

Haisla Nation Council
Consolidated Financial Statements
For the year ended March 31, 2017

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For the year ended March 31, 2017

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Management's Responsibility for Financial Reporting

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 Executive 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.



Chief



Councilor



Tel: 250 372 9505
Fax: 250 374 6323
www.bdo.ca

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

Independent Auditor's Report

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, 2017 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.



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Fax: 250 374 6323
www.bdo.ca

BDO Canada LLP
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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, 2017 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

These consolidated financial statements include unaudited supplementary exhibits and schedules which present detailed program revenues and expenditures and have been prepared to assist management of Haisla Nation Council to meet the reporting requirements of various funding agencies. Our report is intended solely for management of Haisla Nation Council and various funding agencies. As a result, the financial statements should not be distributed to or used by other parties.

Haisla Nation Council has also prepared another set of consolidated financial statements for the year ended March 31, 2017 in accordance with Canadian public sector accounting standards. However, these consolidated financial statements do not include unaudited supplementary exhibits and schedules, and have more aggregated disclosures in the consolidated financial statements. Our audit report on the other set of consolidated financial statements was issued to the members of Haisla Nation Council and was dated September 11, 2017.



Chartered Professional Accountants

Kamloops, British Columbia
September 11, 2017

Haisla Nation Council
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2017	2016
Financial Assets		
Cash (Note 1)	\$ 4,606,014	\$ 2,421,593
Restricted cash (Note 2)	598,038	603,780
Accounts receivable (Note 4)	5,993,207	2,560,933
Investments (Note 5)	127,755,834	129,562,170
Investment in Nation business entities (Note 11)	18,676,044	10,794,936
Inventory held for resale	18,457	14,901
Due from related parties	368,645	-
	<u>158,016,239</u>	<u>145,958,313</u>
Liabilities		
Accounts payable (Note 6)	1,394,033	1,154,950
Deferred revenue (Note 7)	2,305,524	329,732
Long term debt (Note 8)	2,105,983	1,316,503
Replacement reserve	491,706	504,747
	<u>6,297,246</u>	<u>3,305,932</u>
Net Assets	<u>151,718,993</u>	<u>142,652,381</u>
Non-financial Assets		
Prepaid expense	605,870	236,955
Tangible capital assets (Note 9)	24,111,908	24,233,061
	<u>24,717,778</u>	<u>24,470,016</u>
Accumulated Surplus (Note 10)	<u>\$176,436,771</u>	<u>\$167,122,397</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	2017	2016
Surplus - Exhibit C	\$ 10,906,616	\$ 8,256,115
Purchases of tangible capital assets	(1,075,104)	(5,254,053)
Amortization of tangible capital assets	1,196,256	1,023,632
	<u>121,152</u>	<u>(4,230,421)</u>
Change in prepaid expense	(368,915)	82,065
Change in Ottawa Trust Funds	430	(670,261)
Equity change in restricted equity	-	1,928,294
Equity change in taxation surplus	(2,825,496)	(2,333,761)
Transfers to restricted	5,020,419	16,862
Change in goodwill	-	123,865
Equity change from prior period adjustments	(3,787,594)	(3,853,872)
	<u>(1,961,156)</u>	<u>(4,706,808)</u>
Increase in net financial assets	9,066,612	(681,114)
Net financial assets, beginning of year	142,652,381	143,333,495
Net financial assets, end of year	\$151,718,993	\$142,652,381

Haisla Nation Council			
Exhibit C - Consolidated Statement of Operations			
For the year ended March 31	Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	\$ 5,394,630	\$ 5,802,804	\$ 5,960,285
First Nations Health Authority	1,260,844	1,517,226	1,589,628
Fisheries and Oceans Canada	205,000	191,680	205,593
Province of British Columbia	246,000	792,640	747,521
Rio Tinto Alcan	400,800	400,240	5,610,582
Social Housing rental income	-	155,394	169,990
Canada Mortgage and Housing Corporation	185,333	353,238	137,601
Canada Post	44,484	36,648	43,205
Funds from Ottawa Trust - lease agreement	3,280,000	3,280,000	3,280,000
Other income	16,663,545	27,396,490	25,312,101
	27,680,636	39,926,360	43,056,506
Expenses			
Administration	7,059,003	6,878,401	12,060,812
Community Welfare	724,177	705,649	701,505
Operations & Maintenance	2,351,691	2,291,524	2,043,470
Education	3,659,658	3,566,027	3,486,820
Economic Development	11,845,449	11,542,387	12,458,800
Health Services	2,068,179	2,015,265	1,648,621
Social Housing	511,882	498,786	522,297
Natural Resource Management	1,194,004	1,163,456	1,430,355
Capital	367,655	358,249	447,711
	\$ 29,781,698	\$ 29,019,744	\$ 34,800,391
Surplus for the year (Note 20)	\$ (2,101,062)	\$ 10,906,616	\$ 8,256,115

Haisla Nation Council

Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
Operating activities		
Cash receipts from various sources	\$ 29,236,733	\$ 40,032,369
Cash paid to employees and suppliers	(29,935,936)	(34,252,784)
Interest received (paid)	<u>9,190,547</u>	<u>3,569,556</u>
Cash flows from operating activities	<u>8,491,344</u>	<u>9,349,141</u>
Investing activities		
Purchase of capital assets	(1,075,103)	(5,254,053)
Increase (decrease) in equity in Ottawa Trust	430	(670,261)
Change in investment in business entities	(7,833,808)	(5,286,101)
Direct investment in equity of subsidiary	-	(420,475)
Proceeds (loss) on sale of investments	1,806,336	921,286
Proceeds (loss) on sale of goodwill	<u>-</u>	<u>123,865</u>
Cash flows from investing activities	<u>(7,102,145)</u>	<u>(10,585,739)</u>
Financing activity		
Proceeds from issuance (repayment) of long term debt	<u>789,480</u>	<u>(171,179)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,178,679</u>	<u>(1,407,777)</u>
Cash and cash equivalents, beginning of year	<u>3,025,373</u>	<u>4,433,150</u>
Cash and cash equivalents, end of year	<u>\$ 5,204,052</u>	<u>\$ 3,025,373</u>
Represented by:		
Cash	\$ 4,606,014	\$ 2,421,593
Restricted cash	<u>598,038</u>	<u>603,780</u>
	<u>\$ 5,204,052</u>	<u>\$ 3,025,373</u>

Haisla Nation Council

Summary of Significant Accounting Policies

March 31, 2017

Basis of Presentation	<p>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.</p>
Reporting Entity and Principles	<p>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.</p> <p>The financial statements consolidate the assets, liabilities and results of operations for the following entities:</p> <ul style="list-style-type: none">- Haisla Nation Council, and the following entities: Haisla Capacity Development Society, Haisla Trust Society, Haisla Business Development Corporation, Haisla (HL) Developments Ltd., Beachwood Apartments 1 Limited Partnership, Haisla Business Operations, Haisla Projects GP Inc., HN Gas Export Corp., Haisla (BC) Developments Ltd., Cedar 3 LNG Export, Cedar 2 LNG Export, Cedar 1 LNG Export, HN Gas Management Inc., 078498 BC Ltd. and Cedar LNG Export Development Ltd. and Beachwood Apartments 1 Limited Partnership. <p>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.</p> <p>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.</p>
Financial Instruments	<p>Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from its financial instruments.</p>
Cash and Cash Equivalents	<p>Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.</p>

Haisla Nation Council

Summary of Significant Accounting Policies

March 31, 2017

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.

Haisla Nation Council

Summary of Significant Accounting Policies

March 31, 2017

Revenue Recognition	<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>
Deferred Treaty Negotiation Costs	<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>
Ottawa Trust Funds	<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>
Rents Receivable	<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>
Government Transfers	<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>
Deferred Revenue	<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>

Haisla Nation Council

Summary of Significant Accounting Policies

March 31, 2017

**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 Nation, 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, 2017

1. Cash

	2017	2016
Operating	\$ 4,127,569	\$ 2,201,153
Gas Bar	146,715	66,667
Social Housing	193,448	114,994
Cash held in other government organizations	138,282	38,779
	\$ 4,606,014	\$ 2,421,593

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

2. Restricted Cash

	2017	2016
Ottawa Trust revenue	\$ 17,874	\$ 17,444
Ottawa Trust capital	21,934	21,934
Social Housing replacement reserve	558,230	564,402
	\$ 598,038	\$ 603,780

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 Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Nation and Nation members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs 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, 2017, the replacement reserve and subsidy surplus reserve was overfunded by \$66,524 (2016 - \$59,656).

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

3. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	<u>2017</u>	<u>2016</u>
Operating		
A/R - Trade	\$ 4,983,324	\$ 1,560,754
Allowance for doubtful accounts	(10,337)	(7,738)
INAC receivable	115,625	107,303
	<u>5,088,612</u>	<u>1,660,319</u>
 A/R - Social Housing	 11,207	 11,426
A/R in other government organizations	893,388	889,188
	<u>\$ 5,993,207</u>	<u>\$ 2,560,933</u>

4. Funds Held in Trust

The Nation maintains the Haisla Minors LNG trust fund. The investment balance of the fund has been excluded from the financial statements as the asset are beneficially held, in trust for third parties. At March 31, 2017 the Nation held \$3,787,594 (2016 - \$3,853,872) in trust.

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

5. Investments

	2017		2016	
	Market Value	Book Value	Market Value	Book Value
Investments				
Cash	3,371,151	3,371,151	3,997,043	3,997,043
Canadian Equities	6,384,632	4,724,984	5,617,385	4,687,628
Common Shares	29,039,935	25,125,714	27,170,874	25,337,918
Corporate Bonds	12,116,573	11,876,242	12,846,913	12,615,708
Federal Government Bonds	8,903,577	8,958,456	8,264,561	8,112,839
Fixed Income	26,299,373	26,275,415	28,873,759	28,432,418
Foreign Securities	6,083,007	4,719,478	7,310,997	5,230,071
Fund Units	24,582,780	21,491,194	15,961,618	17,828,772
Mutual Funds	6,520,968	6,397,429	7,437,689	7,363,060
Provincial	3,319,777	3,377,087	3,359,116	3,414,880
Other	12,016,057	11,438,684	12,509,320	12,541,833
	138,637,830	127,755,834	133,349,275	129,562,170
	\$138,637,830	\$127,755,834	\$133,349,275	\$129,562,170

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

4. Investments (continued)

The fixed income investments include treasury bills and government and bank bonds with maturity dates that range from April 2018 to December 2046. The interest rates earned on the fixed income investments range from 1.25% to 6.40% 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, 2017 the corporation has cumulative losses and a current year loss of \$5,661 (2016 - (\$943)). The investment value has been reduced to zero and no investment income will be recorded until the deficits are recovered.

6. Accounts Payable

	2017	2016
Operating	\$ 1,381,675	\$ 1,020,227
A/P - Social Housing	10,358	10,998
A/P in other government organizations CC.10	2,000	123,725
	<u>\$ 1,394,033</u>	<u>\$ 1,154,950</u>

7. Deferred Revenue

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

	2017	2016
Operating Fund - Other		
Miscellaneous	2,305,524	329,732
	<u>\$ 2,305,524</u>	<u>\$ 329,732</u>

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

8. Long Term Debt

	2017	2016
<u>Operating Fund</u>		
Royal Bank of Canada term loan, repayable in monthly instalments of \$7,125 including interest at 3.45% per annum, maturing July 2017	965,730	-
<u>Social Housing Fund</u>		
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,425 including interest at 1.39% per annum, maturing March 2020	\$ 85,455	\$ 113,162
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,402 including interest at 1.14% per annum, maturing May, 2021	117,217	144,275
All Nations Trust Company, mortgage, repayable in monthly instalments of \$ 2,515 including interest at 1.65% per annum, maturing May 2022	149,394	176,880
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,675 including interest at 1.04% per annum, maturing July 2020	65,828	85,138
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,183 including interest at 1.14% per annum, maturing May 2026	123,525	136,003
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,725 including interest at 1.71% per annum, maturing July 2023	124,202	142,624
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,998 including interest at 1.44% per annum, maturing February 2027	221,468	241,901
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,284 including interest at 1.44% per annum, maturing February 2027	253,164	276,520
Subtotal	\$ 2,105,983	\$ 1,316,503

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, 2017

8. Long Term Debt (continued)

	<u>2017</u>	<u>2016</u>
Long term debt carried forward	\$ 2,105,983	\$ 1,316,503
	2,105,983	1,316,503
Less: current portion	<u>13,743,993</u>	<u>3,965,185</u>
	<u>\$ (11,638,010)</u>	<u>\$ (2,648,682)</u>

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

2018	\$ 13,743,993
2019	178,443
2020	181,508
2021	155,534
2022	129,462
Thereafter	<u>8,479,637</u>
	<u>\$ 22,868,577</u>

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

9. Tangible Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 3,473,978	\$ -	\$ 3,473,978	\$ -
Artwork	16,500	-	16,500	-
Assets under construction	880,247	-	4,063,362	-
Equipment				
Automotive equipment	1,599,978	1,084,928	1,449,848	896,362
Construction equipment	748,989	707,429	748,989	697,039
Other equipment	2,722,058	1,742,837	2,559,251	1,505,128
Communication equipment	10,375	10,232	10,375	10,170
Boating equipment	527,124	482,939	521,515	465,205
Buildings				
Community buildings	15,754,163	4,964,326	11,963,606	4,496,191
Band owned houses	221,924	80,896	115,168	76,283
Community buildings	129,258	43,478	129,258	39,904
Land improvements				
Infrastructure	3,179,068	939,063	3,168,848	893,453
Dock	588,263	41,817	556,124	13,903
	29,851,925	10,097,945	28,776,822	9,093,638
Social Housing	5,920,374	3,072,918	5,920,374	2,896,667
Haisla (HL) Developments Ltd	423,955	-	423,955	-
Haisla Enterprises Ltd.	-	-	103,124	-
Haisla Trust Society				
Land held in trust	397,135	-	397,135	-
Land	391,124	-	288,000	-
Building and improvements	322,006	23,748	322,006	8,050
	1,110,265	23,748	1,007,141	8,050
	37,306,519	13,194,611	36,231,416	11,998,355
Net book value		\$ 24,111,908		\$ 24,233,061

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

9. Tangible Capital Assets (continued)

	2017							
	Land	Artwork	Equipment	Buildings	Land Improvements	Assets under construction	Dock	Total
Cost, beginning of year	\$ 5,176,193	\$ 16,500	\$ 5,405,026	\$ 17,845,363	\$ 3,168,848	\$ 4,063,362	\$ 556,124	\$ 36,231,416
Additions		-	318,547	3,897,313	10,220	500,534	32,139	4,758,753
Disposals	-	-	-	-	-	(3,683,649)	-	(3,683,649)
Cost, end of year	\$ 5,176,193	\$ 16,500	\$ 5,723,573	\$ 21,742,676	\$ 3,179,068	\$ 880,247	\$ 588,263	\$ 37,306,520
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 3,966,152	\$ 7,170,050	\$ 848,250	\$ -	\$ 13,903	\$ 11,998,355
Amortization	-	-	454,461	668,272	45,610	-	27,914	1,196,257
Accumulated amortization, end of year	\$ -	\$ -	\$ 4,420,613	\$ 7,838,322	\$ 893,860	\$ -	\$ 41,817	\$ 13,194,612
Net carrying amount, end of year	\$ 5,176,193	\$ 16,500	\$ 1,302,960	\$ 13,904,354	\$ 2,285,208	\$ 880,247	\$ 546,446	\$ 24,111,908

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

9. 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	3,788,362	556,124	5,748,182	
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	\$ 4,063,362	\$ 556,124	\$ 36,231,416	
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	\$ 4,063,362	\$ 542,221	\$ 24,233,061	

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

10. Accumulated Surplus

	2017	2016
		(Restated)
Operating surplus	\$124,312,335	\$124,860,679
Equity in Haisla investments	6,600,465	2,367,315
Equity in tangible capital assets	21,172,360	21,209,353
Equity in other government organizations	(222,960)	(276,649)
Equity in Ottawa trust	39,808	39,378
Contributed surplus	1,757,912	1,757,912
Equity in Haisla Trust Society	-	-
Restricted surplus	22,776,851	17,164,409
	\$176,436,771	\$167,122,397

Restricted Surplus consists of:

	2017	2016
Tax Reserve Funds	\$ 4,666,965	\$ 4,712,824
Members' Trust	6,212,406	1,146,128
Haisla Legacy Fund	11,897,480	11,305,457
	\$ 22,776,851	\$ 17,164,409

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

11. Investments in Nation business entities

The Nation has investments in the following entities:

	<u>2017</u>	<u>2016</u>
Investments in regional LNG partnerships	16,233,197	8,709,994
Investments in regional LNG joint ventures	2,442,847	2,084,942
	<hr/>	<hr/>
Total investment in Nation business entities	\$ 18,676,044	\$ 10,794,936

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, 2017

11. Investment in Nation business entities (continued)

Investment in Nation business entities (continued)										2017	2016			
	Assets		Liabilities		Net Assets		Revenue		Expenses		Total Earnings (Loss)	Total Earnings (Loss)		
Investment in Nation business entities	\$	52,259,153	\$	37,173,812	\$	15,085,341	\$	50,967,107	\$	33,289,995	\$	17,677,112	\$	19,003,628

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

11. 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, 2016 - March 31, 2017
Investments in regional LNG joint ventures	April 1, 2016 - March 31, 2017

12. Comparative Figures

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

13. 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, 2017, this facility is unused.

14. 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 Nation 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, 2017, the Replacement Reserve was overfunded by \$66,524 (2016 - \$59,656).

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

15. Commitments and Contingent Liabilities

Haisla Nation has guaranteed loans for Nation members for the year ended March 31, 2017 in the amount of \$133,503 (2016 - \$172,923). 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.

During the course of the year the Nation engaged in negotiations with one of their lessees for the rates charged to them. The resulting agreement has yet to be ratified but may result in the repayment of some lease payments. As of the balance sheet date the agreement has not been signed, the payment amounts are not estimable and as such have not been accrued in these financial statements.

During the year the Nation agreed to a change in accounting policy to record the Treaty Negotiations loan as a contingent liability. The purpose of the loan is to finance treaty negotiations and once the treaty has been settled, the proceeds of the settlement will be used to repay the loan. The loan is due by the first nation to Canada on the earliest of the following dates:

- the date the treaty takes effect;
- the twelfth anniversary of the first loan advance;
- the seventh anniversary of an agreement-in-principle signing; or
- When the Federal Minister demands payment of loan due to default of a FN Funding Agreement

Council is in agreement that the loan is not payable based on the above information and should be recorded as a contingent liability. The amount of the contingent loans outstanding are \$8,161,381 (2016 - \$8,161,381).

16. Employee Benefits

The Nation has a defined contribution plan providing pension benefits to certain of its employees. The pension cost charge represents contributions payable by the Nation to the plans and amount to \$202,584 (2016 - \$184,691).

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

17. Prior Period Adjustment

During the year, the previous year's investment balance has been adjusted for an amount that is held in the Haisla Minors LNG Trust Fund. As the investment was held in the trust fund, it doesn't belong to the Haisla Nation Council. As a result, the opening equities have been adjusted to reflect this amount. Opening equity and investments have been decreased by \$3,787,594 (2016 - \$3,853,872). Changes to accumulated surplus are as follows:

	2017	2016
Accumulated surplus, end of year, as previously stated	\$ 179,522,382	\$ 171,112,318
Prior period adjustment	(3,787,594)	(3,853,872)
Accumulated surplus, end of year, restated	\$ 175,734,788	\$ 175,734,788

18. Expenses by Type

	2017	2016
Amortization	1,196,256	1,058,092
Salaries and benefits	5,715,785	5,654,428
Supplies of goods and services	22,107,703	28,087,871
	\$ 29,019,744	\$ 34,800,391

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2017

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

March 31, 2017

20. Segment Disclosure (continued)

2017

	Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Property Taxes	Capital	Total
Revenue											
INAC	\$ 892,652	\$ 1,153,921	\$ 271,779	\$ 2,420,609	\$ 108,263	\$ -	\$ -	\$ -	\$ -	\$ 955,580	\$ 5,802,804
Other	6,523,659	-	111,260	356,454	20,160,828	1,830,545	412,291	1,469,199	3,006,966	252,354	34,123,556
	7,416,311	1,153,921	383,039	2,777,063	20,269,091	1,830,545	412,291	1,469,199	3,006,966	1,207,934	39,926,360
Expenses											
Payroll	2,180,874	255,895	805,243	715,254	507,995	809,862	139,109	396,556	-	-	5,810,788
Other	4,681,829	449,754	481,974	2,850,773	11,034,392	1,205,403	183,426	766,900	-	358,249	22,012,700
Amortization	15,698	-	1,004,307	-	-	-	176,251	-	-	-	1,196,256
	6,878,401	705,649	2,291,524	3,566,027	11,542,387	2,015,265	498,786	1,163,456	-	358,249	29,019,744
Surplus (deficit)	\$ 537,910	\$ 448,272	\$ (1,908,485)	\$ (788,964)	\$ 8,726,704	\$ (184,720)	\$ (86,495)	\$ 305,743	\$ 3,006,966	\$ 849,685	\$ 10,906,616

2016

	Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Property Taxes	Capital	Total
Revenue											
INAC	\$ 940,063	\$ 1,074,743	\$ 278,245	\$ 2,367,598	\$ 105,892	\$ -	\$ -	\$ -	\$ -	\$ 1,193,744	\$ 5,960,285
Other	14,208,507	-	84,485	521,076	10,467,139	1,691,034	329,646	1,449,884	8,344,450	-	37,096,221
	15,148,570	1,074,743	362,730	2,888,674	10,573,031	1,691,034	329,646	1,449,884	8,344,450	1,193,744	43,056,506
Expenses											
Payroll	2,596,713	313,504	700,993	842,945	240,010	659,674	135,772	274,441	-	-	5,764,052
Other	9,456,049	388,001	463,614	2,643,875	12,218,790	988,947	215,346	1,155,914	-	447,711	27,978,247
Amortization	8,050	-	878,863	-	-	-	171,179	-	-	-	1,058,092
	12,060,812	701,505	2,043,470	3,486,820	12,458,800	1,648,621	522,297	1,430,355	-	447,711	34,800,391
Surplus (deficit)	\$ 3,087,758	\$ 373,238	\$ (1,680,740)	\$ (598,146)	\$ (1,885,769)	\$ 42,413	\$ (192,651)	\$ 19,529	\$ 8,344,450	\$ 746,033	\$ 8,256,115