

**Haisla Nation Council**  
**Consolidated Financial Statements**  
For the year ended March 31, 2018

**Haisla Nation Council**  
**Consolidated Financial Statements**  
For the year ended March 31, 2016

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## Management's Responsibility for Financial Reporting

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The accompanying financial statements of the Haisla Nation Council are the responsibility of management and have been approved by the Chief and another Band Councilor of the Band Council.

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

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

The Haisla Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through its Finance committee.

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

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Band Council.

12/20/14  
Chief

Councilor



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BDO Canada LLP  
300-275 Lansdowne Street  
Kamloops BC V2C 6J3 Canada

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## Independent Auditor's Report

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To the Members of  
Haisla Nation Council

We have audited the accompanying consolidated financial statements of Haisla Nation Council, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of change in net financial assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Basis for Qualified Opinion

As noted in the Summary of Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in tangible capital assets.



#### **Basis for Qualified Opinion (continued)**

We are not able to provide an opinion on the Haisla Nation Council's Investments in Nation business entities as we were not able to obtain the scope of the Information required to gain sufficient and appropriate audit evidence over the investments in Nation business entities. The scope limitation affects the investments in Nation business entities and the surplus in investments in Nation business entities.

#### **Qualified Opinion**

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

#### **Other Matters**

Haisla Nation Council has also prepared another set of consolidated financial statements for the year ended March 31, 2016 in accordance with Canadian public sector accounting standards. However, these consolidated financial statements include unaudited supplementary exhibits and schedules which present detailed program revenues and expenditures prepared to assist management of Haisla Nation Council to meet the reporting requirements of various funding agencies. In addition, these consolidated financial statements have expanded disclosures for Chief and Council. Our audit report on the other set of consolidated financial statements was issued to Chief and Council of Haisla Nation Council and was dated July 19, 2016.

A handwritten signature in black ink that reads 'BDO Canada LLP'. The signature is written in a cursive, flowing style.


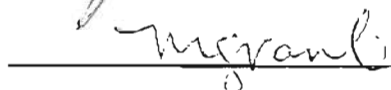
**Chartered Professional Accountants**

Kamloops, British Columbia  
July 19, 2016

**Halsla Nation Council**  
**Exhibit A - Consolidated Statement of Financial Position**

As at March 31	2016	2015
<b>Financial Assets</b>		
Cash (Note 1)	\$ 3,245,327	\$ 3,453,615
Restricted cash (Note 2)	603,780	979,535
Accounts receivable (Note 3)	2,562,534	4,048,645
Investments (Note 4)	133,416,049	134,561,334
Investment in Nation business entities (Note 11)	6,347,611	5,508,833
Inventory held for resale	14,901	163,478
	<u>146,190,202</u>	<u>148,715,440</u>
<b>Liabilities</b>		
Accounts payable (Note 5)	1,675,032	2,146,104
Deferred revenue (Note 6)	1,150,127	1,237,906
Long term debt (Note 7)	13,268,252	9,649,064
Replacement reserve	604,747	543,144
	<u>16,598,158</u>	<u>13,576,218</u>
<b>Net Assets</b>	<u>129,592,044</u>	<u>135,139,222</u>
<b>Non-financial Assets</b>		
Prepaid expense	236,955	319,020
Deferred Treaty Negotiation (Note 8)	8,194,273	8,194,273
Tangible capital assets (Note 9)	33,089,046	20,002,640
Goodwill	-	123,865
	<u>41,520,274</u>	<u>28,639,798</u>
<b>Accumulated Surplus (Note 10)</b>	<u>\$171,112,318</u>	<u>\$163,779,020</u>

Approved on behalf of the Band Council:

  
 Chief Councilor

Councilor

## Haisla Nation Council

### Exhibit B - Consolidated Statement of Change in Net Assets

For the year ended March 31	2016	2015
<b>Surplus - Exhibit C</b>	<b>\$ 8,255,744</b>	<b>\$ 39,078,315</b>
Purchases of tangible capital assets	(14,110,038)	(3,604,402)
Amortization of tangible capital assets	1,023,632	957,277
Write-downs of tangible capital assets	-	285,356
	<u>(13,086,406)</u>	<u>(2,361,769)</u>
Change in prepaid expense	82,065	(61,181)
Change in Ottawa Trust Funds	(670,261)	45,368
Equity change in restricted equity	2,064,714	(487,369)
Equity change in taxation surplus	(2,333,761)	967,020
Transfers to restricted	16,862	(977,792)
Change in goodwill	123,865	(123,865)
	<u>(716,516)</u>	<u>(637,819)</u>
<b>Increase (decrease) in net financial assets</b>	<b>(5,547,178)</b>	<b>36,078,727</b>
<b>Net financial assets, beginning of year</b>	<b>135,139,222</b>	<b>99,060,495</b>
<b>Net financial assets, end of year</b>	<b>\$129,592,044</b>	<b>\$135,139,222</b>

Haisla Nation Council			
Exhibit C - Consolidated Statement of Operations			
For the year ended March 31	Budget	2016	2015
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	\$ 4,966,323	\$ 5,960,285	\$ 5,166,735
First Nations Health Authority	2,748,619	1,589,628	1,323,381
Fisheries and Oceans Canada	412,500	205,593	192,408
Province of British Columbia	263,366	747,521	815,673
Canada Mortgage and Housing Corporation	204,882	137,601	138,724
Canada Post	21,119	43,205	44,484
Funds from Ottawa Trust - lease agreement	-	3,280,000	3,280,000
Other income	15,173,150	31,092,743	57,349,909
	<u>23,789,959</u>	<u>43,056,578</u>	<u>68,311,314</u>
<b>Expenses</b>			
Administration	6,357,325	12,061,587	8,290,845
Community Welfare	1,185,539	701,505	668,543
Operations & Maintenance	1,093,027	2,043,470	1,947,934
Education	3,361,312	3,486,820	3,563,264
Economic Development	2,455,630	12,456,544	11,844,237
Health Services	1,983,130	1,648,621	1,299,113
Social Housing	507,105	522,297	468,382
Natural Resource Management	1,632,279	1,430,355	1,058,416
Treaty Related Matters	-	1,922	9,148
Capital	-	447,711	83,117
	<u>18,575,347</u>	<u>34,800,832</u>	<u>29,232,999</u>
<b>Surplus for the year (Note 11)</b>	<b>\$ 5,214,612</b>	<b>\$ 8,255,744</b>	<b>\$ 39,078,315</b>

## Haisla Nation Council

### Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2016	2015
<b>Operating activities</b>		
Cash receipts from various sources	\$ 41,216,831	\$ 58,596,805
Cash paid to employees and suppliers	(34,745,760)	(28,676,501)
Interest paid, net of interest received	4,781,763	8,337,591
<b>Cash flows from operating activities</b>	<b>11,252,834</b>	<b>38,257,895</b>
<b>Investing activities</b>		
Purchase of capital assets	(14,110,038)	(3,604,402)
Increase in equity in Ottawa Trust	(670,260)	45,367
Change in investment in business entities	(313,780)	269,212
Direct investment in equity of subsidiary	(419,000)	(419,000)
Purchase of investments	(66,852)	(37,521,531)
Purchase of goodwill	123,865	(123,865)
<b>Cash flows from investing activities</b>	<b>(15,456,065)</b>	<b>(41,354,219)</b>
<b>Financing activity</b>		
Proceeds from issuance (repayment) of long term debt	3,619,188	(181,198)
<b>Net decrease in cash and cash equivalents</b>	<b>(584,043)</b>	<b>(3,277,522)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,433,150</b>	<b>7,710,672</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,849,107</b>	<b>\$ 4,433,150</b>
<b>Represented by:</b>		
Cash	\$ 3,245,327	\$ 3,453,615
Restricted cash	603,780	979,535
	<b>\$ 3,849,107</b>	<b>\$ 4,433,150</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# Haisla Nation Council

## Notes to Consolidated Financial Statements

**March 31, 2016**

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### **1. Significant Accounting Policies**

**Basis of Presentation** These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CPA Public Sector Accounting and Auditing Handbook, which encompasses the following.

**Reporting Entity and Principles**

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

The financial statements consolidate the assets, liabilities and results of operations for the following entities:

- Haisla Nation Council, and the following entities: Haisla Capacity Development Society, Haisla Trust Society, Haisla Business Development Corporation, Haisla (HL) Developments Ltd., Haisla Business Operations, Haisla Project GP Inc., HN Gas Export Corp, Haisla (BC) Development, and Cedar LNG Export Dev. Ltd.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not been necessarily eliminated on the individual schedules.

Incorporated business entities, which are owned or controlled by the Haisla Nation Council and which are not dependent on the band for their continuing operations, are included in the summary financial statements using the modified equity method. These include: Haisla Forestry Ltd. and the Kitimat Valley Institute Corporation.

**Financial Instruments** Unless otherwise noted, it is management's opinion that the Band is not exposed to significant interest, currency or credit risks arising from its financial instruments.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.

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# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

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**Use of Estimates** The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates included in these consolidated financial statements include the valuation of accounts receivable, accuracy of accounts payable and accrued liabilities, and calculation of deferred revenue.

**Temporary Investments** Temporary investments are recorded at cost. If there is a decline in the value of temporary investments that is other than temporary, the temporary investments are written down to fair value.

**Tangible Capital Assets** Property, equipment and infrastructure expenses are valued at acquisition cost and recorded in the the Capital Fund.

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenses are also recorded as an addition to the assets of the Capital Fund with a corresponding increase in Equity in Capital Assets.

Tangible capital assets acquired as part of the Social Housing Fund are recorded in that fund.

**Amortization** Tangible capital assets recorded are amortized annually with a corresponding reduction in Equity in Capital Assets. Assets are amortized over their expected useful lives on a declining balance basis at the following rates:

Automotive equipment	30%
Band owned houses	5%
Buildings	5%
Construction equipment	20%
Infrastructure	2%
Office and furniture equipment	20-30%

In the year of acquisition, 50% of the normal amortization is recorded.

Social Housing Fund assets acquired under CMHC subsidized housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for CMHC reporting purposes.

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# Haisla Nation Council

## Notes to Consolidated Financial Statements

**March 31, 2016**

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<b>Revenue Recognition</b>	<p>Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements, which relates to a subsequent fiscal period, is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.</p> <p>Rental revenue is recognized when a tenant commences occupancy and rent is due. Haisla Nation Council retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.</p> <p>All other revenue is recognized in the period in which the events that give rise to the revenue occurs.</p>
<b>Deferred Treaty Negotiation Costs</b>	<p>Deferred Treaty Negotiation costs consist of all costs incurred during treaty negotiations between Haisla Nation Council and the Governments of Canada and British Columbia less any grants and interest earned. Deferred Treaty Negotiation costs will be deferred until the earlier of signing of a treaty between the parties, the twelfth anniversary of the original loan, or the seventh anniversary after signing an agreement in principle.</p>
<b>Ottawa Trust Funds</b>	<p>Haisla Nation Council uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized as revenue of the band upon withdrawal from the Ottawa Trust Fund.</p>
<b>Rents Receivable</b>	<p>Canada Mortgage and Housing Corporation (CMHC) does not allow or recognize bad debts recorded in the financial statements of Social Housing and will not subsidize rental arrears.</p>
<b>Government Transfers</b>	<p>Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.</p>
<b>Deferred Revenue</b>	<p>Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.</p>

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# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

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### Impairment of Long-lived

#### Assets

In the event that facts and circumstances indicate that Haisla Nation Council's assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required.

#### Leased Assets

Leases entered into that transfer substantially all of the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with the tangible capital assets owned by the Band, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

### 2. Cash

	2016	2015
Operating	\$ 2,201,153	\$ 2,272,112
Gas Bar	66,667	63,063
Haisla Treaty	8,108	8,039
Social Housing	114,994	83,977
Cash held in other government organizations	854,405	1,026,424
	<u>\$ 3,245,327</u>	<u>\$ 3,453,615</u>

Cash is held in two Canadian Chartered Banks and earns interest at the current prevailing rates for business operating accounts.

### 3. Restricted Cash

	2016	2015
Ottawa Trust revenue	\$ 17,444	\$ 687,704
Ottawa Trust capital	21,934	21,934
Social Housing replacement reserve	564,402	269,897
	<u>\$ 603,780</u>	<u>\$ 979,535</u>

The Ottawa trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenditures of capital funds requires the consent of Aboriginal Affairs and Northern Development Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

In order to provide for replacement of major capital items, the terms of the operating agreements between Haisla Nation Council and CMHC provide that a replacement reserve fund be established by annual charges to operations in amount prescribed by the agreements. Under these agreements, Haisla Nation Council is required to segregate annual transfers to reserve funds and interest earned on these funds from other cash. As at March 31, 2016, the replacement reserve and subsidy surplus reserve was overfunded by \$59,656 (2015 - \$(273,247)).

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2016**

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#### 4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2016	2015
Operating		
A/R - Trade	\$ 1,562,355	\$ 3,835,874
Allowance for doubtful accounts	(7,738)	-
INAC receivable	107,303	166,462
	1,661,920	4,002,336
A/R in other government organizations	900,614	46,309
	<u>\$ 2,562,534</u>	<u>\$ 4,048,645</u>

# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

### 5. Investments

	2016		2015	
	Market Value	Book Value	Market Value	Book Value
Investments				
Cash	\$ 3,997,043	\$ 3,997,043	\$ 3,391,723	\$ 3,391,723
Canadian Equities	5,617,385	4,687,628	5,970,234	4,792,851
Common Shares	27,170,874	25,238,018	22,770,648	21,187,716
Corporate Bonds	12,846,913	12,615,708	13,087,699	12,606,883
Federal Government Bonds	8,264,561	8,112,839	9,925,207	9,679,530
Fixed Income	28,873,759	28,432,418	25,855,276	24,891,680
Foreign Securities	7,310,997	5,230,071	7,007,893	5,058,260
Fund Units	22,815,490	21,782,551	25,363,239	22,501,292
Mutual Funds	7,437,689	7,363,060	17,561,592	17,349,492
Provincial	3,359,116	3,414,880	3,072,492	3,116,438
Other	12,503,119	12,535,632	10,415,892	9,985,194
	<u>140,196,946</u>	<u>133,409,848</u>	<u>144,421,895</u>	<u>134,561,059</u>
Members' Trust				
Fixed Income	6,201	6,201	275	275
	<u>\$ 140,203,147</u>	<u>\$ 133,416,049</u>	<u>\$ 144,422,170</u>	<u>\$ 134,561,334</u>

# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

### 5. Investments (continued)

The fixed income investments include treasury bills and government and bank bonds with maturity dates that range from December 2016 to December 2106. The interest rates earned on the fixed income investments range from 1.85% to 5.96% per annum.

The Members' Trust is made up of internally restricted funds received under the Rio Tinto Alcan Legacy Agreement.

Haisla Nation Council owns 100% of Haisla Forestry Ltd. The corporation is involved in resource development in the area. For the year ended March 31, 2016 the corporation has cumulative losses and a current year loss of \$125,841 (2015 - \$125,841). The investment value has been reduced to zero and no investment income will be recorded until the deficits are recovered.

### 6. Accounts Payable

	2016	2015
Operating	\$ 1,020,852	\$ 1,836,597
INAC Overpayment	-	9,871
A/P - Social Housing	10,998	22,970
A/P in other government organizations	643,182	276,666
	<u>\$ 1,675,032</u>	<u>\$ 2,146,104</u>

### 7. Deferred Revenue

Deferred revenue represents funding received for programs/projects that were not completed during the year.

	2016	2015
Operating Fund - Other		
Prepaid Property Taxes	\$ -	\$ 34,875
Miscellaneous	329,732	335,858
Deferred revenue in other government organizations	820,395	867,173
	<u>\$ 1,150,127</u>	<u>\$ 1,237,906</u>

# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

### 8. Long Term Debt

	2016	2015
<u>Social Housing Fund</u>		
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,504 including interest at 2.76% per annum, maturing March 2020	\$ 113,162	\$ 140,248
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,716 including interest at 4.51% per annum, maturing May, 2021	144,275	170,007
All Nations Trust Company, mortgage, repayable in monthly instalments of \$ 2,515 including interest at 1.65% per annum, maturing May 2022	176,880	203,904
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,730 including interest at 2.40% per annum, maturing July 2020	85,138	103,844
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,441 including interest at 4.51% per annum, maturing May 2026	136,003	147,522
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,725 including interest at 1.71% per annum, maturing July 2023	142,624	160,724
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,459 including interest at 4.34% per annum, maturing February 2027	241,901	261,971
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,806 including interest at 4.34% per annum, maturing February 2027	276,520	299,463
Subtotal	\$ 1,316,503	\$ 1,487,683

All Social Housing mortgages are secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada

# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

### 8. Long Term Debt (continued)

	2016	2015
Long term debt carried forward	\$ 1,316,503	\$ 1,487,683
Construction loan, repayable on demand including interest at 1.50% per annum	3,790,368	-
<u>Haisla Treaty Fund</u>		
Aboriginal Affairs and Northern Development Canada loan, secured by promissory notes issued by Council, non-interest bearing, repayable upon the earlier of the signing of a treaty between the Band and the Governments of Canada and British Columbia, the twelfth anniversary of the original loan, or the seventh anniversary after signing an agreement in principle	8,161,381	8,161,381
	13,268,252	9,649,064
Less: current portion	3,965,185	170,325
	<u>\$ 9,303,067</u>	<u>\$ 9,478,739</u>

The estimated principal repayments on the above long term debt required over the next five years are as follows:

2017	\$ 3,965,185
2018	177,919
2019	181,082
2020	184,225
2021	144,961
Thereafter	8,614,880
	<u>\$ 13,268,252</u>

### 9. Deferred Treaty Negotiation

	2016	2015
Balance, beginning of year	\$ 8,194,273	\$ 8,194,273
Costs incurred during the year	1,922	9,148
Grants and interest income	(69)	(185)
Surplus (deficit) not capitalized	(1,853)	(8,963)
Balance, end of year	<u>\$ 8,194,273</u>	<u>\$ 8,194,273</u>

# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

### 10. Tangible Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 3,473,978	\$ -	\$ 3,440,278	\$ -
Artwork	16,500	-	16,500	-
Assets under construction	4,063,362	-	275,000	-
Equipment				
Automotive equipment	1,449,848	896,362	1,066,580	741,283
Construction equipment	748,989	697,039	748,989	684,051
Other equipment	2,559,251	1,505,128	2,244,558	1,270,120
Communication equipment	10,375	10,170	10,375	10,082
Boating equipment	521,515	465,205	521,515	441,073
Buildings				
Community buildings	11,963,606	4,496,191	11,709,349	4,109,860
Band owned houses	115,168	76,283	115,168	74,236
Community buildings	129,258	39,904	129,258	36,181
Land improvements				
Infrastructure	3,168,848	893,453	3,083,329	847,889
Dock	556,124	13,903	-	-
	28,776,822	9,093,638	23,360,899	8,214,775
Social Housing	5,920,374	2,896,667	5,920,374	2,725,488
Other equipment	10,390,205	8,050	1,696,090	34,460
	45,087,401	11,998,355	30,977,363	10,974,723
Net book value		\$ 33,089,046		\$ 20,002,640

# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

### 10. Tangible Capital Assets (continued)

	2016								
	Land	Artwork	Equipment	Buildings	Improvements	Land	Assets under construction	Dock	Total
Cost, beginning of year	\$ 4,785,069	\$ 16,500	\$ 4,877,766	\$ 17,892,964	\$ 3,083,329	\$ 275,000	\$ 46,735	\$ 30,977,363	
Additions	391,124	-	697,960	229,093	85,519	12,644,347	556,124	14,604,167	
Disposals	-	-	(170,700)	(276,694)	-	-	(46,735)	(494,129)	
Cost, end of year	\$ 5,176,193	\$ 16,500	\$ 5,405,026	\$ 17,845,363	\$ 3,168,848	\$ 12,919,347	\$ 556,124	\$ 45,087,401	
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 3,556,552	\$ 6,615,544	\$ 801,459	\$ -	\$ 1,168	\$ 10,974,723	
Amortization	-	-	458,959	592,467	46,791	-	16,181	1,114,398	
Disposals	-	-	(49,359)	(37,961)	-	-	(3,446)	(90,766)	
Accumulated amortization, end of year	\$ -	\$ -	\$ 3,966,152	\$ 7,170,050	\$ 848,250	\$ -	\$ 13,903	\$ 11,998,355	
Net carrying amount, end of year	\$ 5,176,193	\$ 16,500	\$ 1,438,874	\$ 10,675,313	\$ 2,320,598	\$ 12,919,347	\$ 542,221	\$ 33,089,046	

# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

### 10. Tangible Capital Assets (continued)

	Land	Artwork	Equipment	Buildings	Improvements	Land Assets under construction	Dock	Total
Cost, beginning of year	\$ 4,327,414	\$ 16,500	\$ 4,363,178	\$ 15,867,896	\$ 3,083,329	\$ -	\$ -	\$ 27,658,317
Additions	457,655	-	799,944	2,025,068	-	275,000	46,735	3,604,402
Disposals	-	-	(285,356)	-	-	-	-	(285,356)
Cost, end of year	\$ 4,785,069	\$ 16,500	\$ 4,877,766	\$ 17,892,964	\$ 3,083,329	\$ 275,000	\$ 46,735	\$ 30,977,363
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 3,197,681	\$ 6,063,927	\$ 755,838	\$ -	\$ -	\$ 10,017,446
Amortization	-	-	358,871	551,617	45,621	-	1,168	957,277
Disposals	-	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ -	\$ -	\$ 3,556,552	\$ 6,615,544	\$ 801,459	\$ -	\$ 1,168	\$ 10,974,723
Net carrying amount, end of year	\$ 4,785,069	\$ 16,500	\$ 1,321,214	\$ 11,277,420	\$ 2,281,870	\$ 275,000	\$ 45,567	\$ 20,002,640

# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

### 11. Accumulated Surplus

	2016	2015
		(Restated)
Operating surplus	\$127,343,941	\$134,473,008
Equity in Haisla investments	2,367,315	4,108,714
Equity in tangible capital assets	30,065,336	16,807,753
Equity in Ottawa trust	39,379	709,639
Contributed surplus	1,757,912	1,757,912
Equity in other government organizations	(274,389)	(1,557,069)
Restricted surplus	9,812,824	7,479,063
	<u>\$171,112,318</u>	<u>\$163,779,020</u>

Restricted Surplus consists of:

	2016	2015
Tax Reserve Funds	\$ 4,712,824	\$ 2,379,063
Members' Trust	5,000,000	5,000,000
Haisla Legacy Fund	100,000	100,000
	<u>\$ 9,812,824</u>	<u>\$ 7,479,063</u>

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2016**

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#### **12. Investments In Nation business entities**

The Nation has investments in the following entities:

	<u>2016</u>	<u>2015</u>
Investments in regional LNG partnerships	<u>\$ 4,262,869</u>	<u>\$ 3,746,153</u>
Investments in regional LNG joint ventures	<u>2,084,942</u>	<u>1,762,680</u>
Total investment in Nation business entities	<u>\$ 6,347,611</u>	<u>\$ 5,508,833</u>

For partnerships, equity is comprised of partnership advances, less drawings, plus the partner's proportional share of net income.

# Haisla Nation Council

## Notes to Consolidated Financial Statements

**March 31, 2016**

**11. Investment in Nation business entities (continued)**

Investment in Nation business entities (continued)													

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2016**

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**12. Investment in Nation business entities (continued)**

The following period of financial information was used to determine the amount of the investment in Haisla Nation Council's business activities:

Investments in regional LNG partnerships	April 1, 2015 - March 31, 2016
Investments in regional LNG joint ventures	April 1, 2015 - March 31, 2016

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**13. Comparative Figures**

Certain comparative amounts presented in the consolidated financial statements have been restated to conform to current year's presentation.

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**14. Line of Credit**

The Royal Bank of Canada has approved an operating line of credit up to \$500,000 at the bank's prime lending rate plus 0.5%. Payments revolve in increments of \$10,000, due on demand. At March 31, 2016, this facility is unused.

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## **Haisla Nation Council**

### **Notes to Consolidated Financial Statements**

**March 31, 2016**

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#### **15. Replacement Reserve**

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited annually. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada and Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

The Band is in compliance with the term of its agreement with CMHC requiring Replacement Reserve funds to be held in a separate bank account. As at March 31, 2016, the Replacement Reserve was overfunded by \$59,656 (2015 - underfunded by \$(273,246)).

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#### **16. Commitments and Contingent Liabilities**

The council has guaranteed loans for Band members for the year ended March 31, 2016 in the amount of \$172,923 (2015 - \$204,987). These loans are in addition to the Canada Mortgage and Housing loans for Social Housing that are reflected as liabilities in these consolidated financial statements.

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#### **17. Employee Benefits**

The Group has a defined contribution plan providing pension benefits to certain of its employees. The pension cost charge represents contributions payable by the Group to the plans and amount to \$184,691 (2015 - \$145,938).

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

March 31, 2016

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**18. Expenses by Type**

	2016	2015
Amortization	\$ 1,058,092	\$ 957,277
Salaries and benefits	5,634,838	5,100,907
Supplies of goods and services	28,107,902	23,174,815
	<u>\$ 34,800,832</u>	<u>\$ 29,232,999</u>

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# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2016

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### 19. Segment Disclosure

The Haisla Nation Council is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### **Administration**

This item relates to the revenues and expenses that relate to the operations of the Haisla Nation Council itself and cannot be directly attributed to specific segment.

#### **Community Welfare**

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

#### **Operations and Maintenance**

This service area provides services relating to the development, maintenance and service of the Haisla Nation Council's assets, infrastructure and common property.

#### **Education**

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Haisla Nation Council's Members.

#### **Economic Development**

This service area provides for the development of economic opportunities to the Members.

#### **Health Services**

This service area provides for health-related services and programs to the Members.

#### **Social Housing**

This service area provides for social housing to the Members.

#### **Natural Resource Management**

This service area includes exploration of natural resources and development of natural resource revenues.

#### **Treaty Related Matters**

This service area includes treaty negotiations and specific claims for the Haisla Nation Council.

#### **Capital**

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

# Haisla Nation Council

## Notes to Consolidated Financial Statements

Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Treaty Related Matters	Capital	Total
940,063	\$ 1,074,743	\$ 278,245	\$ 2,367,598	\$ 105,892	\$ -	\$ -	\$ -	\$ -	\$ 1,193,744	\$ 5,960,285
4,208,508	-	84,485	521,076	10,467,139	1,691,034	329,646	1,449,884	8,344,519	-	37,096,291
5,148,571	1,074,743	362,730	2,888,674	10,573,031	1,691,034	329,646	1,449,884	8,344,519	1,193,744	43,056,576
2,596,710	313,504	700,993	842,945	240,010	659,674	135,772	274,441	-	-	5,764,049
3,456,827	388,001	463,614	2,643,875	12,216,534	988,947	215,346	1,155,914	1,922	447,711	27,978,691
8,050	-	878,863	-	-	-	171,179	-	-	-	1,058,092
2,061,587	701,505	2,043,470	3,486,820	12,456,544	1,648,621	522,297	1,430,355	1,922	447,711	34,800,832
3,086,984	\$ 373,238	\$ (1,680,740)	\$ (598,146)	\$ (1,883,513)	\$ 42,413	\$ (192,651)	\$ 19,529	\$ 8,342,597	\$ 746,033	\$ 8,255,744

Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Treaty Related Matters	Capital	Total
690,885	\$ 1,101,014	\$ 294,716	\$ 2,282,216	\$ 103,280	\$ -	\$ -	\$ -	\$ -	\$ 694,624	\$ 5,166,735
3,311,634	-	101,684	813,385	24,681,934	1,445,165	265,086	739,928	6,785,763	-	63,144,579
3,002,519	1,101,014	396,400	3,095,601	24,785,214	1,445,165	265,086	739,928	6,785,763	694,624	68,311,314
2,523,546	289,505	560,913	851,665	176,856	493,903	145,032	283,358	4	-	5,324,782
3,732,839	379,036	631,093	2,711,599	11,667,381	805,210	156,461	775,058	9,144	83,117	22,950,940
34,460	-	755,928	-	-	-	166,889	-	-	-	957,277
3,290,845	668,543	1,947,934	3,563,264	11,844,237	1,299,113	468,382	1,058,416	9,148	83,117	29,232,999
3,711,674	\$ 432,471	\$ (1,551,534)	\$ (467,663)	\$ 12,940,977	\$ 146,052	\$ (203,296)	\$ (318,488)	\$ 6,776,615	\$ 611,507	\$ 39,078,315