

Iskut Band Council
Year end reporting package
For the year ended March 31, 2017

Iskut Band Council

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For the year ended March 31, 2017

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Iskut Band Council
Financial Statements
For the year ended March 31, 2017

Iskut Band Council
Financial Statements
For the year ended March 31, 2017

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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:



Chief Councilor



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, 2017, 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 audit opinion.



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 2017 or 2016. Accordingly no income from the investment has been included in these financial statements for the years ended March 31, 2017 or 2016. 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, 2017 and 2016, the investment in Iskut Band Development Corporation as at March 31, 2017 and 2016, and accumulated surplus as at April 1 and March 31 for both the 2017 and 2016 years. Our audit report for the year ended March 31, 2016 was modified accordingly because of this matter.

It was determined that the Band has a 33.331% 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, 2017 and 2016, revenue and surplus of revenue over expenses for the years ended March 31, 2017 and 2016, and accumulated surplus as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion for the year ended March 31, 2017 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, 2017 and 2016, revenue and current year surplus of revenue over expenses for the years ended March 31, 2017 and 2016, and accumulated surplus as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion for the year ended March 31, 2016 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 paragraphs, 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, 2017 in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'BDO CANADA LLP'.

Chartered Professional Accountants

Penticton, British Columbia
July 24, 2017

Iskut Band Council
Consolidated Statement of Financial Position

March 31	2017	Restated 2016
Financial assets		
Cash (Note 3)	\$ 676,400	\$ 305,617
Short-term investments (Note 3)	650,865	648,898
Accounts receivable (Note 4)	756,341	232,043
Long-term investments (Note 7)	5,178,542	5,337,157
Trust assets (Note 6)	2,280,904	2,061,072
	<u>9,543,052</u>	<u>8,584,787</u>
Liabilities		
Demand loan (Note 10)	135,000	-
Accounts payable and accrued liabilities (Note 9)	418,337	510,218
Long-term debt (Note 12)	2,747,511	2,955,898
	<u>3,300,848</u>	<u>3,466,116</u>
Net financial assets	<u>6,242,204</u>	<u>5,118,671</u>
Non-financial assets		
Prepaid expenses	26,240	22,480
Tangible capital assets (Note 8)	15,714,917	16,425,855
	<u>15,741,157</u>	<u>16,448,335</u>
Accumulated surplus (Note 13)	<u>\$ 21,983,361</u>	<u>\$ 21,567,006</u>

Approved on behalf of Chief & Council

M. Quock
Jim Nole

Iskut Band Council

Consolidated Statement of Operations

March 31, 2017	2017	Restated 2016
Revenue		
Federal Government:		
Indigenous and Northern Affairs Canada	\$ 3,523,876	\$ 2,753,633
Canada Mortgage and Housing Corporation	302,234	137,106
Fisheries and Oceans Canada	535,092	535,561
Health and Welfare Canada/First Nations Health	2,360,677	2,293,960
Provincial Government:		
First Nations Education Steering Committee	226,854	101,892
Province of British Columbia	310,924	350,644
Other		
Equipment rental	26,240	6,411
Fisheries contracts	45,084	138,885
Housing charges	239,634	247,170
Interest and investment income	271,811	409,875
Local operations	378,681	347,844
Miscellaneous health contracts	320,879	179,977
Contracts, rent, contributions and miscellaneous	283,635	549,276
	<u>8,825,621</u>	<u>8,052,234</u>
Expenditures (Note 17)		
Administration	2,114,655	2,019,425
Community health	2,176,982	2,334,106
Education	1,589,257	1,605,324
Enterprise Fund	202,382	333,565
Fisheries	654,215	592,332
Housing	595,066	657,018
Public works	298,112	247,245
Social services	640,069	687,544
	<u>8,270,738</u>	<u>8,476,559</u>
Annual surplus (deficit) before income from government business enterprise and partnership	554,883	(424,325)
Loss from investment in government business enterprises and partnership (Note 7)	(138,528)	(158,649)
Annual surplus	416,355	(582,974)
Accumulated surplus at beginning of year, as previously stated	21,739,186	22,149,980
Prior period adjustment (Note 2)	(172,180)	-
Accumulated surplus at beginning of year	21,567,006	22,149,980
Accumulated surplus at end of year	<u>\$ 21,983,361</u>	<u>\$ 21,567,006</u>

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, 2017</u>	<u>2017</u>	<u>Restated 2016</u>
Annual surplus	\$ 416,355	\$ (582,974)
Tangible capital assets:		
Acquisition of tangible capital assets	(223,662)	(792,024)
Amortization of tangible capital assets	934,600	887,528
	1,127,293	(487,470)
Net acquisition of prepaid expenses	(3,760)	96,740
Decrease in net debt	1,123,533	(390,730)
Net financial assets (debt), beginning of year	5,118,671	5,509,401
<u>Net financial assets, end of year</u>	<u>\$ 6,242,204</u>	<u>\$ 5,118,671</u>

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, 2017</u>	<u>2017</u>	<u>Restated 2016</u>
Operating activities		
Annual surplus	\$ 416,355	\$ (582,974)
Items not affecting cash:		
Amortization	934,600	887,528
Income (loss) from investments and trusts	(81,303)	(59,221)
Changes in operating balances:		
Decrease (increase) in accounts receivable	(524,298)	316,912
Decrease (increase) in prepaid expenses	(3,760)	96,740
Increase (decrease) in accounts payable and accrued liabilities	(91,881)	187,214
Increase (decrease) in deferred revenue	-	(8,788)
	<u>649,713</u>	<u>837,411</u>
Capital activities		
Purchase of tangible capital assets	(223,662)	(792,024)
Investing activities		
Net decrease (increase) in short-term investments	(1,967)	(36,870)
Loan to Iskut Band Development Corporation	20,086	15,868
	<u>18,119</u>	<u>(21,002)</u>
Financing activities		
Proceeds from long-term debt	15,432	455,000
Repayment of long-term debt	(223,819)	(239,664)
Proceeds from (repayment of) line of credit	135,000	(100,000)
	<u>(73,387)</u>	<u>115,336</u>
 Increase (decrease) in cash for the year	 370,783	 139,721
Cash, beginning of year	<u>305,617</u>	<u>165,896</u>
Cash, end of year (Note 3)	<u>\$ 676,400</u>	<u>\$ 305,617</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, 2017

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 Consolidated Financial Statements

March 31, 2017

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	<p>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:</p> <table><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></table> <p>No amortization is recorded in the year of asset acquisition.</p>	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%												
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 Consolidated Financial Statements

March 31, 2017

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition	<p>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.</p> <p>Revenue in the Enterprise Fund is recognized when ownership of products is transferred to a third party or services are provided, and collection is reasonably assured.</p> <p>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.</p> <p>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.</p>
Trust Assets	<p>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.</p>
Fiscal Plan	<p>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.</p>

Iskut Band Council

Notes to Consolidated Financial Statements

March 31, 2017

2. Prior Period Adjustment

The Iskut Band Council has a 33.331% partnership interest in Tahltan Nation Development Limited Partnership (TNDLP). The financial statements of TNDLP are accounted for on the modify equity basis as explained in note 1 of the financial statements. The March 31, 2016 equity pick up of TNDLP was based on financial statements prepared by management as the financial statements prepared by a public accountant were not available at the time of releasing the Iskut Band Council financial statements. Subsequent to the release of the Band's 2016 financial statements the TNDLP financial statements were issued on January 16, 2017. Accordingly, there was a significant difference between the amount the Band had picked up on the equity basis and what the TNDLP issued financial statements disclosed. The total equity pick up previously reported on the Band's financial statements at March 31, 2016 was \$13,531 whereas the pick up was actually a loss of \$158,649 as per the issued financial statements. The difference of \$172,180 was adjusted through the Loss from investment in government business enterprises and partnerships as restated on the consolidated statement of operations as well as adjusted through Long- term investments on the restated consolidated statement of financial position.

3. Cash and Short-term Investments

	2017	2016
Consists of:		
Cash	\$ 676,400	\$ 305,617
Term deposits	650,865	648,898
	<u>\$ 1,327,265</u>	<u>\$ 954,515</u>
Externally Restricted		
Ottawa Trust funds (Note 5)	\$ 181,932	\$ 176,770
Replacement reserves	801,261	744,487
Unrestricted (underfunded)	344,072	33,258
	<u>\$ 1,327,265</u>	<u>\$ 954,515</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 Consolidated Financial Statements

March 31, 2017

3. Cash and Short-term Investments (continued)

Term deposits consist of 1 year cashable GIC's at rates varying from 0.50% to 0.70% per annum, maturing either June 2017 or September 2017.

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

	2017	2016
Trade	\$ -	\$ 70,827
Indigenous and Northern Affairs Canada	350,704	-
Canada Mortgage and Housing Corporation	98,597	10,504
Band member rent	843,568	785,656
First Nations Education Steering Committee	9,347	6,228
Fisheries & Oceans Canada	25,058	98,566
GST	20,851	39,124
Province of British Columbia	1,080	840
Miscellaneous	218,375	26,766
	1,567,580	1,038,511
Less: Allowance for doubtful accounts	-	(46,506)
Less: Housing allowance for doubtful accounts	(811,239)	(759,962)
Net accounts receivable	\$ 756,341	\$ 232,043

Iskut Band Council

Notes to Consolidated Financial Statements

March 31, 2017

5. Trust Funds Held by Federal Government

	March 31, 2016	Additions	Withdrawals	March 31, 2017
Revenue	\$ 176,754	\$ 5,162	\$ -	\$ 181,916
Capital	16	-	-	16
	<u>\$ 176,770</u>	<u>\$ 5,162</u>	<u>\$ -</u>	<u>\$ 181,932</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.

6. Trust Assets

	March 31, 2016	Additions	Withdrawals	March 31, 2017
Tahltan Heritage Trust	\$ 2,061,072	\$ 219,832	\$ -	\$ 2,280,904

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 Consolidated Financial Statements

March 31, 2017

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>2017</u>	<u>Restated 2016</u>
Tahltan Nation Development Corp. (33.3% owned)	\$ 251	\$ 251
Tahltan Nation Development Limited Partnership (33.331%)	4,732,697	4,871,226
Iskut Band Development Corp.		
Investment, at cost	100	100
Equity in investment	<u>445,494</u>	<u>465,580</u>
	<u>\$ 5,178,542</u>	<u>\$ 5,337,157</u>

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2017

7. Long-term Investments (continued)

	2017		Restated 2016
	Tahltan Nation Development Limited Partnership as at Mar. 31 2017	Iskut Band Development Corporation as at Mar. 31 2017	Total
Assets			Total
Current	\$ 10,291,567	\$ 235,465	\$ 10,527,032
Non-current	9,596,412	321,878	9,918,290
	\$ 19,887,979	\$ 557,343	\$20,445,322
Liabilities			
Current	\$ 4,640,294	\$ 17,300	\$ 4,657,594
Non-current	1,048,647	-	1,048,647
	5,688,941	17,300	5,706,241
Surplus	14,199,038	540,043	14,739,081
	\$ 19,887,979	\$ 557,343	\$20,445,322
Revenue	\$ 18,715,928	\$2,101,823	\$20,817,751
Expenditures	(19,131,542)	(2,101,823)	(21,233,365)
Total Income	\$ (415,614)	\$ -	\$ (415,614)
Allocation	\$ (138,528)	\$ -	\$ (138,528)

The following transactions occurred during the year between Iskut Band Development Corporation 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 \$113,882 (2016 - \$106,909) of fuel and goods from the Kluachon Centre Store.

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2017

8. Tangible Capital Assets

									2017
	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	\$8,045,136	\$1,040,225	\$ 501,782	\$ 4,874,109	\$ -	\$5,498,877	\$ 26,322,645
Additions	64,874	-	-	128,422	30,366	-	-	-	223,662
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Cost, end of year	1,276,376	5,151,014	8,045,136	1,168,647	532,148	4,874,109	-	5,498,877	26,546,307
Accumulated amortization, beginning of year	950,385	3,113,793	2,324,480	426,575	311,681	1,544,411	-	1,225,465	9,896,790
Amortization	82,376	124,902	298,152	138,230	58,942	97,484	-	134,514	934,600
Disposals	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	1,032,761	3,238,695	2,622,632	564,805	370,623	1,641,895	-	1,359,979	10,831,390
Net carrying amount, end of year	\$ 243,615	\$ 1,912,319	\$5,422,504	\$ 603,842	\$ 161,525	\$ 3,232,214	\$ -	\$4,138,898	\$ 15,714,917

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2017

8. Tangible Capital Assets (continued)

									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	\$25,530,621
Additions		-	222,978	512,913	56,133	-	-	-	792,024
Cost, end of year	1,211,502	5,151,014	8,045,136	1,040,225	501,782	4,874,109	-	5,498,877	26,322,645
Accumulated amortization, beginning of year	806,130	2,988,890	2,035,247	388,457	256,805	1,446,927	-	1,086,806	9,009,262
Amortization	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	311,681	1,544,411	-	1,225,466	9,896,790
Net carrying amount, end of year	\$ 261,117	\$2,037,222	\$5,720,656	\$ 613,650	\$ 190,101	\$ 3,329,698	\$ -	\$4,273,411	\$16,425,855

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2017

9. Accounts Payable and Accrued Liabilities

	<u>2017</u>	<u>2016</u>
Trade payables	\$ 127,557	\$ 252,522
Accrued liabilities	227,755	203,618
Accrued salaries and employee benefits payable	<u>63,025</u>	<u>54,078</u>
	<u>\$ 418,337</u>	<u>\$ 510,218</u>

Included in accrued salaries and employee benefits payable are government remittances payable of \$26,622 (2016 - \$30,152).

10. 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 1.6% 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, 2017, the line of credit had a balance of \$135,000.

11. 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, 2017, the Plan had total net assets of \$2,185,937.40.

During the year, the Band paid \$100,698.07 (2016 - \$96,873) to the Plan on behalf of its employees.

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2017

12. Long-term Debt

	<u>2017</u>	<u>2016</u>
Capital Fund		
RBC - various loans, with monthly payments totaling \$9,093, including interest at varying interest rates between 4.50 - 6.49% per annum, secured by specific equipment	<u>\$ 456,901</u>	<u>\$ 517,319</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.	26,620	58,089
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.	1,095,363	1,156,846
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>1,168,627</u>	<u>1,223,644</u>
	<u>2,290,610</u>	<u>2,438,579</u>
	2,747,511	2,955,898
Less: current portion	<u>(221,879)</u>	<u>(223,681)</u>
	<u>\$ 2,525,632</u>	<u>\$ 2,732,217</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:

2018	\$ 221,879
2019	177,887
2020	180,187
2021	171,997
2022	176,114
Thereafter	<u>1,819,447</u>
	<u>\$ 2,747,511</u>

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2017

13. Accumulated Surplus

Accumulated surplus is comprised of the following:

	Restated Balance Mar 31, 2016	Surplus	Transfers to (from)	Balance Mar 31, 2017
General	\$ 4,197,429	\$ 1,360,075	\$ (298,477)	\$ 5,259,027
Non-financial assets	16,448,335	(930,840)	223,662	15,741,157
	20,645,764	429,235	(74,815)	21,000,184
Reserves				
Replacement reserve - housing	426,201	(6,213)	54,815	474,803
Health replacement reserve	80,705	(11,828)	20,000	88,877
Equity in Ottawa Trust Funds	176,755	5,161	-	181,916
Education replacement reserve	87,581	-	-	87,581
Administration reserve	150,000	-	-	150,000
	921,242	(12,880)	74,815	983,177
Total Accumulated Surplus	\$21,567,006	\$ 416,355	\$ -	\$21,983,361

Replacement reserves were underfunded \$328,497 at March 31, 2017 (2016 - underfunded \$272,659).

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 Consolidated Financial Statements

March 31, 2017

15. Comparative Figures

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

16. 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, 2017 was \$126,048 (2016 - \$137,106).

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2017

17. Statement of Expenditures by Object

	2017	Restated 2016
Expenditures		
Amortization	\$ 934,600	\$ 887,528
Bad debts	62,100	152,782
Bank charges	23,494	25,634
Contract services	198,977	219,620
Cultural services	3,400	9,866
Direct social assistance	278,322	261,929
Equipment rental	37,116	43,849
Guidance and counselling	45,181	43,957
Honoraria	54,250	43,150
Insurance	45,836	42,300
Interest on long term debt	56,488	61,078
Materials and supplies	199,555	180,148
Office and miscellaneous	37,126	36,001
Patient transport	639,203	657,386
Professional fees	651,682	580,755
Program resources	221,594	228,049
Rental	901	-
Repairs and maintenance	358,882	457,530
Salaries and benefits	3,352,112	3,281,600
Student allowance and transportation	198,723	201,658
Technology	67,798	86,891
Telephone	86,232	111,868
Travel and accommodation	423,057	460,459
Tuition fees	47,736	65,688
Utilities	135,225	188,077
Vehicles O&M	74,141	73,007
Workshops and training	37,007	75,749
Total expenditures for the year	\$ 8,270,738	\$ 8,476,559

Iskut Band Council Notes to Consolidated Financial Statements

March 31, 2017

18. 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 Consolidated Financial Statements
Schedule of Segmented Financial Activities

March 31, 2017

18. Segmented Information (continued)

	2017								
	Administration	Social Services	Education	Fisheries	Community Health	Housing	Public Works	Enterprise Fund	Total
Revenue									
I.N.A.C.	\$ 771,072	\$ 440,145	\$ 1,645,587	\$ -	\$ -	\$ 192,150	\$ 474,922	\$ -	\$ 3,523,876
C.M.H.C.	-	-	-	-	-	302,234	-	-	302,234
Fisheries & Oceans Canada	-	-	-	535,092	-	-	-	-	535,092
F.N.E.S.C.	-	-	226,854	-	-	-	-	-	226,854
Health & Welfare Canada	-	-	-	-	2,360,677	-	-	-	2,360,677
Housing Charges	-	-	15,220	-	-	224,414	-	-	239,634
Investment income	5,566	-	-	-	-	-	-	127,717	133,283
Province of B.C.	-	187,819	96,222	-	26,883	-	-	-	310,924
Other	141,245	225,688	17,725	45,084	116,459	290	28,426	479,602	1,054,519
	917,883	853,652	2,001,608	580,176	2,504,019	719,088	503,348	607,319	8,687,093
Expenditures									
Amortization	800,086	-	-	-	-	134,514	-	-	934,600
Direct Assistance	-	278,322	-	-	-	-	-	-	278,322
Interest	-	-	-	-	-	34,807	-	-	34,807
Materials, supplies and utilities	52,651	36,331	75,398	41,603	117,618	422	47,347	48,393	419,763
Operations and maintenance	565,206	91,479	348,948	180,925	242,329	306,312	123,774	131,174	1,990,147
Salaries, wages and benefits	614,473	190,410	932,715	396,656	987,248	90,790	117,301	22,520	3,352,113
Student costs	-	-	198,723	-	-	-	-	-	198,723
Transportation costs	82,239	43,527	33,473	35,031	829,787	28,221	9,690	295	1,062,263
	2,114,655	640,069	1,589,257	654,215	2,176,982	595,066	298,112	202,382	8,270,738
Excess of revenue (expenditure) for the year	\$ (1,196,772)	\$ 213,583	\$ 412,351	\$ (74,039)	\$ 327,037	\$ 124,022	\$ 205,236	\$ 404,937	\$ 416,355

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

March 31, 2017

18. Segmented Information (continued)

Restated
2016

	Administration	Social Services	Education	Fisheries	Community Health	Housing	Public Works	Enterprise Fund	Total
Revenue									
I.N.A.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	-	-	-	-	-	-	243,700	251,226
Tahltan Nation Development Trust	-	-	-	-	-	-	-	-	-
Province of B.C.	-	183,804	148,330	-	13,377	-	-	5,133	350,644
Other	390,483	127,125	23,844	138,885	66,488	522	63,893	411,153	1,222,393
	1,122,548	529,600	1,832,890	674,446	2,373,825	371,473	328,817	659,986	7,893,585
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	175,545	2,184,684
Salaries, wages and benefits	616,164	170,656	848,753	352,399	1,085,981	15,921	148,618	43,105	3,281,597
Student costs	-	-	201,658	-	-	-	-	-	201,658
Transportation costs	116,512	83,150	32,271	24,596	840,666	5,206	12,067	3,377	1,117,845
	2,019,425	687,544	1,605,324	592,332	2,334,106	657,018	247,245	333,565	8,476,559
Excess of revenue (expenditure) for the year	\$ (896,877)	\$ (157,944)	\$ 227,566	\$ 82,114	\$ 39,719	\$ (285,545)	\$ 81,572	\$ 326,421	\$ (582,974)