

**Lhtako Dene Nation  
Consolidated Financial Statements  
For the year ended March 31, 2017**

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**For the year ended March 31, 2017**

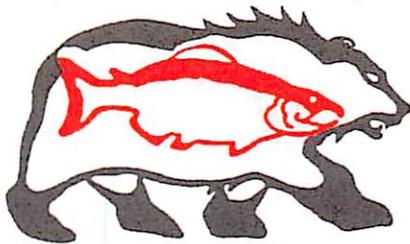
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# LHTAKO DENE NATION

(RED BLUFF INDIAN BAND)



BOX 4069  
QUESNEL, BC  
V2J 3J2

PHONE: 250-747-2900  
FAX: 250-747-1341

## Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Lhtako Dene Nation are the responsibility of management and have been approved by the Chief and another Nation Councilor of the Nation Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Lhtako Dene Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately accounted for and adequately safeguarded.

The Lhtako Dene Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through the Chief and Council.

The Chief and Council review the Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the external auditors.

The consolidated financial statements have been audited by FBB Chartered Professional Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. FBB Chartered Professional Accountants LLP has full access to the Nation Council.

Chief

Councilor



## INDEPENDENT AUDITOR'S REPORT

To the Members,  
**Ihtako Dene Nation,**

We have audited the accompanying financial statements of the **Ihtako Dene Nation**, which comprise the Consolidated Statement of Financial Position as at March 31, 2017 and the Consolidated Statements of Change in Net Financial Assets, Operations, and Cash Flows for the year then ended, and notes comprising 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 risk 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 audit opinion.



CHARTERED  
PROFESSIONAL  
ACCOUNTANTS LLP

D. Kane Fraser CPA, CA\* – Partner

Ryan Broughton, CPA, CA\* - Partner

\*Denotes incorporated professional

### INDEPENDENT AUDITOR'S REPORT (continued)

#### Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the **Lhtako Dene Nation** as at March 31, 2017, and the results of its changes in net financial assets, operations, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*FBB Chartered Professional  
Accountants LLP*

FBB Chartered Professional Accountants LLP

Quesnel, British Columbia  
November 17, 2017

**Lhtako Dene Nation**  
**Exhibit A - Consolidated Statement of Financial Position**

<b>As at March 31</b>	<b>2017</b>	<b>2016</b>
<b>Financial Assets</b>		
Cash (Note 3)	\$ 488,815	\$ 493,403
Restricted cash (Note 4)	1,093,653	974,221
Accounts receivable (Note 5)	522,650	159,810
Marketable securities (Note 8)	168,000	-
Investments (Note 6)	266,979	250,000
Investment in Nation business entity (Note 7)	196,776	-
	<hr/>	<hr/>
	2,736,873	1,877,434
<b>Liabilities</b>		
Bank advances (Note 9)	-	250,000
Accounts payable and accrued liabilities (Note 10)	477,930	412,215
Forgivable loans	-	11,108
Deferred revenue (Note 11)	308,537	94,457
Long-term debt (Note 13)	459,876	219,730
	<hr/>	<hr/>
	1,246,343	987,510
<b>Net Financial Assets</b>	<hr/>	<hr/>
	1,490,530	889,924
<b>Non-financial Assets</b>		
Prepaid expenses	19,124	9,149
Tangible capital assets (Note 14)	3,349,560	1,837,904
	<hr/>	<hr/>
	3,368,684	1,847,053
<b>Accumulated Surplus</b> (Note 15)	<hr/>	<hr/>
	\$ 4,859,214	\$ 2,736,977

**Commitments** (Note 16)

**Contingencies** (Note 17)

Approved on behalf of the Nation Council:

, Chief

, Councilor



**Lhtako Dene Nation**  
**Exhibit B - Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended March 31</b>	<b>2017</b>	<b>2016</b>
<b>Annual surplus</b>	<b>\$ 540,794</b>	<b>\$ 40,511</b>
Acquisition of tangible capital assets	(1,652,898)	-
Amortization of tangible capital assets	141,242	139,881
	<hr/>	<hr/>
	(970,862)	180,392
Change in prepaid expenses	(9,975)	13,955
Change in replacement reserve	(24,934)	457
Equity change in Ottawa Trust	7,594	5,533
Equity transfer to operating reserve	(50,999)	-
Equity change in capital	1,649,782	-
	<hr/>	<hr/>
<b>Change in net financial assets</b>	<b>600,606</b>	<b>200,337</b>
<b>Net financial assets, beginning of year</b>	<b>889,924</b>	<b>689,587</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,490,530</b>	<b>\$ 889,924</b>

**Lhtako Dene Nation**  
**Exhibit C - Consolidated Statement of Operations**

For the year ended March 31	2017	2016
<b>Revenue</b>		
INAC	\$ 2,465,563	\$ 778,160
First Nations Health Authority	229,713	237,938
CMHC	491,390	66,557
CCATEC	19,983	27,280
Government of Canada	-	24,300
Fisheries	5,000	9,500
Province of British Columbia	804,021	398,609
Forestry	500	4,366
Rentals	46,359	64,702
Referral fees	-	36,350
FNESC	1,838	4,143
West Fraser Mills Ltd.	-	25,000
Interest	-	24,528
First Nation Tax Commission	-	5,000
New Relationships Trust	4,000	1,600
Other	750,787	35,848
	<b>4,819,154</b>	<b>1,743,881</b>
<b>Expenses</b>		
Administration	697,258	417,282
Economic Development	76,654	97,416
Contracts - Miscellaneous Agreements	118,694	-
Education	75,959	83,599
Social Services	234,797	410,078
Health	194,023	262,028
Property Management	472,730	-
Operations and Maintenance	122,732	94,710
Capital	2,076,495	150,050
CMHC	67,776	48,326
Amortization	141,242	139,881
	<b>4,278,360</b>	<b>1,703,370</b>
<b>Annual surplus</b>	<b>\$ 540,794</b>	<b>\$ 40,511</b>

**Lhtako Dene Nation**  
**Exhibit D - Consolidated Statement of Cash Flows**

<u>For the year ended March 31</u>	<u>2017</u>	<u>2016</u>
<b>Operating activities</b>		
Cash receipts from various sources	\$ 5,764,047	\$ 1,750,826
Cash for purchase of marketable securities	(168,000)	-
Cash paid to employees and suppliers	<u>(3,955,427)</u>	<u>(1,525,507)</u>
<b>Cash flows from operating activities</b>	<u>1,640,620</u>	<u>225,319</u>
<b>Capital activities</b>		
Net changes of tangible capital assets	<u>(1,652,898)</u>	<u>-</u>
<b>Investing activities</b>		
Change in equity in Ottawa Trust	(7,594)	(42,289)
Purchase of investments	<u>(213,755)</u>	<u>-</u>
<b>Cash flows used for investing activities</b>	<u>(221,349)</u>	<u>(42,289)</u>
<b>Financing activities</b>		
Proceeds from issuance (repayment) long-term debt	<u>229,039</u>	<u>(82,587)</u>
<b>Cash flows from (used for) financing activities</b>	<u>229,039</u>	<u>(82,587)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(4,588)</u>	<u>100,443</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>493,403</u>	<u>392,960</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 488,815</u>	<u>\$ 493,403</u>

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## Lhtako Dene Nation Notes to Consolidated Financial Statements

**March 31, 2017**

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### **1. Summary of Significant Accounting Policies**

#### *Basis of Presentation*

These consolidated financial statements have been prepared, in all material respects, in accordance with Canadian public sector accounting standards for government entities as recommended by the Public Sector Accounting Board (PSAB), defined in the CPA Canada Public Sector Accounting Handbook, which encompasses the following principles.

#### *Reporting Entity and Principles of Financial Reporting*

The Lhtako Dene Nation reporting entity includes the Lhtako Dene Nation government and all related entities which are accountable to the Lhtako Dene Nation and are either owned or controlled by the Lhtako Dene Nation.

The Nation owns 100% of Red Bluff Development Corporation ("RBDC"). RBDC is not dependent on the Nation for its continuing operations. The investment in this corporation is accounted for using the modified equity method.

#### *Revenue Recognition*

Government grants and transfers, which include Federal funding agreements are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. When the eligibility criteria is not met, transfers received are reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Lhtako Dene Nation retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

All other revenue is recognized in the period in which the events give rise to the revenue occurs.

#### *Ottawa Trust Funds*

The Nation uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Trusts. Trust monies are recognized in revenue of the Nation upon withdrawal from the Ottawa Trust Fund.

#### *Investments*

The Nation accounts for its equity investments for which market value is not readily available at cost.

#### *Investment in Nation Business Entity*

The Nation accounts for its investment in Red Bluff Development Corporation using the modified equity method. Under this method, the cost of the investments are adjusted by earnings or losses of the entities from the date of acquisition. Any losses in excess of equity invested are not recorded as this would create a negative investment balance. In such circumstances, no income inclusion would be recorded until these unrecognized losses have been eliminated.

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**Lhtako Dene Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2017**

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**1. Summary of Significant Accounting Policies (continued)**

**Tangible Capital Assets**

Tangible capital assets are stated at cost less accumulated amortization and are recorded in the Capital Fund. The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations through interfund transfers and matched with the applicable revenue source in the year of expenditure. Tangible capital asset acquisitions are also recorded as an addition to assets of the Capital Fund with a corresponding increase in equity in tangible capital assets.

Amortization is charged against tangible capital assets and equity in tangible capital assets using the declining balance method basis at the following rates:

Automotive equipment	30%
Buildings and improvements	4%
Computer equipment	30%
Furniture and equipment	20%
Infrastructure	4%

In the year of acquisition, 50% of the normal amortization is recorded. Assets under construction are not amortized until the asset is sufficiently completed so as to be available for its intended use.

**Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant areas requiring the use of management estimates relate to the impairment of assets, and rates for amortization. Actual results could be different from those estimates.

**Financial Instruments**

Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from its financial instruments.

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts (if any) with maturities of three months or less.

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## Lhtako Dene Nation Notes to Consolidated Financial Statements

**March 31, 2017**

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### **1. Summary of Significant Accounting Policies (continued)**

#### *Impairment of Long-lived Assets*

In the event that fact and circumstances indicate that the Nation's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The Nation considers that no circumstances exist that would require such an evaluation.

#### *Leased Assets*

Leases are entered into, that transfer substantially all of the benefits and risks associated with ownership, are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner that is consistent with tangible capital assets owned by the Nation, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

#### *Liability for Contaminated Sites*

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. No provision is made with respect to lands held in trust for the Nation by the Government of Canada as any remediation and funding thereof is expected to be the responsibility of the Government of Canada.

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### **2. Economic Dependence**

The Nation receives a significant portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada ("INAC").

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### **3. Cash**

	<b>2017</b>	<b>2016</b>
Operating Fund	\$ 486,963	\$ 444,845
Social Housing	1,852	48,558
	<hr/> <b>\$ 488,815</b>	<hr/> <b>\$ 493,403</b>

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## Lhtako Dene Nation Notes to Consolidated Financial Statements

**March 31, 2017**

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### 4. Restricted Cash

	2017	2016
Ottawa Trust Funds	\$ 855,811	\$ 848,217
Housing replacement reserve fund	<u>122,739</u>	10,892
	<b>978,550</b>	859,109
Silviculture reserve funds	<u>115,103</u>	115,112
	<b>\$ 1,093,653</b>	\$ 974,221

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Nation and its members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

The Housing restricted cash is derived under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the account is to be credited annually. 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.

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### 5. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2017	2016
Trade accounts receivable	\$ 344,912	\$ 46,257
Due from Craig Buchan	<u>177,738</u>	177,738
Allowance for doubtful accounts - Craig Buchan	<u>(177,738)</u>	(177,738)
Due from Geronimo Squinas	<u>64,185</u>	64,185
Allowance for doubtful accounts - Geronimo Squinas	<u>(64,185)</u>	(64,185)
	<b>\$ 522,650</b>	\$ 159,810

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### 6. Investments

	2017	2016
Investment in Hydro project	<b>\$ 266,979</b>	\$ 250,000

The Nation owns 25 class A shares, 250 class F shares and 500 class H shares in the share capital of Castle Mountain Hydro Ltd. This represents a 2.5% equity interest. The Nation is a signatory to the shareholders' agreement in force.

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## Lhtako Dene Nation Notes to Consolidated Financial Statements

**March 31, 2017**

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### 7. Investment in Nation business entity

The Nation has investments in the following entities:

	2017	2016
Red Bluff Development Corporation - 100%	\$ 196,776	\$ -

	Assets	Liabilities	Net Assets	Revenue	Expenses	2017	2016
						Total Earnings (Loss)	Total Earnings (Loss)
Red Bluff Development Corporation	\$ 980,514	\$ 988,430	(7,916)	\$ 1,433,600	\$ 1,445,607	\$ (12,007)	\$ -

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### 8. Marketable Securities

The fair value of the Nation's marketable securities as of March 31, 2017 was \$168,000 (2016 - \$0).

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### 9. Unused Credit Facility

The Nation has a business operating line of credit that is secured by a general security agreement. The authorized credit limit is \$100,000, at a rate of prime plus 0.5%. As of March 31, 2017, the Band had not drawn on this facility.

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### 10. Accounts Payable

	2017	2016
Accounts payable and accrued liabilities	\$ 227,930	\$ 162,215
Silviculture liability	<u>250,000</u>	<u>250,000</u>
	<b>\$ 477,930</b>	<b>\$ 412,215</b>

Included in accounts payable at year end is government remittances of \$3,064 (2016 - \$2,976).

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**Lhtako Dene Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2017**

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**11. Deferred Revenue**

Deferred revenue represents amounts received that relate to a subsequent period. A breakdown of deferred revenue is as follows:

	<b>2017</b>	<b>2016</b>
Unearned rent - Band	\$ 4,478	\$ 4,478
Drainage and water systems	5,038	5,038
P&ID - Housing Inventory	100,000	-
P&ID - Community Infrastructure Plan	83,000	-
New Approach to Housing	31,080	-
INAC Capital Surpluses	84,941	84,941
	<hr/>	<hr/>
	<b>\$ 308,537</b>	<b>\$ 94,457</b>

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**12. Replacement Reserve**

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited annually. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. As of March 31, 2017, the Replacement Reserve is underfunded by \$2,129 (2016 - (\$138,910) ).

**Lhtako Dene Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2017**

**13. Long-term Debt**

	<b>2017</b>	<b>2016</b>
Demand loan repayable in monthly instalments of \$546 including interest at 2.72%, due to renew December 1, 2017	\$ 41,217	\$ 46,683
Mortgage, repaid during the year	-	2,306
Demand loan, repayable in monthly instalments of \$1,926 including interest at prime plus 0.5%, secured by a general security agreement	264,147	-
Demand construction loan, advances accrue interest at prime plus 0.5%, total facility of \$500,000 secured by a general security agreement.	48,752	-
<b><u>Social Housing</u></b>		
Mortgage repayable in monthly instalments of \$3,611 including interest at 2.57% per annum, a Government of Canada ministerial guarantee, due to mature December 1, 2017	28,630	70,795
Mortgage repayable in monthly instalments of \$2,076 including interest at 2.57% per annum, a Government of Canada ministerial guarantee, due to renew February 1, 2018	<u>77,130</u>	<u>99,946</u>
	<b><u>\$ 459,876</u></b>	<b><u>\$ 219,730</u></b>

Assuming payment is not demanded, regular principal repayments due in the next five years are as follows:

2018	\$ 120,903
2019	46,315
2020	47,273
2021	29,190
2022	24,122
Thereafter	<u>192,073</u>
	<b><u>\$ 459,876</u></b>

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**Lhtako Dene Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2017**

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**14. Tangible Capital Assets**

	<b>2017</b>		<b>2016</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Cost</b>	<b>Accumulated Amortization</b>
Buildings and infrastructure	\$ 3,038,509	\$ 1,469,950	\$ 3,038,509	\$ 1,404,594
Equipment	132,326	106,825	132,326	100,450
Computer equipment	58,694	34,399	31,241	29,869
CMHC Housing	893,453	787,693	893,453	722,712
Construction in progress	1,625,445	-	-	-
	<b>5,748,427</b>	<b>2,398,867</b>	4,095,529	2,257,625
Net book value		<b>\$ 3,349,560</b>		<b>\$ 1,837,904</b>

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**Lhtako Dene Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2017**

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**14. Tangible Capital Assets (continued)**

	<b>2017</b>					
	Buildings and infrastructure	Computer equipment	Furniture and equipment	CMHC Housing	Construction in progress	Total
Cost, beginning of year	\$ 3,038,509	\$ 31,241	\$ 132,326	\$ 893,453	\$ -	\$ 4,095,529
Additions	-	27,453	-	-	1,625,445	1,652,898
<b>Cost, end of year</b>	<b>\$ 3,038,509</b>	<b>\$ 58,694</b>	<b>\$ 132,326</b>	<b>\$ 893,453</b>	<b>\$ 1,625,445</b>	<b>\$ 5,748,427</b>
Accumulated amortization, beginning of year	\$ 1,404,594	\$ 29,869	\$ 100,450	\$ 722,712	\$ -	\$ 2,257,625
Amortization	65,356	4,530	6,375	64,981	-	141,242
<b>Accumulated amortization, end of year</b>	<b>1,469,950</b>	<b>34,399</b>	<b>106,825</b>	<b>787,693</b>	<b>-</b>	<b>2,398,867</b>
<b>Net carrying amount, end of year</b>	<b>\$ 1,568,559</b>	<b>\$ 24,295</b>	<b>\$ 25,501</b>	<b>\$ 105,760</b>	<b>\$ 1,625,445</b>	<b>\$ 3,349,560</b>

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**Lhtako Dene Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2017**

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**14. Tangible Capital Assets (continued)**

						2016
	Buildings and infrastructure	Computer equipment	Furniture and equipment	CMHC Housing	Total	
Cost, beginning of year	\$ 3,038,509	\$ 31,241	\$ 132,326	\$ 893,453	\$ 4,095,529	
Additions	-	-	-	-	-	-
Cost, end of year	\$ 3,038,509	\$ 31,241	\$ 132,326	\$ 893,453	\$ 4,095,529	
Accumulated amortization, beginning of year	\$ 1,336,513	\$ 29,282	\$ 92,481	\$ 659,468	\$ 2,117,744	
Amortization	68,081	587	7,969	63,244	139,881	
Accumulated amortization, end of year	1,404,594	29,869	100,450	722,712	2,257,625	
Net carrying amount, end of year	\$ 1,633,915	\$ 1,372	\$ 31,876	\$ 170,741	\$ 1,837,904	

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**Lhtako Dene Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2017**

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**15. Accumulated Surplus**

Accumulated surplus of the Nation is comprised of the following:

	<b>2017</b>	<b>2016</b>
Operations fund	\$ 1,161,747	\$ 504,486
Capital fund	(146,619)	(50,225)
Investment fund	-	3,393
Trust fund	855,811	848,217
CMHC Housing fund	(336,870)	(336,870)
Replacement reserve	124,868	149,802
Equity in capital assets	<u>3,200,277</u>	<u>1,618,174</u>
	<hr/>	<hr/>
	<b>\$ 4,859,214</b>	<b>\$ 2,736,977</b>

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**16. Commitments**

Lhtako Dene Nation has entered into various lease agreements for office equipment. Minimum annual lease payments due are approximately as follows:

2018	\$ 2,230
2019	2,230
2020	2,230
2021	<u>1,486</u>
	<hr/>
	<b><u>\$ 8,176</u></b>

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**17. Contingencies**

Lhtako Dene Nation has guaranteed certain Nation members loans with Indigenous and Northern Affairs Canada.

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**Lhtako Dene Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2017**

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**18. Expenses by Object**

	<b>2017</b>	<b>2016</b>
Salaries, wages and benefits	\$ 306,173	\$ 206,177
Materials and supplies	108,748	108,207
Contracted services	2,928,844	399,877
Rent, maintenance and utilities	120,901	83,983
Honoraria	135,839	102,400
Insurance	26,333	27,515
Tuition	-	78,142
Interest	24,282	26,184
Amortization	141,242	139,881
Travel	67,601	74,479
Social assistance	273,134	287,859
Professional fees	81,372	90,817
Bad debts	26,832	-
Training	33,083	77,635
Other	3,976	214
	<b>\$ 4,278,360</b>	<b>\$ 1,703,370</b>

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## Lhtako Dene Nation Notes to Consolidated Financial Statements

**March 31, 2017**

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### **19. Segment Disclosure**

The Nation is a diversified organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### **Social Services**

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

#### **Administration**

This item relates to the revenues and expenses that relate to the operations of the Nation itself and cannot be directly attributed to a specific segment.

#### **Operations and Maintenance**

This service area provides services relating to the development, maintenance and service of the Nation's assets, infrastructure and common property.

#### **Education**

This service area provides educational services through post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Nation's Members.

#### **Economic Development**

This service area provides for the development of economic opportunities to the Members.

#### **Capital**

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

#### **Social Housing**

This service area provides for social housing to the Members.

**Lhtako Dene Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2017**

**19. Segment Disclosure - continued**

<b>2017</b>	<b>Community</b>	<b>Operations &amp;</b>	<b>Economic</b>						
	Welfare	Administration	Maintenance	Education	Development	Capital	Social Housing		Total
<b>Revenue</b>									
INAC	\$ 329,566	\$ 176,579	\$ 74,266	\$ 80,832	\$ -	\$ 1,804,321	\$ -	\$ -	\$ 2,465,564
Other Revenue	215,714	792,999	465,452	-	652,831	144,837	81,757		2,353,590
<b>Total</b>	<b>545,280</b>	<b>969,578</b>	<b>539,718</b>	<b>80,832</b>	<b>652,831</b>	<b>1,949,158</b>	<b>81,757</b>		<b>4,819,154</b>
<b>Expenses</b>									
Wages and benefits	124,761	38,471	22,513	3,580	82,147	57	34,644		306,173
Purchases	304,058	658,153	572,948	72,379	113,836	2,076,439	33,132		3,830,945
Amortization	-	76,262	-	-	-	-	64,980		141,242
<b>Total</b>	<b>428,819</b>	<b>772,886</b>	<b>595,461</b>	<b>75,959</b>	<b>195,983</b>	<b>2,076,496</b>	<b>132,756</b>		<b>4,278,360</b>
<b>Surplus (deficit)</b>	<b>\$ 116,461</b>	<b>\$ 196,692</b>	<b>\$ (55,743)</b>	<b>\$ 4,873</b>	<b>\$ 456,848</b>	<b>\$ (127,338)</b>	<b>\$ (50,999)</b>		<b>\$ 540,794</b>

<b>2016</b>	<b>Community</b>	<b>Operations &amp;</b>	<b>Economic</b>						
	Welfare	Administration	Maintenance	Education	Development	Capital	Social Housing		Total
<b>Revenue</b>									
INAC	\$ 333,742	\$ 178,624	\$ 73,396	\$ 87,895	\$ -	\$ 104,503	\$ -	\$ -	\$ 778,160
Other Revenue	357,803	130,288	10,356	-	400,717	-	66,557		965,721
<b>Total</b>	<b>691,545</b>	<b>308,912</b>	<b>83,752</b>	<b>87,895</b>	<b>400,717</b>	<b>104,503</b>	<b>66,557</b>		<b>1,743,881</b>
<b>Expenses</b>									
Wages and benefits	84,014	25,905	15,160	2,411	55,319	38	23,330		206,177
Purchases	588,092	391,377	79,550	81,188	42,097	150,012	24,996		1,357,312
Amortization	-	76,637	-	-	-	-	63,244		139,881
<b>Total</b>	<b>672,106</b>	<b>493,919</b>	<b>94,710</b>	<b>83,599</b>	<b>97,416</b>	<b>150,050</b>	<b>111,570</b>		<b>1,703,370</b>
<b>Surplus (deficit)</b>	<b>\$ 19,439</b>	<b>\$ (185,007)</b>	<b>\$ (10,958)</b>	<b>\$ 4,296</b>	<b>\$ 303,301</b>	<b>\$ (45,547)</b>	<b>\$ (45,013)</b>		<b>\$ 40,511</b>

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**Lhtako Dene Nation**  
**Notes to Consolidated Financial Statements**

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**20. Fiscal Plan**

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

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**21. Comparative Figures**

Certain amounts of the comparative figures have been reclassified to conform with the presentation adopted in the current year.