,000	-
Social Housing land	60,140	-	60,140	-
Social Housing buildings	1,069,207	450,776	979,564	494,572
Social Housing equipment	25,706	-	25,706	-
Infrastructure	-	-	15,125	-
	\$ 6,208,777	\$ 2,964,257	\$ 6,134,259	\$ 2,817,323
Net book value	\$ 3,244,520		\$ 3,316,936	

14. CONTINGENT LIABILITY

The Indigenous and Northern Affairs Canada has signed ministerial guarantees for the purpose of housing loans. The balance owing at year end is \$92,794 (March 31, 2015 - \$92,794).

Indigenous and Northern Affairs Canada may identify overpayments in the year ending March 31, 2016. The amount of program recoveries, if any, will be recognized in the period that they occur.

15. RECONCILIATION OF INAC FUNDING AGREEMENT REVENUE

Pursuant to the instructions provided by Indigenous and Northern Affairs Canada Year-end Reporting Handbook covering fiscal period 2015-2016 for First Nations, Tribal Councils and First Nation Political Organizations, the following reconciliation has been prepared:

	2016	2015
Recipient total as per INAC funding confirmation	\$ 950,866	\$ 824,218
INAC funding as per consolidate financial statements	950,866	824,218
Variance	\$ -	\$ -

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

16. SEGMENTS

The Nation receives revenues and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surpluses or deficits are organized by segments.

Administration

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

Operations and maintenance

Includes revenues and expenses relating to the operating and maintenance of Cheslatta Carrier Nation.

Social Development

Includes revenues and expenses related to social assistance for band members

Education

Includes revenues and expenses related to primary, secondary, and post secondary education of the members of Cheslatta Carrier Nation.

Community health

Includes activities related to the provision of health related services for the members of Cheslatta Carrier Nation.

Community support

Includes activities related to the support of members through community projects.

Housing

Includes revenues and expenses relating to maintenance of housing for members of Cheslatta Carrier Nation.

Treaty

Includes revenues and expenditures related to the Treaty Fund with INAC.

Capital

Includes revenue and expenditures related to capital projects.

Economic development

Includes activities related to the growth of revenue producing projects with the Nation.

17. ECONOMIC DEPENDENCE

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

18. FINANCIAL INSTRUMENTS

The Nation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Nation's risk exposure and concentration as of March 31, 2016.

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2016

FINANCIAL INSTRUMENTS (*continued*)

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Nation is exposed to credit risk from customers. In order to reduce its credit risk, the Nation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Nation has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Nation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Nation manages exposure through its normal operating and financing activities. The Nation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant other price risks arising from these financial instruments.

19. BUDGET INFORMATION

Budget information was omitted from the financial statements dated July 28, 2016 has been subsequently included. The budget information has been provided by the Chief and Council and has not been audited.

20. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants.
