

Iskut Band Council
Consolidated Financial Statements
For the year ended March 31, 2018

Iskut Band Council
Consolidated Financial Statements
For the year ended March 31, 2018

Contents

Management's Responsibility for the Consolidated Financial Statements	2
Independent Auditor's Report	3 - 5
Financial Statements	
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations	7
Consolidated Statement of Change in Net Financial Assets	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 27

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:

M. Quock

Chief Councilor

John Tumb

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, 2018, the consolidated statements of operations, change in net financial assets, 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 2018 or 2017. Accordingly, no income from the investment has been included in these financial statements for the years ended March 31, 2018 or 2017. 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, 2018 and 2017, the investment in Iskut Band Development Corporation as at March 31, 2018 and 2017, and accumulated surplus as at April 1 and March 31 for both the 2018 and 2017 years. Our audit report for the year ended March 31, 2017 was modified accordingly because of this matter.

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 record the Band's interest in the partnership. The Band has not received updated financial information with respect to this investment for the year ended March 31, 2018. Accordingly, no income from the investment has been included in these financial statements for the year ended March 31, 2018. 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, 2018, the investment in Tahltan Nation Development Limited Partnership as at March 31, 2018, and accumulated surplus as at March 31 for the 2018 year. In addition, due to the lack of access to the accounting records, we were unable to determine whether any adjustments may be necessary to the investment in the partnerships as at March 31, 2017, revenue and annual surplus (deficit) for the years ended March 31, 2017 and accumulated surplus as at March 31, 2017. 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 Trust, we were unable to determine whether any adjustments may be necessary to the investment in the Trust as at March 31, 2018 and 2017, revenue and annual surplus (deficit) for the years ended March 31, 2018 and 2017, and accumulated surplus as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

As disclosed in Note 5 to the financial statements, the Band has not recorded any amounts related to its former investment in Tahltan Nation Community Development Corporation. Due to the lack of access to the accounting records of Tahltan Nation Community Development Corporation at the time of dissolution, we were unable to determine whether any adjustments may be necessary resulting from the dissolution of its investment at March 31, 2018 and 2017, annual surplus (deficit) for the years ended March 31, 2018 and 2017, and accumulated surplus as at April 1 and March 31 for both the 2018 and 2017 years.



Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Iskut Band Council as at March 31, 2018 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Penticton, British Columbia

July 17, 2018

Iskut Band Council
Consolidated Statement of Financial Position

<u>March 31</u>	<u>2018</u>	<u>2017</u>
Financial assets		
Cash (Note 2)	\$ 786,058	\$ 494,468
Short-term investments (Note 2)	1,378,827	650,865
Accounts receivable (Note 3)	480,722	756,341
Long-term investments (Note 5)	5,137,625	5,178,542
Trust assets (Note 4)	<u>3,515,365</u>	<u>2,462,836</u>
	<u>11,298,597</u>	<u>9,543,052</u>
Liabilities		
Demand loan (Note 8)	-	135,000
Accounts payable and accrued liabilities (Note 7)	510,483	418,337
Long-term debt (Note 10)	<u>2,599,708</u>	<u>2,747,511</u>
	<u>3,110,191</u>	<u>3,300,848</u>
Net financial assets	<u>8,188,406</u>	<u>6,242,204</u>
Non-financial assets		
Prepaid expenses	36,065	26,240
Tangible capital assets (Note 6)	<u>15,223,676</u>	<u>15,714,917</u>
	<u>15,259,741</u>	<u>15,741,157</u>
Accumulated surplus (Note 11)	<u>\$ 23,448,147</u>	<u>\$ 21,983,361</u>

Approved on behalf of Chief & Council

H. Quock
Alvin Rank

Iskut Band Council
Consolidated Statement of Operations

March 31, 2018	2018	2017
Revenue		
Federal Government:		
Indigenous and Northern Affairs Canada	\$ 3,684,673	\$ 3,523,876
Canada Mortgage and Housing Corporation	159,391	302,234
Fisheries and Oceans Canada	546,647	535,092
Health and Welfare Canada/First Nations Health Authority	2,614,016	2,360,677
Provincial Government:		
First Nations Education Steering Committee	312,416	226,854
Province of British Columbia	279,384	310,924
Other		
Equipment rental	77,426	26,240
Fisheries contracts	60,626	45,084
Housing charges	250,810	239,634
Interest, investment and trust income	1,152,542	271,811
Local operations	799,533	378,681
Miscellaneous health contracts	262,778	320,879
Contracts, rent, contributions and miscellaneous	300,445	283,635
	<hr/> <u>10,500,687</u>	<hr/> <u>8,825,621</u>
Expenditures (Note 15)		
Administration	1,237,320	1,334,010
Social services	797,535	657,467
Education	1,882,855	1,654,139
Fisheries	592,310	669,339
Community health	2,379,103	2,346,072
Housing	692,978	710,246
Public works	1,089,566	697,083
Enterprise fund	325,481	202,382
	<hr/> <u>8,997,148</u>	<hr/> <u>8,270,738</u>
Annual surplus before income from government business enterprise and partnership	<hr/> <u>1,503,539</u>	<hr/> <u>554,883</u>
Loss from investment in government business enterprises and partnership (Note 5)	<hr/> <u>(38,753)</u>	<hr/> <u>(138,528)</u>
Annual surplus	<hr/> <u>1,464,786</u>	<hr/> <u>416,355</u>
Accumulated surplus at beginning of year	<hr/> <u>21,983,361</u>	<hr/> <u>21,567,006</u>
Accumulated surplus at end of year	<hr/> <u>\$ 23,448,147</u>	<hr/> <u>\$ 21,983,361</u>

Iskut Band Council
Consolidated Statement of Change in Net Financial Assets

<u>March 31, 2018</u>	<u>2018</u>	<u>2017</u>
Annual surplus	\$ 1,464,786	\$ 416,355
Tangible capital assets:		
Acquisition of tangible capital assets	(494,650)	(223,662)
Amortization of tangible capital assets	936,383	934,600
Loss on sale of tangible capital assets	12,660	-
Proceeds on sale of tangible capital assets	<u>36,848</u>	<u>-</u>
Net acquisition of prepaid expenses	1,956,027	1,127,293
	<u>(9,825)</u>	<u>(3,760)</u>
Increase in net financial assets	1,946,202	1,123,533
Net financial assets, beginning of year	<u>6,242,204</u>	<u>5,118,671</u>
Net financial assets, end of year	\$ 8,188,406	\$ 6,242,204

Iskut Band Council
Consolidated Statement of Cash Flows

<u>March 31, 2018</u>	<u>2018</u>	<u>2017</u>
Operating activities		
Annual surplus	\$ 1,464,786	\$ 416,355
Items not affecting cash:		
Amortization	936,383	934,600
Loss (gain) on disposal of tangible capital assets	12,660	-
Income (loss) from investments and trusts	(1,013,776)	(86,464)
Changes in operating balances:		
Decrease (increase) in accounts receivable	275,620	(524,298)
Decrease (increase) in prepaid expenses	(9,825)	(3,760)
Increase (decrease) in accounts payable and accrued liabilities	92,146	(91,881)
	<u>1,757,994</u>	<u>644,552</u>
Capital activities		
Purchase of tangible capital assets	(494,650)	(223,662)
Proceeds from disposal of tangible capital assets	<u>36,848</u>	-
	<u>(457,802)</u>	<u>(223,662)</u>
Investing activities		
Net decrease (increase) in short-term investments	(727,962)	(1,967)
Repayments received from Iskut Band Development Corporation	<u>2,164</u>	<u>20,086</u>
	<u>(725,798)</u>	<u>18,119</u>
Financing activities		
Proceeds from long-term debt	86,701	15,432
Repayment of long-term debt	(234,505)	(223,819)
Proceeds from (repayment of) line of credit	<u>(135,000)</u>	<u>135,000</u>
	<u>(282,804)</u>	<u>(73,387)</u>
Increase in cash for the year	291,590	365,622
Cash, beginning of year	494,468	128,846
Cash, end of year (Note 2)	\$ 786,058	\$ 494,468

The accompanying notes are an integral part of these consolidated financial statements.

Iskut Band Council Notes to Consolidated Financial Statements

March 31, 2018

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, including Iskut Rental Housing Operations and Tahltan Fisheries Program.
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 Consolidated Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies (continued)

Long-term Investments 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.

Tahltan Nation Development Limited Partnership, a government 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.

The First Nation's investment in Tahltan Nation Community Development Corporation, an entity which is not controlled, is not recorded.

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	5 years
Buildings and improvements	25 years
Band owned housing	40 years
Community equipment	5 years
Infrastructure	50 years
Office equipment	5 years

Net Financial Assets The Band's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Band is determined by its financial assets less its liabilities.

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition	Revenue in the operating activities 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 commercial enterprise activities is recognized when ownership of products is 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 Consolidated Financial Statements

March 31, 2018

2. Cash and Short-term Investments

	2018	2017
Consists of:		
Cash	\$ 786,058	\$ 494,468
Term deposits	<u>1,378,827</u>	<u>650,865</u>
	<u><u>\$ 2,164,885</u></u>	<u><u>\$ 1,145,333</u></u>
Replacement reserves		
Housing replacement reserves	\$ 516,336	\$ 371,858
Health replacement reserves	79,209	100,887
Unrestricted	<u>1,569,340</u>	<u>672,588</u>
	<u><u>\$ 2,164,885</u></u>	<u><u>\$ 1,145,333</u></u>

Term deposits consist of 1 year cashable GIC's at rates varying from 0.50% to 1.35% per annum, maturing either June 2018, July 2018, September 2018, or March 2019.

Housing Replacement Reserves

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the Housing 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.

The Housing Replacement Reserve funds are held for the purpose of normal maintenance and repairs of the Band-owned housing currently under CMHC funding.

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2018

3. Accounts Receivable

	2018	2017
Trade	\$ 148,393	\$ -
Indigenous and Northern Affairs Canada	6,648	350,704
Canada Mortgage and Housing Corporation	38,131	98,597
Band member rent	904,619	843,568
First Nations Education Steering Committee	86,806	9,347
Fisheries & Oceans Canada	29,971	25,058
GST	40,561	20,851
First Nation Health Authority	4,127	-
Province of British Columbia	-	1,080
Miscellaneous	<u>84,471</u>	<u>218,375</u>
Less: Housing allowance for doubtful accounts	<u>1,343,727</u>	<u>1,567,580</u>
	<u>(863,005)</u>	<u>(811,239)</u>
Net accounts receivable	<u>\$ 480,722</u>	<u>\$ 756,341</u>

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2018

4. Trust Assets

	March 31, 2017	Additions	Withdrawals	March 31, 2018
Ottawa Trust Funds				
Revenue	\$ 181,916	\$ 5,811	\$ -	\$ 187,727
Capital	16	-	-	16
	<u>181,932</u>	<u>5,811</u>	<u>-</u>	<u>187,743</u>
Tahltan Heritage Trust (unaudited)	2,280,904	1,046,718	-	3,327,622
	<u>\$ 2,462,836</u>	<u>\$ 1,052,529</u>	<u>\$ -</u>	<u>\$ 3,515,365</u>

The Ottawa 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. The revenue and capital trust funds are accessible by the Band for specified purposes.

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 band leaders of the Tahltan Nation. Iskut Band Council holds a 33.3% interest in the trust.

Iskut Band Council Notes to Consolidated Financial Statements

March 31, 2018

5. Long-term Investments

Tahltan Nation Development Corporation

Tahltan Nation Development Corporation is a general partner of Tahltan Nation Development Limited Partnership. The only asset the entity owns is its partnership equity in Tahltan Nation Development Limited Partnership.

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.

Tahltan Nation Community Development Corporation

The Band formerly had a 33.33% investment in Tahltan Nation Community Development Corporation (TNCDC). On January 18, 2016, TNCDC was dissolved. Management has not obtained any information related to the dissolution of TNCDC or determined if it has any impact on the amounts recorded in the consolidated financial statements, which at March 31, 2018 was \$nil (2017 - \$nil).

	2018	2017
Tahltan Nation Development Corp. (33.3% owned)	\$ 251	\$ 251
Tahltan Nation Development Limited Partnership (33.331%)	4,693,944	4,732,697
Iskut Band Development Corp.	<u>443,430</u>	<u>445,594</u>
	<u>\$ 5,137,625</u>	<u>\$ 5,178,542</u>

Iskut Band Development Corporation

The Band has not received updated information with respect to this investment for either 2018 or 2017. Therefore, no figures have been presented.

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 \$125,414 (2017 - \$113,882) of fuel and goods from the Kluachon Centre Store

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2018

5. Long-term Investments (continued)

	2018	2017
	Tahltan Nation Development Limited Partnership*	Total
Assets		
Current	\$ 10,409,001	\$ 10,409,001
Non-current	9,363,778	9,363,778
	\$ 19,772,779	\$ 19,772,779
Liabilities		
Current	\$ 4,636,271	\$ 4,636,271
Non-current	1,053,738	1,053,738
	5,690,009	5,690,009
Surplus	14,082,770	14,199,038
	\$ 19,772,779	\$ 19,887,979
Revenue	\$ 19,158,572	\$ 18,715,928
Expenditures	(19,690,454)	(19,131,542)
Total Income	\$ (531,882)	\$ (415,614)
Allocation	\$ (177,282)	\$ (138,528)

*The 2018 figures of Tahltan Nation Development Limited Partnership (TNDLP) are not available, so the 2017 figures have been presented.

The March 31, 2017 equity income of TNDLP recorded by the Band was based on internal financial statements prepared by management as the financial statements prepared by a public accountant were not available at the time that the Band's financial statements were issued. Subsequent to the release of the Band's 2017 financial statement, the TNDLP unaudited financial statement were issued on January 17, 2018.

The total equity loss previously reported on the Band's financial statement at March 31, 2017 was \$138,528. The total equity loss should be \$177,282 as per the issued financial statements. The difference of \$38,753 was reported on the Band's 2018 financial statements.

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2018

6. Tangible Capital Assets

	2018							
	Automotive Equipment	Band-Owned Housing	Community Buildings	Community Equipment	Equipment	Infrastructure	Social Housing	Total
Cost, beginning 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
Additions	423,550	-	-	7,638	63,462	-	-	494,650
Disposals	(123,764)	-	-	-	-	-	-	(123,764)
Transfers	-	710,955	-	-	-	-	(710,955)	-
Cost, end of year	1,576,162	5,861,969	8,045,136	1,176,285	595,610	4,874,109	4,787,922	26,917,193
Accumulated amortization, beginning of year	1,032,761	3,238,695	2,622,632	564,805	370,623	1,641,895	1,359,979	10,831,390
Amortization	70,593	124,902	298,152	163,909	46,829	97,484	134,514	936,383
Disposals	(74,256)	-	-	-	-	-	-	(74,256)
Transfers	-	410,194	-	-	-	-	(410,194)	-
Accumulated amortization, end of year	1,029,098	3,773,791	2,920,784	728,714	417,452	1,739,379	1,084,299	11,693,517
Net carrying amount, end of year	\$ 547,064	\$ 2,088,178	\$ 5,124,352	\$ 447,571	\$ 178,158	\$ 3,134,730	\$ 3,703,623	\$ 15,223,676

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2018

6. Tangible Capital Assets (continued)

	2017							
	Automotive Equipment	Band-Owned Housing	Buildings	Community Equipment	Equipment	Infrastructure	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
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
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, 2018

7. Accounts Payable and Accrued Liabilities

	2018	2017
Trade payables	\$ 205,358	\$ 127,557
Accrued liabilities	185,367	227,755
Accrued salaries and employee benefits payable	<u>119,758</u>	<u>63,025</u>
	<hr/> \$ 510,483	<hr/> \$ 418,337

Included in accrued salaries and employee benefits payable are government remittances payable of \$25,918 (2017 - \$26,622).

8. 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, 2018, the line of credit had a balance of \$nil (2017 - \$135,000).

9. 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.

During the year, the Band paid \$74,826 (2017 - \$100,698) to the Plan on behalf of its employees.

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2018

10. Long-term Debt

	2018	2017
Capital Loans		
RBC - various loans, with monthly payments totaling \$7,818, including interest at varying interest rates between 4.99 - 6.49% per annum, secured by specific equipment with a carrying value of \$600,444.	<u>\$ 453,011</u>	<u>\$ 456,901</u>
Social Housing Mortgages		
CMHC mortgage payable with payments of \$2,689 per month including interest at 1.62% per annum, loan fully paid January 2018.	-	26,620
CMHC mortgage payable with payments of \$6,907 per month including interest at 2.13% per annum, maturing September 2032.	1,033,770	1,095,363
CMHC mortgage payable with payments of \$5,877 per month including interest at 1.30% per annum, maturing November 2035.	<u>1,112,927</u>	<u>1,168,627</u>
	<u>\$ 2,146,697</u>	<u>\$ 2,290,610</u>
	<u>\$ 2,599,708</u>	<u>\$ 2,747,511</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:

2019	\$ 192,230
2020	194,986
2021	187,909
2022	193,218
2023	180,328
Thereafter	<u>1,651,037</u>
	<u>\$ 2,599,708</u>

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2018

11. Accumulated Surplus

Accumulated surplus is comprised of the following:

	Balance Mar 31, 2017	Surplus	Transfers to (from)	Balance Mar 31, 2018
General Non-financial assets	\$ 5,259,027 15,741,157	\$ 2,425,360 (939,218)	\$ (561,857) 457,802	\$ 7,122,530 15,259,741
	21,000,184	1,486,142	(104,055)	22,382,271
Internally Restricted Reserves				
Housing replacement reserve	474,803	884	38,407	514,094
Health replacement reserve	88,877	(28,051)	6,400	67,226
Education replacement reserve	87,581	-	59,248	146,829
Administration reserve	150,000	-	-	150,000
	801,261	(27,167)	104,055	878,149
Externally Restricted Reserves				
Equity in Ottawa Trust Funds	181,916	5,811	-	187,727
	983,177	(21,356)	104,055	1,065,876
Total Accumulated Surplus	\$21,983,361	\$ 1,464,786	\$ -	\$ 23,448,147

Internally restricted replacement reserves were underfunded \$282,583 at March 31, 2018 (2017 - underfunded \$328,497). Underfunded replacement reserves are covered by Operating GIC's totaling \$804,799 in 2018 (2017 - \$402,458) that are included within term deposits.

12. Economic Dependence

Iskut Band Council receives a major portion of its revenue from Indigenous and Northern Affairs Canada and Health and Welfare Canada/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, 2018

13. Comparative Figures

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

14. Federal Assistance Payments

The Iskut Rental Housing Operations receives federal assistance through CMHC 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, 2018 was \$122,291 (2017 - \$126,048), and this amount is included in CMHC revenue on the statement of operations.

Iskut Band Council
Notes to Consolidated Financial Statements

March 31, 2018

15. Statement of Expenditures by Object

	2018	2017
Expenditures		
Amortization	\$ 936,383	\$ 934,600
Bad debts	51,895	62,100
Bank charges	23,084	23,946
Contract services	293,540	214,987
Cultural services	300	3,400
Direct social assistance	293,105	278,322
Equipment rental	54,125	37,818
Guidance and counselling	42,024	42,584
Honoraria	57,550	54,250
Insurance	46,802	45,836
Interest on long-term debt	58,593	56,365
Materials and supplies	192,583	175,745
Office and miscellaneous	43,155	37,126
Patient transport	569,813	639,160
Professional fees	875,924	652,282
Program resources	281,241	261,388
Rental	-	901
Repairs and maintenance	531,809	321,330
Salaries and benefits	3,471,628	3,354,898
Student allowance and transportation	150,000	171,103
Technology	56,759	64,833
Telephone	91,891	89,240
Travel and accommodation	461,227	450,654
Tuition fees	51,286	47,736
Utilities	164,851	137,240
Vehicles operations and maintenance	102,390	75,887
Workshops and training	95,190	37,007
Total expenditures for the year	\$ 8,997,148	\$ 8,270,738

Iskut Band Council Notes to Consolidated Financial Statements

March 31, 2018

16. 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.

Administration

The Administration Services program provides administration support to other band operation programs and services.

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, 2018

18. Segmented Information (continued)

2018

	Administration	Social Services	Education	Fisheries	Community Health	Housing	Public Works	Enterprise Fund	Total
Revenue									
I.N.A.C.	\$ 606,644	\$ 414,358	\$ 1,760,491	\$ -	\$ -	\$ 250,000	\$ 653,180	\$ -	\$ 3,684,673
C.M.H.C.	-	-	-	-	-	-	-	-	159,391
Fisheries & Oceans Canada	-	-	-	546,647	-	-	-	-	546,647
F.N.E.S.C.	-	-	312,416	-	-	-	-	-	312,416
Health & Welfare Canada	-	-	-	-	2,614,016	-	-	-	2,614,016
Housing Charges	-	-	10,950	-	-	239,860	-	-	250,810
Investment income	7,569	-	-	-	-	-	-	1,106,220	1,113,789
Province of B.C.	80	222,666	29,821	-	26,817	-	-	-	279,384
Other	214,225	180,724	27,134	60,626	99,010	4,780	36,350	877,959	1,500,808
	828,518	817,748	2,140,812	607,273	2,739,843	654,031	689,530	1,984,179	10,461,934
Expenditures									
Amortization	21,416	12,938	87,419	15,124	140,430	249,693	409,363	-	936,383
Direct Assistance	-	293,105	-	-	-	-	-	-	293,105
Interest	-	-	184	-	-	34,979	-	-	35,163
Materials, supplies and utilities	30,720	52,099	81,309	37,596	111,861	13,872	66,524	44,619	438,600
Operations and maintenance	693,669	168,621	364,655	148,445	330,239	315,715	415,233	204,654	2,641,231
Salaries, wages and benefits	422,109	204,872	1,146,970	361,844	1,029,413	60,563	183,012	62,845	3,471,628
Student costs	-	-	150,000	-	-	-	-	-	150,000
Transportation costs	69,406	65,900	52,318	29,301	767,160	18,156	15,434	13,363	1,031,038
	1,237,320	797,535	1,882,855	592,310	2,379,103	692,978	1,089,566	325,481	8,997,148
Excess of revenue (expenditure) for the year	\$ (408,802)	\$ 20,213	\$ 257,957	\$ 14,963	\$ 360,740	\$ (38,947)	\$ (400,036)	\$ 1,658,698	\$ 1,464,786

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

March 31, 2018

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	19,441	17,398	64,884	15,124	169,090	249,693	398,970	-	934,600
Direct Assistance	-	278,322	-	-	-	-	-	-	278,322
Interest	-	-	-	-	-	34,684	-	-	34,684
Materials, supplies and utilities	31,811	39,264	75,149	41,603	117,661	14,588	47,288	31,741	399,105
Operations and maintenance	586,047	88,546	347,697	180,925	242,452	291,930	123,834	146,780	2,008,211
Salaries, wages and benefits	614,472	190,410	935,311	396,656	987,287	90,941	117,301	22,520	3,354,898
Student costs	-	-	171,103	-	-	-	-	-	171,103
Transportation costs	82,239	43,527	59,995	35,031	829,582	28,410	9,690	1,341	1,089,815
	1,334,010	657,467	1,654,139	669,339	2,346,072	710,246	697,083	202,382	8,270,738
Excess of revenue (expenditure) for the year	\$ (416,127)	\$ 196,185	\$ 347,469	\$ (89,163)	\$ 157,947	\$ 8,842	\$ (193,735)	\$ 404,937	\$ 416,355