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CHESLATT CARRIER NATION

Financial Statements

Year Ended March 31, 2017



CHESLATTA CARRIER NATION
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Year Ended March 31, 2017

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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 public sector accounting standards. 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.

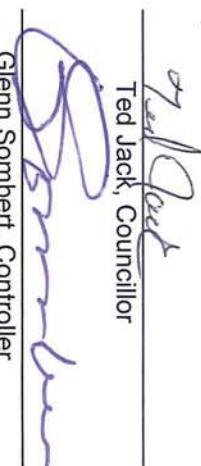
The integrity and reliability of Cheslatta Carrier Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial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

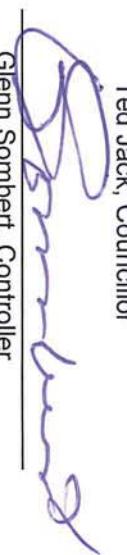
Chief and council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Chief and Council meets periodically with management and the member's auditors to review significant accounting, 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 members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Tony Tiani & Company Inc., in accordance with Canadian public sector accounting standards.


Corrina Leween, Chief


Hazel Burt, Councillor


Ted Jack, Councillor


Glenn Sombert, Controller



TONY TIANI & COMPANY INC.

CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2017 and the 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 Financial Statements

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

(continues)

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

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.

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, 2017 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Prince George, British Columbia
November 28, 2017

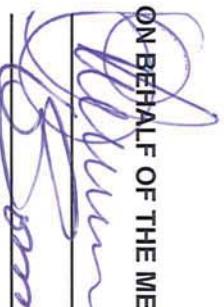
Tom Tran Company
CHARTERED PROFESSIONAL ACCOUNTANTS

CHESLATTA CARRIER NATION
Statement of Financial Position
March 31, 2017

	Budget 2017	2017	2016
FINANCIAL ASSETS			
Cash and cash equivalents	\$ -	\$ 2,535,924	\$ 1,965,819
Restricted cash (Note 3)	-	551,041	533,364
Accounts receivable (Note 4)	-	1,476,029	1,052,696
Investments (Note 5)	-	5,263	5,263
Investments, loans and advances (Note 6)	-	3,693,583	2,339,728
	<hr/>	<hr/>	<hr/>
	- 8,261,840	5,896,870	
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities (Note 9)	- 773,880	478,789	
Goods and services tax payable	- 32,003	256,178	
Deferred income (Note 10)	- 33,448	333,448	
Long term debt (Note 11)	- 992,903	1,127,596	
Silviculture liability (Note 12)	- 814,664	623,308	
	<hr/>	<hr/>	<hr/>
	- 2,646,898	2,819,319	
	<hr/>	<hr/>	<hr/>
	- 5,614,942	3,077,551	
NET FINANCIAL ASSETS			
NON-FINANCIAL ASSETS			
Inventory	- 5,105	5,105	
Tangible capital assets (Note 13)	- 3,690,864	3,244,520	
Prepaid expenses	- 125,369	95,842	
	<hr/>	<hr/>	<hr/>
	- 3,821,338	3,345,467	
	<hr/>	<hr/>	<hr/>
	\$ 1,299,084	\$ 9,436,278	\$ 6,423,018
ACCUMULATED SURPLUS			

See notes to financial statements

ON BEHALF OF THE MEMBERS


Chieftain
Chief
Council


Chieftain
Council
Controller



CHESLATTA CARRIER NATION
Statement of Operations and Accumulated Surplus
Year Ended March 31, 2017

	Budget	2017	2017	2016
REVENUES				
C.M.H.C.	\$ -	\$ 13,489	\$ -	\$ -
CSFS Elders Grant	157,296	164,265	179,650	12,250
Community Support	288,000	12,740	3,495,309	38,718
Contracting	3,400,000	3,206,539	39,600	-
MOF Management	-	671,874	(80,183)	950,866
Income (loss) from investment in GBE				
Indigenous and Northern Affairs Canada	561,986	1,049,906	517,058	5,932
Interest Income				
Logging revenues				
Loss on disposal of assets	1,300,000	1,375,370	(36,792)	-
Other	1,157,032	2,276,417	1,711,924	-
PGNAETA	52,000	46,397	57,641	-
Province of BC				
Rent	325,000	200,066	169,121	-
	<u>7,241,314</u>	<u>10,830,118</u>	<u>7,294,519</u>	
EXPENDITURES				
Administration	1,136,319	1,600,078	1,488,899	-
Capital	-	264,704	205,521	-
Community Health	115,318	118,992	100,040	-
Community Support	279,950	994,007	261,960	-
Economic Development	3,326,646	3,560,820	3,507,657	-
Education	146,270	156,721	154,858	-
FNEC	-	61,618	27,470	-
Housing	404,748	375,577	184,536	-
Operations & Maintenance	178,988	249,987	201,230	-
PGNEATA	59,838	63,820	55,751	-
Social Development	294,153	283,643	261,869	-
Treaty	-	3,731	3,586	-
	<u>5,942,230</u>	<u>7,733,698</u>	<u>6,453,377</u>	
EXCESS OF REVENUES OVER EXPENDITURES				
INDIGENOUS AND NORTHERN AFFAIRS	1,299,084	3,096,420	841,142	-
CANADA RECOVERIES	-	(83,160)	(4,296)	-
ANNUAL SURPLUS	<u>1,299,084</u>	<u>3,013,260</u>	<u>836,846</u>	
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 1,299,084</u>	<u>\$ 9,436,278</u>	<u>\$ 6,423,018</u>	

See notes to financial statements



CHESLATTA CARRIER NATION

Statement of Changes in Net Financial Assets

Year Ended March 31, 2017

	2017	2016
ANNUAL SURPLUS		
Purchase of tangible capital assets	\$ 3,013,260	\$ 836,846
Amortization of tangible capital assets	(679,623)	(184,643)
Proceeds on disposal of tangible capital assets	233,279	205,522
Loss on disposal of assets	-	14,747
Increase in prepaid expenses	36,792	(3,456)
	<u>(29,525)</u>	<u>68,962</u>
INCREASE IN NET FINANCIAL ASSETS		
NET FINANCIAL ASSETS - BEGINNING OF YEAR	2,537,391	905,808
NET FINANCIAL ASSETS - END OF YEAR	<u>\$ 5,614,942</u>	<u>\$ 3,077,551</u>

See notes to financial statements



CHESLATTA CARRIER NATION
Statement of Cash Flows
Year Ended March 31, 2017

	Budget	2017	2016
OPERATING ACTIVITIES			
Annual surplus	\$ -	\$ 3,013,260	\$ 836,846
Items not affecting cash:			
Amortization	-	233,279	205,521
Loss from investment in government business enterprises	-	(777,412)	80,183
Loss on disposal of tangible capital assets	-	-	36,792
Silviculture	-	-	202,312
	-	2,469,127	1,361,654
Changes in non-cash working capital:			
Accounts receivable	-	(423,333)	53,503
Accounts payable and accrued liabilities	-	295,091	(56,199)
Deferred income	-	(300,000)	96,925
Prepaid expenses	-	(29,525)	(3,455)
Silviculture liability	-	191,356	623,308
Goods and services tax payable	-	(224,175)	231,620
	-	(490,586)	945,702
Cash flow from operating activities	-	1,978,541	2,307,356
INVESTING ACTIVITIES			
Purchase of tangible capital assets	-	(679,623)	(184,643)
Proceeds on disposal of tangible capital assets	-	-	14,747
Investments and advances to related entities	-	(576,442)	(891,810)
Ottawa trust	-	(1,201)	(3,086)
Silviculture trust	-	(16,477)	(420,906)
	-	(1,273,743)	(1,485,698)
Cash flow from (used by) investing activities	-	(1,273,743)	(1,485,698)
FINANCING ACTIVITIES			
Proceeds from long term financing	-	3,731	107,440
Repayment of long term debt	-	(138,424)	(145,995)
Treaty Funding	-	-	(5,839)
	-	(134,693)	(44,394)
Cash flow from (used by) financing activities	-	570,105	777,264
INCREASE IN CASH FLOW			
Cash - beginning of year	-	1,965,819	1,188,555
CASH - END OF YEAR	\$ -	\$ 2,535,924	\$ 1,965,819

See notes to financial statements



CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

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 Professional 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.

The Enterprise Fund, which reports the Nation's investments in commercial enterprises, including incorporated and unincorporated businesses, as well as investments in related entities.

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

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 governments 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. (100% owned)
- Noot'senay Enterprises Ltd. (100% owned)
- Noot'senay Enterprises Limited Partnership (99.9% owned)
- Danskin Garage Enterprises Ltd. (100% owned)
- Chinook Comfor Limited Partnership (14.18% owned)
- Tsacho Enterprises General Partner Ltd. (100% owned)
- Tsacho Enterprises Limited Partnership (99.9% owned)
- Pondosy Bay Wilderness Resort Ltd. (100% owned)
- Tsacho Marine Limited Partnership (100% owned)

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.

(continues)

CHESLATA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 organization 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.

(continues)

CHESLATA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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 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 public sector accounting standards 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.

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. RESTRICTED CASH

	2017	2016
Ottawa trust	\$ 113,659	\$ 112,458
Silviculture trust	<u>437,383</u>	<u>420,906</u>
	\$ 551,042	\$ 533,364

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 party on behalf of the Nation in support of its forest timber licenses. The silviculture trust is currently underfunded by \$263,622.

CHESLATTER CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

4. ACCOUNTS RECEIVABLE

	2017	2016
Chief Louis Paddle Co.	\$ 4,797	\$ -
Loans and advances	387,052	396,589
Other	7,335	7,336
Rent receivable	993,306	854,106
Social Development loans	3,960	3,962
Trade receivables	1,178,673	708,081
Trust receivable	-	53,899
Subtotal	2,575,123	2,023,973
Allowance for doubtful accounts	(1,099,095)	(971,277)
	\$ 1,476,028	\$ 1,052,696

5. INVESTMENT

Investments

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

6. INVESTMENTS, LOANS AND ADVANCES

	2017	2016
	\$ 5,263	\$ 5,263
	\$ (24,224)	\$ (24,224)
	2	2

Balance, beginning of year	\$ (24,224)	\$ (24,224)
Advances	2	2
Investment in shares, at cost	251	251
Balance, end of year	(24,222)	(24,222)

Noot'senay Enterprises Ltd.

Balance, beginning of year	(833)	(833)
Advances	-	-
Investment in shares, at cost	251	251
Balance, end of year	(582)	(582)

Danskin Garage Enterprises Ltd.

Balance, beginning of year	361,191	-
Advances	42,288	412,849
Cumulative share of earnings (loss)	(52,401)	(51,659)
Investment in shares, at cost	1	1
	351,079	361,191

Balance, end of year

Noot'senay Enterprises Limited Partnership	2,003,341	1,744,243
Balance, beginning of year	-	-

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

6. INVESTMENTS, LOANS AND ADVANCES (continued)

	2017	2016
<u>Noot'senay Enterprises Limited Partnership</u>		
Advances	202,825	287,622
Cumulative share of earnings (loss)	600,444	(28,524)
	<hr/>	<hr/>
Balance, end of year	2,806,610	2,003,341
<u>Chinook Comfor Limited Partnership</u>		
Balance, beginning of year	-	-
Advances	1,415	-
Cumulative share of earnings (loss)	229,371	-
Investment in shares, at cost	-	-
	<hr/>	<hr/>
Balance, end of year	230,786	-
<u>Tsacho Enterprises General Partner Ltd.</u>		
Balance, beginning of year	-	-
Advances	-	-
Cumulative share of earnings (loss)	-	-
Investment in shares, at cost	1	-
	<hr/>	<hr/>
Balance, end of year	1	-
<u>Tsacho Enterprises Limited Partnership</u>		
Balance, beginning of year	-	-
Investment in units at cost	10,000	-
Advances to (from)	315,000	-
	<hr/>	<hr/>
Balance, end of year	325,000	-
<u>Pondosy Bay Wilderness Resort Ltd.</u>		
Balance, beginning of year	-	-
Advances	4,910	-
Cumulative share of earnings (loss)	-	-
Investment in shares, at cost	1	-
	<hr/>	<hr/>
Balance, end of year	4,911	-
Grand total	<hr/>	<hr/>
	\$ 3,693,583	\$ 2,339,728

7. NOOTSENAY ENTERPRISES LIMITED PARTNERSHIP

The compiled financial statements for Noot'senay Enterprises Limited Partnership were prepared by another chartered professional 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.

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

8. DANSKIN GARAGE ENTERPRISES LTD.

The compiled financial statements for Danskin Garage Enterprises Ltd. were prepared by another chartered professional 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.

Combine financial information for government business owned 100% by the Nation is as follows:

	2017	2016
<u>Balance sheet information</u>		
Assets	\$ 342,405	\$ 357,721
Liabilities	448,140	409,211
Equity	(105,735)	(51,490)
<u>Results of operations</u>		
Revenues	328,355	277,591
Expenses	382,599	329,249
Net Income (loss)	(54,244)	(51,658)
	<u>\$ 1,341,520</u>	<u>\$ 1,270,624</u>

Combined financial information relating to the Nation's investments in Government Business Partnerships is as follows:

	2017	2016
<u>Balance sheet information</u>		
Assets	\$ 3,695,831	\$ 2,376,015
Liabilities	648,644	379,420
Equity	(3,047,186)	(1,996,595)
<u>Results of operations</u>		
Revenues	1,470,663	566,991
Expenses	640,738	595,516
Net Income (loss)	829,925	(28,525)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Accounts payable and accrued liabilities	\$ 701,390	\$ 417,384
Government remittances	23,280	21,884
Accrued wages and benefits	46,738	37,261
Worksafe BC payable	2,472	2,260
	<u>\$ 773,880</u>	<u>\$ 478,789</u>

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

10. 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, 2017, approximately half of the obligation has been fulfilled.

11. LONG TERM DEBT

	2017	2016
Indian and Northern Affairs Canada loan 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, 2017 - 1.15%) and is currently due and payable.	\$ 549,710	\$ 545,979
Mortgage bearing interest at prime plus 1% (March 31, 2017 - 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.	276,028	345,028
Loan bearing interest at 3.9% per annum, repayable in monthly blended payments of \$949. The loan matures on June 1, 2021 and is secured by a general security agreement and specific land and building.	91,638	99,659
Loan bearing interest at 2.76% per annum, repayable in monthly blended payments of \$1,332. The loan renews 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.	29,813	44,751
Loan bearing interest at 2.76% per annum, repayable in monthly blended payments of \$1,284. The loan renews 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.	28,739	43,139
Loan bearing interest at 4.75% per annum, repayable in monthly blended payments of \$1,750. The loan matures on October 12, 2017 and is secured by a general security agreement with a net book value of \$27,452.	11,608	31,609
Loan bearing interest at 4.75% per annum, repayable in monthly blended payments of \$1,050. The loan matures on September 4, 2017 and is secured by a general security agreement and specific equipment with a net book value of \$15,233.	5,367	17,431
	\$ 992,903	\$ 1,127,596

(continues)

CHESLATTER CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

11. LONG TERM DEBT (continued)

Principal repayment terms are approximately:

2018	\$ 122,812
2019	106,117
2020	79,333
2021	78,192
2022	9,474
Thereafter	596,975
	<hr/>
	\$ 992,903

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;
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.

12. SILVICULTURE LIABILITY

A silviculture liability was established to bear the responsibility of funding silviculture expenditures with regards to Nation owned timber licenses. The Nation funds the silviculture liability based on a set charge per cubic metre of logs harvested. Balance accrued for March 31, 2017 based on logging performed is \$814,664 (March 31, 2016 - \$623,308).

13. TANGIBLE CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	\$ 601,500	\$ 449,710	\$ 555,766	\$ 244,364
Housing - trust	1,756,352	890,248	1,526,874	999,223
Infrastructure	614,739	462,057	564,815	432,568
Marine equipment	571,000	147,053	321,000	94,298
Motor Vehicles	940,047	779,383	835,560	743,028
Social Housing buildings	816,935	469,084	816,935	450,776
Land	1,527,687	-	1,527,687	-
Social Housing Land	60,140	-	60,140	-
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 6,888,400	\$ 3,197,535	\$ 6,208,777	\$ 2,964,257
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value	\$ 3,690,865		\$ 3,244,520	

CHESLATA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

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 \$26,024 (March 31, 2016 - \$92,794).

Indigenous and Northern Affairs Canada may identify overpayments in the year ending March 31, 2017. 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 2016-2017 for First Nations, Tribal Councils and First Nation Political Organizations, the following reconciliation has been prepared:

	2017	2016
Recipient total as per INAC funding confirmation	\$ 1,049,906	\$ 950,866
INAC funding as per consolidate financial statements	<u>1,049,906</u>	950,866
Variance	\$ -	\$ -

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

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.

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

18. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of March 31, 2017.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization 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 organization 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 organization 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 organization manages exposure through its normal operating and financing activities. The organization 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 organization is not exposed to significant other price risks arising from these financial instruments.

20. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year end:

Investment

Chief and Council unanimously agreed to purchase a guide outfitter as part of its long term investment strategy. In this regard, the Nation advanced \$325,000 to one of its government owned business to facilitate the purchase in the next fiscal year.

Investment

Chief and Council unanimously agreed to purchase a resort as part of its long term investment strategy. In this regard, it subsequently purchased the company for \$650,000 in the next fiscal year.

CHESLATTACARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2017

21. PRIOR PERIOD ADJUSTMENT

The comparative figures have been restated for an error in accounts payable and recovery expenses. As a result, accounts payable, recovery expenses, and accumulated surplus have been changes as follows:

	<u>2016</u>	<u>Adjustment</u>	<u>2016</u>
			<u>Restated</u>
Accounts payable	\$ 478,789	\$ (98,373)	\$ 380,416
Recovery expenses	102,669	(98,373)	4,296
Accumulated surplus	6,324,645	98,373	6,423,018

22. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
