

AL PRICE

Iskut Band Council
Financial Statements
For the year ended March 31, 2015

**Iskut Band Council
Financial Statements
For the year ended March 31, 2015**

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Iskut Band Council are the responsibility of management and have been approved by the Chief and another Band Councilor on behalf of the Band Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible 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.

The Chief and Council of Iskut Band Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Iskut Band Council and meet when required.

On Behalf of Iskut Band Council:

Al. Durck

Chief Councilor

Drule

Band Councilor

Independent Auditor's Report

To the Members
Iskut Band Council

We have audited the accompanying consolidated financial statements of the Iskut Band Council, which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of operations, change in net debt, 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 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 and fair presentation 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 opinion on the results of operations and cash flows and our unmodified audit opinion on the financial position.



Basis for Qualified Opinion

Due to incomplete accounting records for Iskut Band Development Corporation, we were unable to confirm or verify by alternative means the amount of income to be recorded under the modified equity method, if any. In addition, we were unable to determine the amounts requiring disclosure under the modified equity method. Accordingly, we are not able to determine whether any adjustments might be necessary to the investment in Iskut Band Development Corporation, revenue and current year surplus of revenue over expenses.

It was determined that the Band has a 33.3% ownership in the Tahltan Nation Development Limited Partnership. As a result, the modified equity method must be used to pick up Iskut Band Council's interest in the Limited Partnership and this was not done in prior years. There will be a prior period adjustment to reflect this amount. Due to the lack of access to the accounting records of the Tahltan Nation Development Limited Partnership, we were unable to determine whether any adjustments may be necessary to the investment in the Limited Partnership, revenue and current year surplus of revenue over expenses.

The Band is a 33.3% beneficiary of the Tahltan Heritage Trust. The Trust assets arise from monies received from various resource developers planning to undertake commercial activities using natural resources in the Tahltan traditional territory. As a result, there was a prior period adjustment to reflect this amount. Due to the lack of access to the accounting records of the Tahltan Heritage Trust, we were unable to determine whether any adjustments may be necessary to the investment in the Trust, revenue and current year surplus of revenue over expenses.

Canadian public sector accounting standards require that organizations in the public sector disclose budgeted results for operations and changes in net debt. These consolidated financial statements do not include budgeted numbers and therefore are not in compliance with Canadian public sector accounting standards in this respect.

Qualified Opinion

In our opinion, except for the possible effects of the scope limitation and the effect of the missing budget numbers as described in the Basis for Qualified Opinion paragraph, the consolidated statements of financial position, operations, changes in net debt, and cash flows present fairly, in all material respects, the results of operations and cash flows of Iskut Band Council for the year ended March 31, 2015 in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Penticton, British Columbia
July 24, 2015

Iskut Band Council
Consolidated Statement of Financial Position

<u>March 31</u>	<u>2015</u>	<u>2014</u>
		(Restated)
Financial assets		
Cash (Note 3)	\$ 165,896	\$ 141,170
Short-term investments (Note 3)	612,029	257,269
Accounts receivable (Note 4)	548,954	588,603
Long-term investments (Note 7)	5,511,674	4,825,982
Trust assets (Note 6)	<u>1,843,202</u>	<u>1,574,783</u>
	<u>8,681,755</u>	<u>7,387,807</u>
Liabilities		
Demand loan (Note 11)	100,000	-
Accounts payable and accrued liabilities (Note 9)	323,004	311,867
Deferred revenue (Note 10)	8,788	1,092
Long-term debt (Note 13)	<u>2,740,562</u>	<u>2,860,792</u>
	<u>3,172,354</u>	<u>3,173,751</u>
Net debt	<u>5,509,401</u>	<u>4,214,056</u>
Non-financial assets		
Prepaid expenses	119,221	25,553
Tangible capital assets (Note 8)	<u>16,521,358</u>	<u>16,995,270</u>
	<u>16,640,579</u>	<u>17,020,823</u>
Accumulated surplus (Note 14)	<u>\$ 22,149,980</u>	<u>\$ 21,234,879</u>

Approved on behalf of Chief & Council

M. Ewok
Drule

Iskut Band Council
Consolidated Statement of Operations

<u>March 31, 2015</u>	<u>2015</u>	<u>2014</u>
Revenue		(Restated)
Federal Government:		
Aboriginal Affairs and Northern Development Canada	\$ 2,985,135	\$ 2,944,171
Canada Mortgage and Housing Corporation	151,630	117,345
Fisheries and Oceans Canada	315,884	305,085
Health and Welfare Canada/First Nations Health	2,108,278	1,928,860
Provincial Government:		
First Nations Education Steering Committee	111,432	115,740
Province of British Columbia	218,233	182,340
Other		
Equipment rental	31,680	122,582
Fisheries contracts	231,996	281,726
Housing charges	248,530	254,990
Interest and investment income	358,362	196,449
Local operations	38,164	83,846
Miscellaneous health contracts	231,099	294,240
Contracts, rent, contributions and miscellaneous	<u>1,282,760</u>	<u>562,752</u>
	<u>8,313,183</u>	<u>7,390,126</u>
Expenditures (Note 19)		
Administration	1,249,703	1,104,792
Community health	1,927,234	2,182,963
Education	1,508,742	1,391,323
Enterprise Fund	879,367	203,031
Fisheries	526,185	534,901
Housing	475,343	487,701
Public works	411,820	461,403
Social services	<u>1,369,778</u>	<u>670,826</u>
	<u>8,348,172</u>	<u>7,036,940</u>
Annual surplus (deficit) before income from government business enterprise and partnership	(34,989)	353,186
Income from investment in government business enterprise and partnership (Note 7)	950,092	1,357,484
Annual surplus	915,103	1,710,670
Accumulated surplus at beginning of year, as previously stated	15,474,485	15,017,047
Prior period adjustment (Note 2)	5,760,392	4,507,162
Accumulated surplus at beginning of year, restated	21,234,877	19,524,209
Accumulated surplus at end of year	\$ 22,149,980	\$ 21,234,879

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

Iskut Band Council
Consolidated Statement of Change in Net Debt

<u>March 31, 2015</u>	<u>2015</u>	<u>2014</u>
(Restated)		
Annual surplus	\$ 915,103	\$ 1,710,670
Tangible capital assets:		
Acquisition of tangible capital assets	(371,236)	(2,034,700)
Amortization of tangible capital assets	828,731	677,357
Proceeds on sale of tangible capital assets	33,380	30,000
Loss on disposal of tangible capital assets	<u>(16,961)</u>	<u>35,889</u>
 Net acquisition of prepaid expenses	 1,389,017	 419,216
	<u>(93,672)</u>	<u>46,816</u>
 Decrease in net debt	 1,295,345	 466,032
 Net financial assets (debt), beginning of year	 4,214,056	 (860,772)
 Prior period adjustment	 -	 4,608,796
 Net financial assets, end of year	 \$ 5,509,401	 \$ 4,214,056

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

Iskut Band Council
Consolidated Statement of Cash Flows

<u>March 31, 2015</u>	<u>2015</u>	<u>2014</u>
Operating activities		(Restated)
Annual surplus	\$ 915,103	\$ 1,710,670
Items not affecting cash:		
Amortization	828,731	677,357
Loss (gain) on disposal of tangible capital assets	(16,963)	35,889
Income from investments and trusts	<u>(1,171,021)</u>	<u>(1,275,106)</u>
Changes in operating balances:		
Decrease in accounts receivable	39,649	630,321
Decrease (increase) in prepaid expenses	(93,668)	46,815
Increase (decrease) in accounts payable and accrued liabilities	11,137	(125,669)
Increase (decrease) in deferred revenue	<u>7,696</u>	<u>(62,397)</u>
	<u>520,664</u>	<u>1,637,880</u>
Capital activities		
Purchase of tangible capital assets	(371,236)	(2,034,700)
Proceeds from disposal of tangible capital assets	<u>33,380</u>	<u>30,000</u>
	<u>(337,856)</u>	<u>(2,004,700)</u>
Investing activities		
Net decrease (increase) in short-term investments	(354,760)	20,672
Loan to Iskut Band Development Corporation	<u>216,132</u>	<u>67,644</u>
	<u>(138,628)</u>	<u>88,316</u>
Financing activities		
Proceeds from long-term debt	79,244	210,661
Repayment of long-term debt	(198,698)	(226,580)
Proceeds from (repayment of) line of credit	<u>100,000</u>	<u>(110,000)</u>
	<u>(19,454)</u>	<u>(125,919)</u>
Increase (decrease) in cash for the year	24,726	(404,423)
Cash, beginning of year	<u>141,170</u>	<u>545,593</u>
Cash, end of year (Note 3)	<u>\$ 165,896</u>	<u>\$ 141,170</u>

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

Iskut Band Council Notes to Consolidated Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies

Nature of Business	Iskut Band Council provides services and support to its band members. Iskut Band Council is an Indian Band and, as such, is exempt from income tax under section 87 of the Indian Act.
Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
Reporting Entity	The Iskut Band Council reporting entity includes the Iskut Band Council government and all related entities that are controlled by the First Nation.
Principles of Consolidation	All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises and partnerships which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation. Under the modified equity method of accounting, only Iskut Band Council's investment in the government business enterprise and partnerships and the First Nation's portion of the enterprise's and partnership's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Iskut Band Council and inter-organizational balances and transactions are not eliminated.
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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, and prepaid expenses.
Cash	Cash includes cash on hand and balances with banks.
Short-term Investments	Short-term investments include guaranteed investment certificates maturing at various times during the next fiscal year. These investments are recorded at cost.

Iskut Band Council
Notes to Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies (continued)

Long-term Investments	Long-term investments in entities which are not wholly owned or controlled by the First Nation are recorded at cost. The First Nation's investment in Iskut Band Development Corporation, a government business enterprise, is recorded on a modified equity basis. The modified equity method of reporting includes the investment, equity, and net income of the government business enterprise. The First Nation's investment in Tahltan Nation Development Corporation, an entity which is not controlled, is recorded at cost.												
Limited Partnership	Tahltan Nation Development Limited Partnership, a commercial business partnership of which Iskut Band Council is the limited partner and is not dependent on the Board for their continuing operations, is included in the consolidated financial statements using the modified equity method.												
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.												
Tangible Capital Assets	Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:												
	<table><tbody><tr><td>Automotive equipment</td><td>20%</td></tr><tr><td>Buildings and improvements</td><td>4%</td></tr><tr><td>Band owned housing</td><td>2.5%</td></tr><tr><td>Community equipment</td><td>20%</td></tr><tr><td>Infrastructure</td><td>2%</td></tr><tr><td>Office equipment</td><td>20%</td></tr></tbody></table>	Automotive equipment	20%	Buildings and improvements	4%	Band owned housing	2.5%	Community equipment	20%	Infrastructure	2%	Office equipment	20%
Automotive equipment	20%												
Buildings and improvements	4%												
Band owned housing	2.5%												
Community equipment	20%												
Infrastructure	2%												
Office equipment	20%												
	No amortization is recorded in the year of asset acquisition.												
Net Debt	The Band's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Band is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.												

Iskut Band Council
Notes to Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition	Revenue in the Operating Fund is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under the funding agreements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position. Revenue in the Enterprise Fund is recognized when ownership of products are transferred to a third party or services are provided, and collection is reasonably assured. Revenue from rental and other income is recognized when services are provided, and collection is reasonably assured. When payments are received in advance of contracted services, the Band records this as deferred revenue. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
Trust Assets	The Band is a 33.3% beneficiary of the Tahltan Heritage Trust. The trust assets arise from monies received from various resource developers planning to undertake commercial activities using natural resources in the Tahltan traditional territory.

Iskut Band Council
Notes to Financial Statements

March 31, 2015

2. Prior Period Adjustment

In the prior year, Iskut Band Council received revenue relating to Fisheries operations that was not recorded. The income relates to Enhancement Feasibility Study contracts with the Department of Fisheries. The total adjustment required was an increase in the 2014 annual surplus, accounts receivable and revenue of \$58,336.

In the prior year, Iskut Band Council held an investment in Tahltan Nation Development Limited Partnership. The total adjustment required was an increase in the 2014 annual surplus and long term investments on the statement of financial position of \$4,127,273 and revenue of \$1,170,852.

In the prior year, Iskut Band Council was a beneficiary of the Tahltan Heritage Trust. The total adjustment required was an increase in the 2014 annual surplus trust assets on the statement of financial position of \$1,574,783 and revenue of \$24,042.

3. Cash and Short-term Investments

	2015	2014
Consists of:		
Cash	\$ 165,896	\$ 141,170
Term deposits	<u>612,029</u>	<u>257,269</u>
	<u>\$ 777,925</u>	<u>\$ 398,439</u>
Externally Restricted		
Ottawa Trust funds (Note 5)	\$ 171,465	\$ 165,664
Replacement reserves	735,589	523,359
Unrestricted (underfunded)	<u>(129,129)</u>	<u>(290,584)</u>
	<u>\$ 777,925</u>	<u>\$ 398,439</u>

The Ottawa Trust account arises 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 Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Iskut Band Council Notes to Financial Statements

March 31, 2015

3. Cash and Short-term Investments (continued)

Term deposits consist of 1 year cashable GIC's at rates varying from 0.80%-1.05% per annum, maturing June 2015.

Replacement Reserves

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the Replacement Reserve account is to be credited annually in an amount as specified by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal.

4. Accounts Receivable

	2015	2014
(Restated)		
Trade	\$ 157,155	\$ 171,414
Aboriginal Affairs and Northern Development Canada	55,000	60,937
Canada Mortgage and Housing Corporation	44,933	9,779
Band member rent	705,697	655,611
First Nations Education Steering Committee	7,920	27,029
Fisheries & Oceans Canada	66,387	82,061
GST	25,363	33,799
First Nation Health Authority	57,124	79,124
Province of British Columbia	27,296	-
Miscellaneous	<u>114,999</u>	<u>88,276</u>
Less: Allowance for doubtful accounts	1,261,874	1,208,030
Less: Housing allowance for doubtful accounts	<u>(46,506)</u>	<u>(46,506)</u>
Net accounts receivable	<u>\$ 548,954</u>	<u>\$ 588,603</u>

**Iskut Band Council
Notes to Financial Statements**

March 31, 2015

5. Trust Funds Held by Federal Government

	March 31, 2014	Additions	Withdrawals	March 31, 2015
Revenue	\$ 165,648	\$ 5,801	\$ -	\$ 171,449
Capital	16	-	-	16
	\$ 165,664	\$ 5,801	\$ -	\$ 171,465

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

6. Trust Assets

	March 31, 2014	Additions	Withdrawals	March 31, 2015
Tahltan Heritage Trust	\$ 1,574,783	\$ 268,419	\$ -	\$ 1,843,202

The Heritage Trust assets arise from monies held in the Tahltan Heritage trust which have been received from resource developers planning to undertake commercial activities, primarily using natural resources in the Tahltan Nations traditional territory. The management of these funds are primarily governed by the Tahltan Nation Leadership. Iskut Band Council holds a 33.3% interest in the trust.

Iskut Band Council Notes to Financial Statements

March 31, 2015

7. Long-term Investments

Tahltan Nation Development Corporation

Tahltan Nation Development Corporation is a business corporation owned by the people of the Tahltan Nation through Tahltan Indian Band, Iskut Band Council and the Tahltan Central Council. Their mandate is to maintain a profitable organization that generates wealth, economic, employment and training opportunities for all members of the Tahltan Nation while adhering to Tahltan values.

Iskut Band Development Corporation

Iskut Band Development Corporation is a wholly owned corporation which includes four operating divisions. It includes The Kluachon Centre Store (operating a retail store selling groceries, gas, and general merchandise) which is the only active division. The inactive divisions are: Eagle River Guide Outfitters, Kluachon Guide Outfitters, and Zetu Construction.

Tahltan Nation Development Limited Partnership

Tahltan Nation Development Limited Partnership has entered into a number of joint venture agreements which has resulted in a wide range of support and construction services being provided to industry and government.

	<u>2015</u>	<u>2014</u>
Tahltan Nation Development Corp. (33.3% owned)	\$ 251	\$ 251
Tahltan Nation Development Limited Partnership (33.3%)	5,029,875	4,127,273
Iskut Band Development Corp.		
Investment, at cost	100	100
Equity in investment	<u>481,448</u>	<u>698,358</u>
	<u>\$ 5,511,674</u>	<u>\$ 4,825,982</u>

Iskut Band Council
Notes to Financial Statements

March 31, 2015

7. Long-term Investments (continued)

			(Restated)
		2015	2014
	Tahltan Nation Development Limited Partnership as at Mar. 31 2015	Iskut Band Development Corporation as at Mar. 31 2015	
		Total	Total
Assets			
Current	\$ 12,947,102	\$ 235,465	\$ 13,182,567
Non-current	5,723,765	321,878	6,045,643
	\$ 18,670,867	\$ 557,343	\$ 19,228,210
		\$ 18,560,212	
Liabilities			
Current	\$ 1,859,810	\$ 17,300	\$ 1,877,110
Non-current	1,721,432	-	1,721,432
	3,581,242	17,300	3,598,542
Surplus	15,089,625	540,043	15,629,668
	\$ 18,670,867	\$ 557,343	\$ 19,228,210
		\$ 18,560,212	
Revenue	\$ 17,781,841	\$ 2,101,823	\$ 19,883,664
Expenditures	(15,074,861)	(2,054,057)	(17,128,918)
Total Income	\$ 2,706,980	\$ 47,766	\$ 2,754,746
Allocation	\$ 902,326	\$ 47,766	\$ 950,092
		\$ 1,357,484	

The following transactions occurred during the year between the government business enterprise and the First Nation. These transactions are measured at the amount of consideration established and agreed to by the related parties.

- Iskut Band Council purchased \$95,584 (2014 - \$104,801) of fuel and goods from the Kluachon Centre Store.

**Iskut Band Council
Notes to Financial Statements**

March 31, 2015

8. Tangible Capital Assets

	2015								
	Automotive Equipment	Band-Owned Housing	Buildings	Community Equipment	Equipment	Infrastructure	Construction in Progress	Social Housing	Total
Cost, beginning of year	\$ 1,164,741	\$ 4,857,962	\$ 7,775,503	\$ 468,073	\$ 336,620	\$ 4,874,109	\$ -	\$ 5,791,929	\$ 25,268,937
Additions	128,850	-	46,655	59,239	136,492	-	-	-	371,236
Disposals	(82,089)	-	-	-	(27,464)	-	-	-	(109,553)
Transfers	-	293,052	-	-	-	-	-	(293,052)	-
Cost, end of year	<u>1,211,502</u>	<u>5,151,014</u>	<u>7,822,158</u>	<u>527,312</u>	<u>445,648</u>	<u>4,874,109</u>	<u>-</u>	<u>5,498,877</u>	<u>25,530,620</u>
Accumulated amortization, beginning of year	753,317	2,704,992	1,747,102	362,187	244,905	1,349,443	-	1,111,720	8,273,666
Amortization	118,485	117,765	288,145	26,270	39,363	97,484	-	141,219	828,731
Disposals	(65,672)	-	-	-	(27,463)	-	-	-	(93,135)
Accumulated amortization, end of year	<u>806,130</u>	<u>2,988,891</u>	<u>2,035,247</u>	<u>388,457</u>	<u>256,805</u>	<u>1,446,927</u>	<u>-</u>	<u>1,086,805</u>	<u>9,009,262</u>
Net carrying amount, end of year	<u>\$ 405,372</u>	<u>\$ 2,162,123</u>	<u>\$ 5,786,911</u>	<u>\$ 138,855</u>	<u>\$ 188,843</u>	<u>\$ 3,427,182</u>	<u>\$ -</u>	<u>\$ 4,412,072</u>	<u>\$ 16,521,358</u>

Iskut Band Council
Notes to Financial Statements

March 31, 2015

8. Tangible Capital Assets (continued)

	2014								
	Automotive Equipment	Band-Owned Housing	Buildings	Community Equipment	Equipment	Infrastructure	Construction in Progress	Social Housing	Total
Cost, beginning of year	\$1,050,422	\$4,842,131	\$4,482,869	\$ 439,342	\$ 325,991	\$ 4,874,109	\$ 1,537,258	\$ 5,791,929	\$23,344,051
Additions	224,133	15,831	1,755,375	28,731	10,630				2,034,700
Disposals	(109,813)	-	-	-	-	-	-	-	(109,813)
Transfers from CIP	-	-	1,537,258	-	-	-	(1,537,258)	-	-
Cost, end of year	<u>1,164,742</u>	<u>4,857,962</u>	<u>7,775,502</u>	<u>468,073</u>	<u>336,621</u>	<u>4,874,109</u>	<u>-</u>	<u>5,791,929</u>	<u>25,268,938</u>
Accumulated amortization, beginning of year	707,164	2,587,227	1,590,284	341,663	195,375	1,251,959	-	966,561	7,640,233
Amortization	90,077	117,765	156,818	20,524	49,530	97,484	-	145,159	677,357
Disposals	(43,922)	-	-	-	-	-	-	-	(43,922)
Accumulated amortization, end of year	<u>753,319</u>	<u>2,704,992</u>	<u>1,747,102</u>	<u>362,187</u>	<u>244,905</u>	<u>1,349,443</u>	<u>-</u>	<u>1,111,720</u>	<u>8,273,668</u>
Net carrying amount, end of year	<u>\$ 411,423</u>	<u>\$ 2,152,970</u>	<u>\$ 6,028,400</u>	<u>\$ 105,886</u>	<u>\$ 91,716</u>	<u>\$ 3,524,666</u>	<u>-</u>	<u>\$ 4,680,209</u>	<u>\$ 16,995,270</u>

Iskut Band Council
Notes to Financial Statements

March 31, 2015

9. Accounts Payable and Accrued Liabilities

	2015	2014
Trade payables	\$ 129,027	\$ 114,974
Accrued liabilities	150,809	102,529
AANDC Funding Surplus - Direct Assistance	-	34,884
Accrued salaries and employee benefits payable	<u>43,168</u>	<u>59,480</u>
	<u><u>\$ 323,004</u></u>	<u><u>\$ 311,867</u></u>

10. Deferred Revenue

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

	2015	2014
Education Program - AANDC Post Secondary	<u>8,788</u>	<u>1,092</u>

11. Demand Loan

The bank overdraft and line of credit are due on demand. The bank overdraft bears interest at the bank's prime rate plus 1.5% per annum, calculated and payable monthly. The line of credit bears interest at the bank's prime rate plus 1.75% per annum, calculated and payable monthly with a maximum limit of \$200,000. The loans are secured by the assets of the Band and authorized through Band Council Resolution. As at March 31, 2015, the line of credit was not in use.

12. Pension Plan

The Band and certain of its employees contribute to the Iskut Band Pension Plan (the "Plan"). The Plan is a defined contribution plan. Pacific Employee Benefits administers the Plan through Sun Life Financial Group Retirement Services, including the payment of pension benefits on behalf of the employer and employees in accordance with the federal legislation.

Based on the most recent plan statement as of March 31, 2015, the Plan had total net assets of \$2,249,876.

During the year, the Band paid \$96,276 (2014 - \$93,967) to the Plan on behalf of its employees.

Iskut Band Council
Notes to Financial Statements

March 31, 2015

13. Long-term Debt

	<u>2015</u>	<u>2014</u>
Capital Fund		
GMAC - various loans, with monthly payments totaling \$4,909, including interest at varying interest rates between 2.99 - 6.49% per annum, secured by specific equipment	<u>\$ 159,758</u>	<u>\$ 130,974</u>
Social Housing Fund		
C.M.H.C. mortgage payable with payments of \$1,032 per month including interest at 1.30% per annum, maturing January 2015, repaid in the year.	10,285	
C.M.H.C mortgage payable with payments of \$2,681 per month including interest at 1.62% per annum, maturing January 2018, renewable January 2018.	89,049	119,517
C.M.H.C. mortgage payable with payments of \$6,685 per month including interest at 1.67% per annum, maturing September 2032, renewable October 2017.	1,217,229	1,276,659
C.M.H.C. mortgage payable with payments of \$6,412 per month including interest at 2.17% per annum, maturing November 2035, renewable December 2015.	<u>1,274,526</u>	<u>1,323,357</u>
	<u>2,580,804</u>	<u>2,729,818</u>
	<u>2,740,562</u>	<u>2,860,792</u>
Less: current portion	<u>(237,772)</u>	<u>(227,668)</u>
	<u>\$ 2,502,790</u>	<u>\$ 2,633,124</u>

All Social Housing mortgages are secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada. Principal repayments on long-term debt for the next five years and thereafter are as follows, assuming mortgages are renewed on similar terms:

2016	\$ 237,772
2017	215,092
2018	208,138
2019	161,968
2020	152,311
Thereafter	<u>1,765,281</u>
	<u>\$ 2,740,562</u>

Iskut Band Council
Notes to Financial Statements

March 31, 2015

14. Accumulated Surplus

Accumulated surplus is comprised of the following:

	Balance Mar 31, 2014	Surplus	Transfers to (from)	Balance Mar 31, 2015
General	\$ (2,133,726)	\$ 915,101	\$ (218,031)	\$ (1,436,656)
Non-financial assets	17,020,825	-	-	17,020,825
Prior period adjustment	5,658,758	-	-	5,658,758
	20,545,857	915,101	(218,031)	21,242,927
 Reserves				
Replacement reserve - housing	330,524	-	59,298	389,822
Health replacement reserve	112,841	-	(21,449)	91,392
Equity in Ottawa Trust Funds	165,663	-	5,802	171,465
Education replacement reserve	79,994	-	24,380	104,374
Administration reserve	-	-	150,000	150,000
	689,022	-	218,031	907,053
Total Accumulated Surplus	\$21,234,879	\$ 915,101	\$ -	\$ 22,149,980

Replacement reserves were underfunded \$251,965 at March 31, 2015 (2014 - overfunded \$125,889).

15. Tahltan Central Council Social/Cultural Working Group Trust Fund

The Band entered into an arrangement with the Tahltan Central Council (TCC) to administer fund dollars on behalf of TCC. The funds were received by TCC as part of the Northwest Transmission Line Impact Benefit Agreement (NTL-IBA) and are administered by Iskut Band Council. Iskut Band Council holds \$228,240, (2014- \$351,105) in unspent funds related to the agreement which are not included in the financial statements.

16. Economic Dependence

Iskut Band Council receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada and First Nations Health Authority. The nature and extent of this revenue is of such significance that the Band is economically dependent on this source of revenue.

Iskut Band Council
Notes to Financial Statements

March 31, 2015

17. Comparative Figures

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

18. Federal Assistance Payments

The Social Housing Fund receives federal assistance through CMHC, pursuant to Section 56.1 of the National Housing Act, to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2015 was \$151,630 (2014 - \$117,345).

Iskut Band Council
Notes to Financial Statements

March 31, 2015

19. Statement of Expenditures by Object

	<u>2015</u>	<u>2014</u>
(Restated)		
Expenditures		
Amortization	\$ 828,731	\$ 677,357
Bad debts	60,435	24,817
Bank charges	17,778	22,622
Contract services	443,985	153,372
Cultural services	65,540	30,456
Debt repayment	-	4,331
Direct social assistance	268,412	239,292
Equipment purchases	16,439	3,950
Equipment rental	49,762	49,106
Guidance and counselling	36,189	43,053
Honoraria	35,613	19,275
Insurance	45,117	57,650
Interest on long term debt	53,725	55,065
Materials and supplies	164,042	179,362
Office and miscellaneous	24,537	18,852
Patient transport	469,426	442,626
Professional fees	667,531	438,655
Program resources	246,946	180,404
Repairs and maintenance	233,110	137,182
Salaries and benefits	3,366,186	3,304,950
Student allowance and transportation	249,317	178,976
Technology	50,846	52,041
Telephone	84,467	76,544
Travel and accommodation	490,713	333,884
Tuition fees	70,574	67,762
Utilities	142,013	126,487
Vehicles O&M	83,517	77,715
Workshops and training	83,221	41,154
 Total expenditures for the year	 \$ 8,348,172	 \$ 7,036,940

Iskut Band Council Notes to Financial Statements

March 31, 2015

20. Segmented Information

Iskut Band Council is a First Nation organization that provides a wide range of services to its members including social, education, health, housing, public works and economic activities. For management reporting purposes, the Band's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives with special regulations, restrictions or limitations. Services are provided by programs and their activities are reported in these funds. Certain programs have been separately disclosed in the segmented information, along with the services they provide, are detailed in the Schedule of Segmented Financial Activities.

Social Services

The Social Services program provides financial benefits and services to individuals and families, resident on reserve, who are in need.

Education

The Education program provides services to eligible First Nation students enrolled in elementary/secondary education programs and eligible post-secondary education programs.

Fisheries

The Fisheries program is a co-management initiative with the Department of Fisheries and Oceans that includes monitoring and enhancement projects.

Community Health

Iskut Valley Health Services provides health programs and services under an agreement with First Nations Health Authority.

Housing

The Housing program provides on-reserve housing to eligible members under the CMHC housing programs for First Nation.

Public Works

The Public Works program is responsible for the construction and maintenance of public spaces within the community.

Enterprise Fund

The Enterprise Fund is responsible for all locally initiated business activities, usually derived from non-government financial support.

Iskut Band Council
Notes to Financial Statements
Schedule of Segmented Financial Activities

March 31, 2015

19. Segmented Information (continued)

	2015								
	Administration	Social Services	Education	Fisheries	Community Health	Housing	Public Works	Enterprise Fund	Total
Revenue									
A.A.N.D.C.	\$ 608,300	\$ 446,488	\$ 1,671,763	\$ -	\$ -	\$ 50,000	\$ 208,584	\$ -	\$ 2,985,135
C.M.H.C.	-	-	-	315,884	-	151,630	-	-	151,630
Fisheries & Oceans Canada	-	-	111,432	-	-	-	-	-	315,884
F.N.E.S.C.	-	-	-	-	-	-	-	-	111,432
Health & Welfare Canada	-	-	-	-	2,108,278	-	-	-	2,108,278
Housing Charges	-	-	10,125	-	-	238,405	-	-	248,530
Investment income	17,099	-	-	-	-	-	-	341,263	358,362
Province of B.C.	-	182,340	-	-	-	-	-	35,893	218,233
Other	420,077	162,901	12,258	231,996	71,896	895	55,358	860,318	1,815,699
	1,045,476	791,729	1,805,578	547,880	2,180,174	440,930	263,942	1,237,474	8,313,183
Expenditures									
Amortization	-	687,512	-	-	-	141,219	-	-	828,731
Direct Assistance	-	268,412	-	-	-	-	-	-	268,412
Interest	-	-	-	-	-	50,549	-	-	50,549
Materials, supplies and utilities	40,705	40,768	81,746	31,788	103,040	1,034	55,542	36,977	391,600
Operations and maintenance	363,865	140,116	330,564	147,951	240,440	220,372	204,336	585,592	2,233,236
Salaries, wages and benefits	752,020	178,484	816,508	318,672	964,565	46,936	147,774	141,227	3,366,186
Student costs	-	-	249,317	-	-	-	-	-	249,317
Transportation costs	93,113	54,486	30,607	27,774	619,189	15,233	4,168	115,571	960,141
	1,249,703	1,369,778	1,508,742	526,185	1,927,234	475,343	411,820	879,367	8,348,172
Excess of revenue (expenditure) for the year	\$ (204,227)	\$ (578,049)	\$ 296,836	\$ 21,695	\$ 252,940	\$ (34,413)	\$ (147,878)	\$ 358,107	\$ (34,989)

Iskut Band Council
Notes to Financial Statements
Schedule of Segmented Financial Activities

March 31, 2015

19. Segmented Information (continued)

	2014								
	Administration	Social Services	Education	Fisheries	Community Health	Housing	Public Works	Enterprise Fund	(Restated)
									Total
Revenue									
A.A.N.D.C.	\$ 473,940	\$ 404,351	\$ 1,540,453	\$ -	\$ -	\$ 117,345	\$ 525,427	\$ -	\$ 2,944,171
C.M.H.C.	-	-	-	305,085	-	-	-	-	117,345
Fisheries & Oceans Canada	-	-	-	-	-	-	-	-	305,085
F.N.E.S.C.	-	-	115,740	-	-	-	-	-	115,740
Health & Welfare Canada	-	-	-	-	1,928,860	-	-	-	1,928,860
Housing Charges	-	-	13,700	-	-	241,290	-	-	254,990
Investment income	(25,102)	-	-	-	-	-	-	221,551	196,449
Tahltan Nation	24,042	-	-	-	-	-	-	-	24,042
Development Trust	-	182,340	-	-	-	-	-	-	182,340
Province of B.C.	-	141,462	7,038	281,726	267,727	-	2,429	306,143	1,321,104
	787,459	728,153	1,676,931	586,811	2,196,587	358,635	527,856	527,694	7,390,126
Expenditures									
Amortization	21,435	14,049	47,762	7,763	150,564	253,201	182,584	-	677,358
Direct Assistance	-	239,291	-	-	-	-	-	-	239,291
Interest	-	-	-	-	-	55,066	-	-	55,066
Materials, supplies and utilities	28,625	40,538	90,121	52,022	92,108	1,015	50,957	10,968	366,354
Operations and maintenance	264,658	117,138	268,458	152,105	254,209	119,276	109,129	142,289	1,427,262
Salaries, wages and benefits	728,883	222,242	774,331	294,870	1,070,236	59,046	113,661	41,682	3,304,951
Student costs	-	-	178,976	-	-	-	-	-	178,976
Transportation costs	61,191	37,568	31,675	28,141	615,846	97	5,072	8,092	787,682
	1,104,792	670,826	1,391,323	534,901	2,182,963	487,701	461,403	203,031	7,036,940
Excess of revenue (expenditure) for the year									
	\$ (317,333)	\$ 57,327	\$ 285,608	\$ 51,910	\$ 13,624	\$ (129,066)	\$ 66,453	\$ 324,663	\$ 353,186