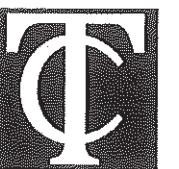
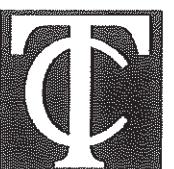


**CHESLATTA CARRIER NATION
Financial Statements
Year Ended March 31, 2018**



CHESLATTA CARRIER NATION
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Year Ended March 31, 2018

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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



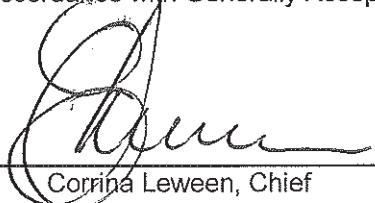
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 Generally Accepted Accounting Standards.



Corrina Leween, Chief



Hazel Burt, Councillor



Ted Jack, Councillor



Glenn Sombert, Controller

Burns Lake, BC
November 29, 2018



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, 2018 and the statements of operations and annual 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.

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, 2018 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

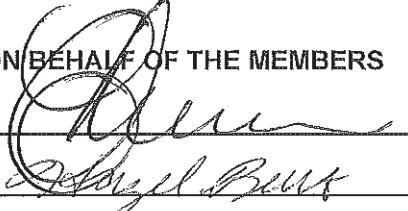
Prince George, British Columbia
November 29, 2018

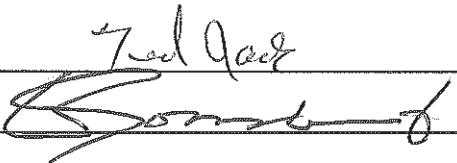
TONY TAYLOR & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANTS

CHESLATTA CARRIER NATION
Statement of Financial Position
March 31, 2018

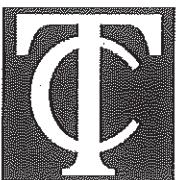
	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,767,667	\$ 2,535,924
Restricted cash (Note 3)	1,609,833	551,041
Accounts receivable (Note 4)	1,166,268	1,476,029
Investments (Note 5)	12,177	5,263
Investments, loans and advances (Note 6)	<u>5,365,659</u>	<u>3,693,583</u>
	<u>9,921,604</u>	<u>8,261,840</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	910,277	773,880
Goods and services tax payable	948	32,003
Deferred income	-	33,448
Long term debt (Note 8)	844,449	992,903
Silviculture liability (Note 9)	<u>1,568,926</u>	<u>814,664</u>
	<u>3,324,600</u>	<u>2,646,898</u>
NET FINANCIAL ASSETS	<u>6,597,004</u>	<u>5,614,942</u>
NON-FINANCIAL ASSETS		
Inventory	5,105	5,105
Prepaid expenses	111,821	125,369
Tangible capital assets (Note 10)	<u>3,823,972</u>	<u>3,690,865</u>
	<u>3,940,898</u>	<u>3,821,339</u>
ACCUMULATED SURPLUS	<u>\$ 10,537,814</u>	<u>\$ 9,436,278</u>

ON BEHALF OF THE MEMBERS


Chief
Dezyl Bent
Council


Council
Tom Galt
Boards of
Controller

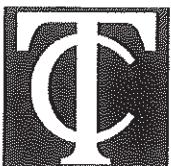
See notes to financial statements



CHESLATT CARRIER NATION
Statement of Operations and Annual Surplus
Year Ended March 31, 2018

	Budget 2018	2018	2017
REVENUES			
C.M.H.C.	\$ -	\$ 14,496	\$ 13,489
CSFS Elders Grant	132,501	166,082	164,265
Community Support	540,000	6,850	12,740
Contracting	3,173,250	4,547,805	3,206,539
Income from investment in GBE	-	493,464	671,874
Indigenous and Northern Affairs Canada	745,677	841,939	1,049,906
Interest income	-	21,493	5,932
Logging revenues	-	59,800	1,375,370
MOF Management	-	-	38,718
Other	1,100,688	3,496,206	2,276,417
PGNAETA	115,744	175,375	46,397
Province of BC	-	688,335	1,768,405
Rent	336,000	218,422	200,066
	<hr/>	<hr/>	<hr/>
	6,143,860	10,730,267	10,830,118
EXPENDITURES			
Administration	1,324,991	1,622,734	1,600,078
Capital	-	290,150	264,704
Community Health	115,318	130,838	118,992
Community Support	536,450	1,088,813	994,007
Economic Development	641,789	4,538,464	3,560,820
Education	117,850	355,652	156,721
FNESC	-	19,984	61,618
Housing	477,772	439,532	375,577
Operations & Maintenance	187,110	486,960	249,987
PGNEATA	95,323	238,551	63,820
Social Development	310,743	345,968	283,643
Treaty	-	4,115	3,731
	<hr/>	<hr/>	<hr/>
	3,807,346	9,561,761	7,733,698
SURPLUS FROM OPERATIONS			
INDIGENOUS AND NORTHERN AFFAIRS CANADA RECOVERIES	2,336,514	1,168,506	3,096,420
	<hr/>	<hr/>	<hr/>
	-	(66,970)	(83,160)
ANNUAL SURPLUS			
	<hr/>	<hr/>	<hr/>
	2,336,514	1,101,536	3,013,260
ACCUMULATED SURPLUS - END OF YEAR			
	<hr/>	<hr/>	<hr/>
	\$ 2,336,514	\$ 10,537,814	\$ 9,436,278

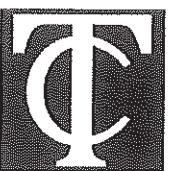
See notes to financial statements



CHESLATT CARRIER NATION
Statement of Changes in Net Financial Assets
Year Ended March 31, 2018

	2018	2017
ANNUAL SURPLUS	\$ 1,101,536	\$ 3,013,260
Purchase of tangible capital assets	(423,259)	(679,623)
Amortization of tangible capital assets	290,150	233,279
Decrease (increase) in prepaid expenses	13,637	(29,526)
Capitalized interest	-	-
Capitalized overhead	-	-
	(119,472)	(475,870)
INCREASE IN NET FINANCIAL ASSETS	982,064	2,537,390
NET FINANCIAL ASSETS - BEGINNING OF YEAR	5,614,941	3,077,551
NET FINANCIAL ASSETS - END OF YEAR	\$ 6,597,005	\$ 5,614,941

See notes to financial statements



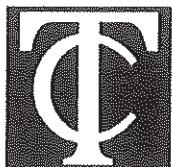
CHESLATT CARRIER NATION

Statement of Cash Flows

Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Annual surplus	\$ 1,101,536	\$ 3,013,260
Items not affecting cash:		
Amortization of tangible capital assets	290,150	233,279
Loss from investment in government business enterprises	<u>(493,464)</u>	<u>(777,412)</u>
	<u>898,222</u>	<u>2,469,127</u>
Changes in non-cash working capital:		
Accounts receivable	309,761	(423,333)
Accounts payable and accrued liabilities	136,397	295,091
Deferred income	(33,448)	(300,000)
Prepaid expenses	13,548	(29,527)
Goods and services tax payable	(31,055)	(224,175)
Silviculture liability	<u>754,262</u>	<u>191,356</u>
	<u>1,149,465</u>	<u>(490,588)</u>
Cash flow from operating activities	<u>2,047,687</u>	<u>1,978,539</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(423,259)	(679,623)
Repayment of loans and notes receivable	<u>(1,178,525)</u>	<u>(576,442)</u>
Ottawa trust	(3,827)	(1,201)
Silviculture trust	<u>(1,054,964)</u>	<u>(16,477)</u>
Investments	(6,914)	-
Cash flow used by investing activities	<u>(2,667,489)</u>	<u>(1,273,743)</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	4,116	3,731
Repayment of long term debt	<u>(152,571)</u>	<u>(138,422)</u>
Cash flow used by financing activities	<u>(148,455)</u>	<u>(134,691)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(768,257)</u>	<u>570,105</u>
Cash - beginning of year	<u>2,535,924</u>	<u>1,965,819</u>
CASH - END OF YEAR	<u>\$ 1,767,667</u>	<u>\$ 2,535,924</u>

See notes to financial statements



CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

1. PURPOSE OF THE ORGANIZATION

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, 2018

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 equity method are as follows:

- Cheslatta Forest Products Ltd. (100% owned)
- Cheslatta Forest Products Limited Partnership (100% interest)
- Noot'senay Enterprises Ltd. (100% owned)
- Noot'senay Enterprises Limited Partnership (99.9% interest)
- Danskin Garage Enterprises Ltd. (100% owned)
- Chinook Comfor Limited Partnership (14.18% interest)
- Tsacho Enterprises General Partner Ltd. (100% owned)
- Tsacho Enterprises Limited Partnership (99.9% interest)
- Pondo Bay Wilderness Resort Ltd. (100% owned)
- Tsacho Marine Limited Partnership (100% interest)
- Cheslatta Aggregates General Partner Ltd. (100% owned)
- Cheslatta Aggregates Limited Partnership (100% interest)
- Cheslatta Limited Partnership (100% interest)
- Cheslatta Contractors Limited Partnership (100% interest)
- Cheslatta Development Limited Partnership (100% interest)
- Green Demo North Partnership (100% interest)

(continues)

CHESLATT CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

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

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.

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%	declining balance method
Equipment	20%	declining balance method
Infrastructure	4%	declining balance method
Social Housing buildings	5%	declining balance method
Vehicles	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.

(continues)

CHESLATT CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

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

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.

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.

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

	2018	2017
Ottawa trust	\$ 117,486	\$ 113,659
Silviculture trust	<u>1,492,347</u>	<u>437,383</u>
	\$ 1,609,833	\$ 551,042

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 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.

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 \$76,579.

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

4. ACCOUNTS RECEIVABLE

	2018	2017
Chief Louis Paddle Co.	\$ -	\$ 4,797
Loans and advances	382,602	387,052
Other	277,482	7,336
Rent receivable	1,142,106	993,306
Social Development loans	3,885	3,960
Trade receivables	<u>608,088</u>	<u>1,178,673</u>
Subtotal	2,414,163	2,576,124
Allowance for doubtful accounts	<u>(1,247,895)</u>	<u>(1,099,095)</u>
	\$ 1,166,268	\$ 1,476,029

5. INVESTMENT

	2018	2017
Investments	\$ 12,177	\$ 5,263

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

	2018	2017
<u>Cheslatta Forest Products Ltd.</u>		
Balance, beginning of year	\$ (24,224)	\$ (24,224)
Investment in shares, at cost	<u>2</u>	<u>2</u>
Balance, end of year	\$ (24,222)	\$ (24,222)
<u>Noot'senay Enterprises Ltd.</u>		
Balance, beginning of year	\$ (833)	\$ (833)
Advances	-	-
Investment in shares, at cost	<u>251</u>	<u>251</u>
Balance, end of year	\$ (582)	\$ (582)
<u>Danskin Garage Enterprises Ltd.</u>		
Balance, beginning of year	\$ 351,079	\$ 361,191
Advances	38,037	42,288
Cumulative share of earnings (loss)	<u>(14,240)</u>	<u>(52,401)</u>
Investment in shares, at cost	<u>1</u>	<u>1</u>
Balance, end of year	\$ 374,877	\$ 351,079

(continues)

CHESLATT CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

6. INVESTMENTS, LOANS AND ADVANCES (continued)

Noot'senay Enterprises Limited Partnership

Balance, beginning of year	\$ 2,806,610	\$ 2,003,341
Advances	309,730	202,825
Cumulative share of earnings (loss)	620,105	600,444
	-	-
Balance, end of year	\$ 3,736,445	\$ 2,806,610

Chinook Comfor Limited Partnership

Balance, beginning of year	\$ 230,786	\$ -
Advances	(80,280)	1,415
Cumulative share of earnings (loss)	70,154	229,371
Investment in shares, at cost	-	-
	-	-
Balance, end of year	\$ 220,660	\$ 230,786

Tsacho Enterprises General Partner Ltd.

Balance, beginning of year	\$ -	\$ -
Advances	-	-
Cumulative share of earnings (loss)	-	-
Investment in shares, at cost	1	-
	-	-
Balance, end of year	\$ 1	\$ -

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

6. INVESTMENTS, LOANS AND ADVANCES (continued)

Tsacho Enterprises Limited Partnership

Balance, beginning of year	\$ 325,000	\$ -
Investment in units at cost		10,000
Advances to (from)	85,876	315,000
Cumulative share of earnings (loss)	<u>(75,372)</u>	-
 Balance, end of year	 <u>\$ 335,504</u>	 <u>\$ 325,000</u>

Pondosy Bay Wilderness Resort Ltd.

Balance, beginning of year	\$ 4,911	\$ -
Advances	807,724	4,910
Cumulative share of earnings (loss)	<u>(107,183)</u>	-
Investment in shares, at cost		1
 Balance, end of year	 <u>\$ 705,452</u>	 <u>\$ 4,911</u>

Cheslatta Aggregates LP

Balance, beginning of year	\$ -	\$ -
Advances	3,738	-
Cumulative share of earnings (loss)	-	-
Investment in shares, at cost		-
 \$ 3,738	 \$ -	

Cheslatta LP

Balance, beginning of year	\$ -	\$ -
Advances	2,248	-
Cumulative share of earnings (loss)	-	-
Investment in shares, at cost		-
 \$ 2,248	 \$ -	

CHESLATTÀ CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

6. INVESTMENTS, LOANS AND ADVANCES (Continued)

	2018	2017
<u>Cheslatta Contractors LP</u>		
Balance, beginning of year	\$ -	\$ -
Advances	5,144	-
Cumulative share of earnings (loss)	-	-
Investment in shares, at cost	-	-
	5,144	-
<u>Cheslatta Development LP</u>		
Balance, beginning of year	-	-
Advances	2,249	-
Cumulative share of earnings (loss)	-	-
Investment in shares, at cost	-	-
	2,249	-
<u>Green Demo North Partnership</u>		
Balance, beginning of year	-	-
Advances	4,146	-
Cumulative share of earnings (loss)	-	-
Investment in shares, at cost	-	-
	4,146	-
Grand total	\$ 5,365,659	\$ 3,693,583

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

	2018	2017
<u>Balance sheet information</u>		
Assets	\$ 1,485,849	\$ 342,405
Liabilities	1,705,433	448,140
Equity	(219,584)	(105,735)
<u>Results of operations</u>		
Revenues	\$ 425,504	\$ 328,355
Expenses	546,345	382,599
Net Income (loss)	(120,841)	(54,244)

CHESLATTA CARRIER NATION
Notes to Financial Statements
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Combined financial information relating to the Nation's investments in Government Business Partnerships is as follows:

	2018	2017
Balance sheet information		
Assets	\$ 4,476,369	\$ 3,695,831
Liabilities	173,818	648,644
Equity	(4,302,551)	(3,047,186)
Results of operations		
Revenues	1,556,988	1,470,663
Expenses	864,373	640,738
Net Income (loss)	(692,615)	829,925

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Accounts payable and accrued liabilities	\$ 859,064	\$ 701,390
Government remittances	39,325	23,280
Accrued wages and benefits	46,328	46,738
Worksafe BC payable	3,864	2,472
	\$ 948,581	\$ 773,880

8. LONG TERM DEBT

	2018	2017
Indigenous 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, 2018 - 1.15%) and is currently due and payable.	\$ 553,826	\$ 549,710
Mortgage bearing interest at prime plus 1% (March 31, 2018 - 4.45%) 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.	207,028	276,028
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, specific land and building.	83,595	91,638
Loan	-	29,813
Loan	-	28,739
Loan	-	11,608
Loan	-	5,367
	\$ 844,449	\$ 992,903

(continues)

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

8. LONG TERM DEBT (continued)

Principal repayment terms are approximately:

2019	\$ 77,575
2020	77,865
2021	78,192
2022	9,474
2023	9,795
Thereafter	591,548

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.

9. 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, 2018 based on logging performed is \$1,568,926 (March 31, 2017 - \$814,664).

10. TANGIBLE CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	\$ 760,065	\$ 493,529	\$ 601,500	\$ 449,710
Housing - trust	1,890,898	963,193	1,756,352	890,248
Infrastructure	614,739	492,794	614,739	462,057
Marine equipment	576,262	211,040	571,000	147,053
Motor vehicles	1,064,933	840,654	940,047	779,383
Social Housing buildings	816,935	486,477	816,935	469,084
Land	1,527,687	-	1,527,687	-
Social Housing, land	60,140	-	60,140	-
	\$ 7,311,659	\$ 3,487,687	\$ 6,888,400	\$ 3,197,535
Net book value		\$ 3,823,972		\$ 3,690,865

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

11. RECONCILIATION OF INAC FUNDING AGREEMENT REVENUE

Pursuant to the instructions provided by Indigenous and Northern Affairs Canada Year-end Reporting Handbook covering fiscal period 2017-2018 for First Nations, Tribal Councils and First Nation Political Organizations, the following reconciliation has been prepared:

	2018	2017
Recipient total as per INAC funding confirmation	\$ 841,939	\$ 1,049,906
INAC funding as per consolidate financial statements	<u>841,939</u>	<u>1,049,906</u>
Variance	<u>\$ -</u>	<u>\$ -</u>

12. 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.

CHESLATTA CARRIER NATION
Notes to Financial Statements
Year Ended March 31, 2018

13. 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

14. 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, 2018.

(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.

15. SUBSEQUENT EVENTS

Subsequent to the year end, the Nation spent \$2,120,000 on logging equipment to start a logging division within the Nation. Also there was a significant delay within work being able to be performed around all division of the Nation due to the large forest fires that surrounded the Nation in the summer of 2018.

16. COMPARATIVE FIGURES

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