

Iskut Band Council
Year end reporting package
For the year ended March 31, 2016

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Iskut Band Council

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Iskut Band Council
Financial Statements
For the year ended March 31, 2016

Iskut Band Council
Financial Statements
For the year ended March 31, 2016

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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.

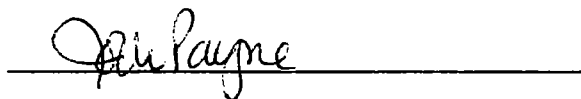
The Chief and Council of Iskut Band Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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:

A handwritten signature in cursive script, appearing to read "Mr. Quock", is written over a horizontal line.

Chief Councilor

A handwritten signature in cursive script, appearing to read "Bill Payne", is written over a horizontal line.

Band Councilor



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BDO Canada LLP
100 Front Street, Unit 102
Penticton BC V2A 1H1 Canada

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, 2016, 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

As disclosed in Note 1, the Band accounts for its investment in Iskut Band Development Corporation using the modified equity method. The Band has not received updated information with respect to this investment for either 2016 or 2015. Accordingly no income from the investment has been included in these financial statements for the years ended March 31, 2016 or 2015. This constitutes a departure from Canadian public sector accounting standards. Because the Band does not have current financial information we were unable to determine the impact of this departure on the revenue and the surplus of revenue over expense for the years ended March 31, 2016 and 2015, the investment in Iskut Band Development Corporation as at March 31, 2016 and 2015, and accumulated surplus as at April 1 and March 31 for both the 2016 and 2015 years. Our audit report for the year ended March 31, 2015 was modified accordingly because of this matter.

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. 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 as at March 31, 2016 and 2015, revenue and surplus of revenue over expenses for the years ended March 31, 2016 and 2015, and accumulated surplus as at April 1 and March 31 for both the 2016 and 2015 years. Our audit opinion for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

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 beneficiary of the trust, the Band is required to record its share of income when allocated. 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 as at March 31, 2016 and 2015, revenue and current year surplus of revenue over expenses for the years ended March 31, 2016 and 2015, and accumulated surplus as at April 1 and March 31 for both the 2016 and 2015 years. Our audit opinion for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matters 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, 2016 in accordance with Canadian public sector accounting standards.

BDO CANADA LLP


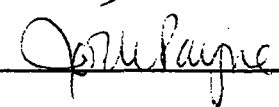
Chartered Professional Accountants

Penticton, British Columbia
July 19, 2016

Iskut Band Council
Consolidated Statement of Financial Position

March 31	2016	2015
Financial assets		
Cash (Note 2)	\$ 305,617	\$ 165,896
Short-term investments (Note 2)	648,898	612,029
Accounts receivable (Note 3)	232,043	548,954
Long-term investments (Note 6)	5,509,337	5,511,674
Trust assets (Note 5)	2,061,072	1,843,202
	<u>8,756,967</u>	<u>8,681,755</u>
Liabilities		
Demand loan (Note 9)	-	100,000
Accounts payable and accrued liabilities (Note 8)	510,218	323,004
Deferred revenue	-	8,788
Long-term debt (Note 11)	2,955,898	2,740,562
	<u>3,466,116</u>	<u>3,172,354</u>
Net financial assets	<u>5,290,851</u>	<u>5,509,401</u>
Non-financial assets		
Prepaid expenses	22,480	119,221
Tangible capital assets (Note 7)	16,425,855	16,521,358
	<u>16,448,335</u>	<u>16,640,579</u>
Accumulated surplus (Note 12)	<u>\$ 21,739,186</u>	<u>\$ 22,149,980</u>

Approved on behalf of Chief & Council

Iskut Band Council
Consolidated Statement of Operations

March 31, 2016	2016	2015
Revenue		
Federal Government:		
Aboriginal Affairs and Northern Development Canada	\$ 2,753,633	\$ 2,985,135
Canada Mortgage and Housing Corporation	137,106	151,630
Fisheries and Oceans Canada	535,561	315,884
Health and Welfare Canada/First Nations Health	2,293,960	2,108,278
Provincial Government:		
First Nations Education Steering Committee	101,892	111,432
Province of British Columbia	350,644	218,233
Other		
Equipment rental	6,411	31,680
Fisheries contracts	138,885	231,996
Housing charges	247,170	248,530
Interest and investment income	409,875	358,362
Local operations	347,844	38,164
Miscellaneous health contracts	179,977	231,099
Contracts, rent, contributions and miscellaneous	502,792	1,282,760
	<u>8,005,750</u>	<u>8,313,183</u>
Expenditures (Note 16)		
Administration	1,257,933	1,249,703
Community health	2,322,720	1,927,234
Education	1,588,110	1,508,742
Enterprise Fund	333,565	879,367
Fisheries	592,332	526,185
Housing	657,018	475,343
Public works	241,985	411,820
Social services	1,436,412	1,369,778
	<u>8,430,075</u>	<u>8,348,172</u>
Annual surplus (deficit) before income from government business enterprise and partnership	(424,325)	(34,989)
Income from investment in government business enterprise and partnership (Note 6)	13,531	950,092
Annual surplus	(410,794)	915,103
Accumulated surplus at beginning of year	22,149,980	21,234,877
Accumulated surplus at end of year	\$ 21,739,186	\$ 22,149,980

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, 2016</u>	<u>2016</u>	<u>2015</u>
Annual surplus	\$ (410,794)	\$ 915,103
Tangible capital assets:		
Acquisition of tangible capital assets	(792,024)	(371,236)
Amortization of tangible capital assets	887,528	828,731
Proceeds on sale of tangible capital assets	-	33,380
Loss on disposal of tangible capital assets	-	(16,961)
	(315,290)	1,389,017
Net acquisition of prepaid expenses	96,740	(93,672)
Decrease in net debt	(218,550)	1,295,345
Net financial assets (debt), beginning of year	5,509,401	4,214,056
Net financial assets, end of year	\$ 5,290,851	\$ 5,509,401

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

March 31, 2016	2016	2015
Operating activities		
Annual surplus	\$ (410,794)	\$ 915,103
Items not affecting cash:		
Amortization	887,528	828,731
Loss (gain) on disposal of tangible capital assets	-	(16,963)
Income from investments and trusts	(231,401)	(1,171,021)
Changes in operating balances:		
Decrease in accounts receivable	316,912	39,649
Decrease (increase) in prepaid expenses	96,740	(93,668)
Increase (decrease) in accounts payable and accrued liabilities	187,214	11,137
Increase (decrease) in deferred revenue	(8,788)	7,696
	<u>837,411</u>	<u>520,664</u>
Capital activities		
Purchase of tangible capital assets	(792,024)	(371,236)
Proceeds from disposal of tangible capital assets	-	33,380
	<u>(792,024)</u>	<u>(337,856)</u>
Investing activities		
Net decrease (increase) in short-term investments	(36,870)	(354,760)
Loan to Iskut Band Development Corporation	15,868	216,132
	<u>(21,002)</u>	<u>(138,628)</u>
Financing activities		
Proceeds from long-term debt	455,000	79,244
Repayment of long-term debt	(239,664)	(198,698)
Proceeds from (repayment of) line of credit	(100,000)	100,000
	<u>115,336</u>	<u>(19,454)</u>
Increase (decrease) in cash for the year	139,721	24,726
Cash, beginning of year	165,896	141,170
Cash, end of year (Note 2)	\$ 305,617	\$ 165,896

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, 2016

1. Summary of Significant Accounting Policies

Nature of Business	<p>Iskut Band Council provides services and support to its band members.</p> <p>Iskut Band Council is an Indian Band and, as such, is exempt from income tax under section 87 of the Indian Act.</p>
Basis of Accounting	<p>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.</p>
Reporting Entity	<p>The Iskut Band Council reporting entity includes the Iskut Band Council government and all related entities that are controlled by the First Nation.</p>
Principles of Consolidation	<p>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.</p> <p>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.</p>
Asset Classification	<p>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.</p>
Cash	<p>Cash includes cash on hand and balances with banks.</p>
Short-term Investments	<p>Short-term investments include guaranteed investment certificates maturing at various times during the next fiscal year. These investments are recorded at cost.</p>

Iskut Band Council
Notes to Financial Statements

March 31, 2016

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:

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, 2016

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.

Fiscal Plan

Canadian public sector accounting standards requires that the Band's budget be presented in the financial statements. As the Band currently does not prepare a budget, no budgeted figures have been presented as otherwise required.

Iskut Band Council
Notes to Financial Statements

March 31, 2016

2. Cash and Short-term Investments

	<u>2016</u>	<u>2015</u>
Consists of:		
Cash	\$ 305,617	\$ 165,896
Term deposits	<u>648,898</u>	<u>612,029</u>
	<u>\$ 954,515</u>	<u>\$ 777,925</u>
Externally Restricted		
Ottawa Trust funds (Note 5)	\$ 176,770	\$ 171,466
Replacement reserves	<u>744,487</u>	<u>735,589</u>
Unrestricted (underfunded)	<u>33,258</u>	<u>(129,130)</u>
	<u>\$ 954,515</u>	<u>\$ 777,925</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, 2016

2. Cash and Short-term Investments (continued)

Term deposits consist of 1 year cashable GIC's at rates varying from 0.65% to 0.70% per annum, maturing September 2016.

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.

3. Accounts Receivable

	2016	2015
Trade	\$ 70,827	\$ 157,155
Aboriginal Affairs and Northern Development Canada	-	55,000
Canada Mortgage and Housing Corporation	10,504	44,933
Band member rent	785,656	705,697
First Nations Education Steering Committee	6,228	7,920
Fisheries & Oceans Canada	98,566	66,387
GST	39,124	25,363
First Nation Health Authority	-	57,124
Province of British Columbia	840	27,296
Miscellaneous	26,766	114,999
	1,038,511	1,261,874
Less: Allowance for doubtful accounts	(46,506)	(46,506)
Less: Housing allowance for doubtful accounts	(759,962)	(666,414)
Net accounts receivable	\$ 232,043	\$ 548,954

Iskut Band Council Notes to Financial Statements

March 31, 2016

4. Trust Funds Held by Federal Government

	March 31, 2015	Additions	Withdrawals	March 31, 2016
Revenue	\$ 171,449	\$ 5,305	\$ -	\$ 176,754
Capital	16	-	-	16
	<u>\$ 171,465</u>	<u>\$ 5,305</u>	<u>\$ -</u>	<u>\$ 176,770</u>

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.

5. Trust Assets

	March 31, 2015	Additions	Withdrawals	March 31, 2016
Tahltan Heritage Trust	\$ 1,843,202	\$ 217,870	\$ -	\$ 2,061,072

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, 2016

6. 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.

	2016	2015
Tahltan Nation Development Corp. (33.3% owned)	\$ 251	\$ 251
Tahltan Nation Development Limited Partnership (33.3%)	5,043,406	5,029,875
Iskut Band Development Corp.		
Investment, at cost	100	100
Equity in investment	465,580	481,448
	<u>\$ 5,509,337</u>	<u>\$ 5,511,674</u>

Iskut Band Council
Notes to Financial Statements

March 31, 2016

6. Long-term Investments (continued)

	2016		2015	
	Tahltan Nation Development Limited Partnership as at Mar. 31 2016	Iskut Band Development Corporation as at Mar. 31 2016	Total	Total
Assets				
Current	\$ 9,982,780	\$ 235,465	\$ 10,218,245	\$13,182,567
Non-current	9,545,617	321,878	9,867,495	6,045,643
	\$ 19,528,397	\$ 557,343	\$ 20,085,740	\$19,228,210
Liabilities				
Current	\$ 2,098,592	\$ 17,300	\$ 2,115,892	\$ 1,877,110
Non-current	2,299,587	-	2,299,587	1,721,432
	4,398,179	17,300	4,415,479	3,598,542
Surplus	15,130,218	540,043	15,670,261	15,629,668
	\$ 19,528,397	\$ 557,343	\$ 20,085,740	\$19,228,210
Revenue	\$ 18,828,313	\$ 2,101,823	\$ 20,930,136	\$19,883,664
Expenditures	(18,704,632)	(2,101,823)	(20,806,455)	(17,128,918)
Total Income	\$ 123,681	\$ -	\$ 123,681	\$ 2,754,746
Allocation	\$ 13,531	\$ -	\$ 13,531	\$ 950,092

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 \$106,909 (2015 - \$95,584) of fuel and goods from the Kluachon Centre Store.

Iskut Band Council
Notes to Financial Statements

March 31, 2016

7. Tangible Capital Assets

									2016
	Automotive Equipment	Band-Owned Housing	Buildings	Community Equipment	Equipment	Infrastructure	Construction in Progress	Social Housing	Total
Cost, beginning of year	\$ 1,211,502	\$ 5,151,014	\$ 7,822,158	\$ 527,312	\$ 445,649	\$ 4,874,109	\$ -	\$ 5,498,877	\$ 25,530,622
Additions	-	-	222,978	512,913	56,133	-	-	-	792,024
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Cost, end of year	1,211,502	5,151,014	8,045,136	1,040,225	501,782	4,874,109	-	5,498,877	26,322,646
Accumulated amortization, beginning of year	806,130	2,988,890	2,035,247	388,457	256,806	1,446,927	-	1,086,806	9,009,263
Amortization Disposals	144,255	124,902	289,233	38,118	54,876	97,484	-	138,660	887,528
Accumulated amortization, end of year	950,385	3,113,792	2,324,480	426,575	311,682	1,544,411	-	1,225,466	9,896,791
Net carrying amount, end of year	\$ 261,117	\$ 2,037,222	\$ 5,720,656	\$ 613,650	\$ 190,100	\$ 3,329,698	\$ -	\$ 4,273,411	\$ 16,425,855

Iskut Band Council
Notes to Financial Statements

March 31, 2016

7. Tangible Capital Assets (continued)

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 from CIP	-	293,052	-	-	-	-	-	(293,052)	-
Cost, end of year	1,211,502	5,151,014	7,822,158	527,312	445,648	4,874,109	-	5,498,877	25,530,620
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)
Transfers from CIP	-	166,133	-	-	-	-	-	(166,133)	-
Accumulated amortization, end of year	806,130	2,988,890	2,035,247	388,457	256,805	1,446,927	-	1,086,806	9,009,262
Net carrying amount, end of year	\$ 405,372	\$2,162,124	\$5,786,911	\$ 138,855	\$ 188,843	\$ 3,427,182	\$ -	\$4,412,071	\$16,521,358

Iskut Band Council
Notes to Financial Statements

March 31, 2016

8. Accounts Payable and Accrued Liabilities

	<u>2016</u>	<u>2015</u>
Trade payables	\$ 252,522	\$ 129,027
Accrued liabilities	203,618	150,809
Accrued salaries and employee benefits payable	<u>54,078</u>	<u>43,168</u>
	<u>\$ 510,218</u>	<u>\$ 323,004</u>

9. 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 1.6% 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, 2016, the line of credit was not in use.

10. 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, 2016, the Plan had total net assets of \$2,139,362.

During the year, the Band paid \$96,873 (2015 - \$96,276) to the Plan on behalf of its employees.

Iskut Band Council
Notes to Financial Statements

March 31, 2016

11. Long-term Debt

	<u>2016</u>	<u>2015</u>
Capital Fund		
GMAC - various loans, with monthly payments totaling \$9,437, including interest at varying interest rates between 4.50 - 6.49% per annum, secured by specific equipment	<u>\$ 517,319</u>	<u>\$ 159,758</u>
Social Housing Fund		
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.	58,089	89,049
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.	1,156,846	1,217,229
C.M.H.C. mortgage payable with payments of \$5,877 per month including interest at 1.30% per annum, maturing December 2035, renewable December 2020.	<u>1,223,644</u>	<u>1,274,526</u>
	<u>2,438,579</u>	<u>2,580,804</u>
	2,955,898	2,740,562
Less: current portion	<u>(223,681)</u>	<u>(237,772)</u>
	<u>\$ 2,732,217</u>	<u>\$ 2,502,790</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:

2017	\$ 223,681
2018	215,375
2019	171,439
2020	173,388
2021	170,595
Thereafter	<u>2,001,420</u>
	<u>\$ 2,955,898</u>

Iskut Band Council Notes to Financial Statements

March 31, 2016

12. Accumulated Surplus

Accumulated surplus is comprised of the following:

	Balance Mar 31, 2015	Surplus	Transfers to (from)	Balance Mar 31, 2016
General	\$ (1,336,656)	\$ (410,794)	\$ (67,064)	\$ (1,814,514)
Non-financial assets	22,579,582	-	-	22,579,582
	21,242,926	(410,794)	(67,064)	20,765,068
Reserves				
Replacement reserve - housing	389,822	-	61,759	451,581
Health replacement reserve	91,392	-	-	91,392
Equity in Ottawa Trust Funds	171,465	-	5,305	176,770
Education replacement reserve	104,374	-	-	104,374
Administration reserve	150,000	-	-	150,000
	907,053	-	67,064	974,117
Total Accumulated Surplus	\$22,149,979	\$ (410,794)	\$ -	\$ 21,739,185

Replacement reserves were underfunded \$272,659 at March 31, 2016 (2015 - underfunded \$251,965).

13. 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 \$421,453, (2015- \$228,240) in unspent funds related to the agreement which are not included in the financial statements.

14. 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, 2016

15. 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, 2016 was \$137,106 (2015 - \$151,630).

Iskut Band Council
Notes to Financial Statements

March 31, 2016

16. Statement of Expenditures by Object

	<u>2016</u>	<u>2015</u>
Expenditures		
Amortization	\$ 887,528	\$ 828,731
Bad debts	152,782	60,435
Bank charges	25,634	17,778
Contract services	219,620	443,985
Cultural services	9,866	65,540
Direct social assistance	261,929	268,412
Equipment purchases	-	16,439
Equipment rental	43,849	49,762
Guidance and counselling	43,957	36,189
Honoraria	43,150	35,613
Insurance	42,300	45,117
Interest on long term debt	61,078	53,725
Materials and supplies	180,148	164,042
Office and miscellaneous	36,001	24,537
Patient transport	657,386	469,426
Professional fees	580,755	667,531
Program resources	228,049	246,946
Repairs and maintenance	457,530	233,110
Salaries and benefits	3,281,600	3,366,186
Student allowance and transportation	201,658	249,317
Technology	86,891	50,846
Telephone	111,868	84,467
Travel and accommodation	413,975	490,713
Tuition fees	65,688	70,574
Utilities	188,077	142,013
Vehicles O&M	73,007	83,517
Workshops and training	75,749	83,221
Total expenditures for the year	\$ 8,430,075	\$ 8,348,172

Iskut Band Council

Notes to Financial Statements

March 31, 2016

17. 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, 2016

19. Segmented Information (continued)

	2016								
	Administration	Social Services	Education	Fisheries	Community Health	Housing	Public Works	Enterprise Fund	Total
Revenue									
A.A.N.D.C.	\$ 724,539	\$ 218,671	\$ 1,545,499	\$ -	\$ -	\$ -	\$ 264,924	\$ -	\$ 2,753,633
C.M.H.C.	-	-	-	-	-	137,106	-	-	137,106
Fisheries & Oceans Canada	-	-	-	535,561	-	-	-	-	535,561
F.N.E.S.C.	-	-	101,892	-	-	-	-	-	101,892
Health & Welfare Canada	-	-	-	-	2,293,960	-	-	-	2,293,960
Housing Charges	-	-	13,325	-	-	233,845	-	-	247,170
Investment income	7,526	-	-	-	-	-	-	415,880	423,406
Province of B.C.	-	183,804	148,330	-	13,377	-	-	5,133	350,644
Other	377,860	127,125	6,630	138,885	55,102	522	58,632	411,153	1,175,909
	1,109,925	529,600	1,815,676	674,446	2,362,439	371,473	323,556	832,166	8,019,281
Expenditures									
Amortization	748,868	-	-	-	-	138,660	-	-	887,528
Direct Assistance	-	261,929	-	-	-	-	-	-	261,929
Interest	-	-	-	-	-	44,532	-	-	44,532
Materials, supplies and utilities	41,745	44,317	96,731	41,408	116,824	4,458	39,765	111,538	496,786
Operations and maintenance	496,136	127,492	425,911	173,929	290,635	448,241	46,795	175,544	2,184,683
Salaries, wages and benefits	616,164	170,656	848,753	352,399	1,085,981	15,921	148,618	43,106	3,281,598
Student costs	-	-	201,658	-	-	-	-	-	201,658
Transportation costs	103,888	83,150	15,057	24,596	829,280	5,206	6,807	3,377	1,071,361
	2,006,801	687,544	1,588,110	592,332	2,322,720	657,018	241,985	333,565	8,430,075
Excess of revenue (expenditure) for the year	\$ (896,876)	\$ (157,944)	\$ 227,566	\$ 82,114	\$ 39,719	\$ (285,545)	\$ 81,571	\$ 498,601	\$ (410,794)

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

March 31, 2016

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.	-	-	-	-	-	151,630	-	-	151,630
Fisheries & Oceans Canada	-	-	-	315,884	-	-	-	-	315,884
F.N.E.S.C.	-	-	111,432	-	-	-	-	-	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
Tahltan Nation	-	-	-	-	-	-	-	-	-
Development Trust	-	-	-	-	-	-	-	-	-
Province of B.C.	-	182,340	-	-	-	-	-	35,893	218,233
Other	420,077	162,901	12,258	231,996	71,896	895	55,358	1,810,410	2,765,791
	1,045,476	791,729	1,805,578	547,880	2,180,174	440,930	263,942	2,187,566	9,263,275
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
	1,937,215	682,266	1,508,742	526,185	1,927,234	475,343	411,820	879,367	8,348,172
Excess of revenue (expenditure) for the year	\$ (891,739)	\$ 109,463	\$ 296,836	\$ 21,695	\$ 252,940	\$ (34,413)	\$ (147,878)	\$ 1,308,199	\$ 915,103