

**ULKATCHO FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

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YEAR ENDED MARCH 31, 2017**

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ULKATCHO FIRST NATION

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Ulkatcho First Nation are the responsibility of management and have been approved by the Chief and Council.

The 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 of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

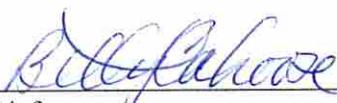
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced.

The Chief and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Brent Bursey & Company Inc., Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Ulkatcho First Nation and meet when required.

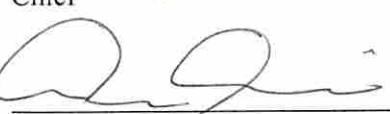
On behalf of Ulkatcho First Nation:



Chief



Councillor



Councillor



Councillor

INDEPENDENT AUDITORS' REPORT

To the Members of Ulkatcho First Nation:

We have audited the accompanying consolidated financial statements of Ulkatcho First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, the consolidated statements of operations, changes 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 Consolidated 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.

Auditors' Responsibility

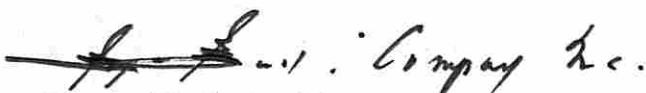
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 auditors' judgement, 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.

Opinion

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



Chartered Professional Accountants

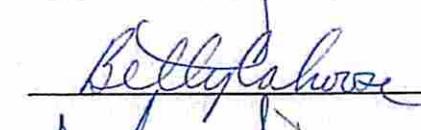
September 28, 2017
Prince George, British Columbia

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

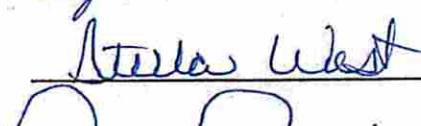
| | 2017 | 2016 |
|--|-----------------------------|-----------------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 1,011,407 | \$ 245,832 |
| Accounts receivable (Note 2) | 970,366 | 143,442 |
| Restricted cash (Note 3) | 14,144 | 14,144 |
| Investments (Note 4) | 18,861 | 18,861 |
| Investments in government business entities (Note 5) | 579,258 | 234,907 |
| Ottawa trust funds (Note 6) | 63,541 | 59,944 |
| | <u>2,657,577</u> | <u>717,130</u> |
| LIABILITIES | | |
| Bank indebtedness (Note 7) | 199,716 | 200,077 |
| Term demand loans (Note 8) | 752,896 | 1,008,090 |
| Accounts payable and accrued liabilities (Note 9) | 1,236,317 | 365,620 |
| Deferred revenue (Note 10) | 456,039 | 56,009 |
| Long-term debt (Note 11) | 325,716 | 529,990 |
| Unfunded replacement reserve (Note 3) | 434,674 | 409,717 |
| | <u>3,405,358</u> | <u>2,569,503</u> |
| NET DEBT | <u>(747,781)</u> | <u>(1,852,373)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 12) | 14,814,350 | 12,661,469 |
| Prepaid expenditure | 23,034 | 73,234 |
| | <u>14,837,384</u> | <u>12,734,703</u> |
| ACCUMULATED SURPLUS | <u>\$ 14,089,603</u> | <u>\$ 10,882,330</u> |
| CONTINGENT LIABILITIES (Note 13) | | |

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

Approved on behalf of Ulkatcho First Nation:

 Betty Cahoose Chief

 J.W. S. Councillor

 Teresa West Councillor

 Dr. Q. Councillor

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2017

| | Budget | 2017 | 2016 |
|---|---------------------|----------------------|----------------------|
| REVENUE | | | |
| Indigenous and Northern Affairs Canada | \$ 3,296,562 | \$ 4,037,599 | \$ 3,362,664 |
| First Nations Health Authority | 4,104,029 | 3,980,970 | 1,153,515 |
| Canada Mortgage and Housing Corporation | 181,339 | 191,984 | 64,491 |
| Province of British Columbia | 419,242 | 446,386 | 319,242 |
| Cariboo Chilcotin Aboriginal Training Employment Centre | 139,399 | 150,649 | 68,302 |
| First Nations Education Steering Committee | 7,803 | 105,672 | 35,894 |
| Ottawa trust funds | - | 3,597 | 3,615 |
| Income from investments in government business entities | - | 583,519 | 36,658 |
| Management and administration | 99,397 | 182,862 | 191,732 |
| Own Source | 91,600 | 439,842 | 229,765 |
| Interest, rent and other | 317,639 | 471,196 | 307,490 |
| Change in deferred revenue | - | (400,030) | 55,565 |
| | <u>8,657,010</u> | <u>10,194,246</u> | <u>5,828,933</u> |
| EXPENDITURE | | | |
| Economic development | 419,937 | 612,707 | 299,253 |
| Education | 1,510,230 | 1,491,847 | 1,296,771 |
| Employment and training | 247,202 | 234,098 | 67,558 |
| Government development and administration | 793,965 | 742,198 | 846,116 |
| Health services | 998,979 | 1,168,089 | 1,092,799 |
| Housing | 458,103 | 400,951 | 270,634 |
| Public works operations and maintenance | 282,009 | 351,558 | 393,737 |
| Social and community services | 1,210,857 | 1,302,386 | 1,251,079 |
| Loss from investments in government business entity | - | 14 | 490,193 |
| Interest | 16,000 | 16,520 | 24,332 |
| Amortization | 690,000 | 697,907 | 750,304 |
| | <u>6,627,282</u> | <u>7,018,275</u> | <u>6,782,776</u> |
| ANNUAL SURPLUS (DEFICIT) | <u>\$ 2,029,728</u> | <u>3,175,971</u> | <u>(953,843)</u> |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | | 10,882,330 | 11,941,533 |
| REIMBURSEMENTS (RECOVERIES) BY | | | |
| Indigenous and Northern Affairs Canada | 82,273 | (117,922) | |
| Health Canada | (50,971) | - | |
| First Nations Health Authority | - | 12,536 | |
| INCREASE IN FUNDED REPLACEMENT RESERVE | | - | 26 |
| ACCUMULATED SURPLUS, END OF YEAR | | \$ 14,089,603 | \$ 10,882,330 |

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

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2017

| | Budget | 2017 | 2016 |
|--|---------------------|---------------------|-----------------------|
| Annual surplus (deficit) | \$ 2,029,728 | \$ 3,175,971 | \$ (953,843) |
| Rebursements (recoveries) | - | 31,302 | (105,386) |
| Increase in funded replacement reserve | - | - | 26 |
| | <u>2,029,728</u> | <u>3,207,273</u> | <u>(1,059,203)</u> |
| Acquisition of tangible capital assets | (3,105,050) | (2,850,788) | (8,166) |
| Amortization | 690,000 | 697,907 | 750,304 |
| | <u>(2,415,050)</u> | <u>(2,152,881)</u> | <u>742,138</u> |
| Net change in prepaid expenditure | 50,000 | 50,200 | (39,438) |
| DECREASE (INCREASE) IN NET DEBT | \$ (335,322) | 1,104,592 | (356,503) |
| NET DEBT, BEGINNING OF YEAR | | (1,852,373) | (1,495,870) |
| NET DEBT, END OF YEAR | | \$ (747,781) | \$ (1,852,373) |

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

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017

| | 2017 | 2016 |
|--|--------------------------|-------------------------|
| OPERATING TRANSACTIONS | | |
| Annual surplus (deficit) | \$ 3,175,971 | \$ (953,843) |
| Reimbursements (recoveries) by Government of Canada | 31,302 | (105,386) |
| Increase in funded replacement reserve | - | 26 |
| | <u>3,207,273</u> | <u>(1,059,203)</u> |
| Items not involving cash | | |
| Allocation to replacement reserve | 24,957 | 25,386 |
| Amortization | 697,907 | 750,304 |
| Income from government business enterprises | (583,519) | (36,658) |
| Loss from government business enterprise | 14 | 490,193 |
| Ottawa trust accounts | <u>(3,597)</u> | <u>(3,615)</u> |
| | <u>3,343,035</u> | <u>166,407</u> |
| Cash provided by (used in) operating activities | | |
| Accounts receivable | (826,924) | 58,338 |
| Prepaid expenditure | 50,200 | (39,438) |
| Accounts payable and accrued liabilities | 870,697 | 70,382 |
| Deferred revenue | <u>400,030</u> | <u>(52,269)</u> |
| | <u>3,837,038</u> | <u>203,420</u> |
| CAPITAL TRANSACTIONS | | |
| Purchase and construction of tangible capital assets | <u>(2,850,788)</u> | <u>(8,166)</u> |
| FINANCING TRANSACTIONS | | |
| Repayment of term demand loans | (255,194) | (246,691) |
| Proceeds of long-term debt | - | 87,061 |
| Repayment of long-term debt | (204,274) | (234,461) |
| Contributions to replacement reserve | <u>-</u> | <u>(2,754)</u> |
| | <u>(459,468)</u> | <u>(396,845)</u> |
| INVESTING TRANSACTIONS | | |
| Advances to government business entities | (694) | (246,691) |
| Repayment from government business entities | <u>239,848</u> | <u>307,141</u> |
| | <u>239,154</u> | <u>60,450</u> |
| INCREASE (DECREASE) DURING YEAR | | |
| CASH, BEGINNING OF YEAR | 765,936 | (141,141) |
| CASH, END OF YEAR | <u>59,899</u> | <u>201,040</u> |
| Cash, consists of: | \$ 825,835 | \$ 59,899 |
| Cash | \$ 1,011,407 | \$ 245,832 |
| Restricted cash | 14,144 | 14,144 |
| Bank indebtedness | <u>(199,716)</u> | <u>(200,077)</u> |
| | <u>\$ 825,835</u> | <u>\$ 59,899</u> |

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

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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 of the Chartered Professional Accountants of Canada.

Reporting Entity and Principles of Financial Reporting

The Ulkatcho First Nation reporting entity includes the Ulkatcho First Nation government and all related entities which are either owned or controlled by the Ulkatcho First Nation.

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprises or government business partnership, which are included in these consolidated financial statements on a modified equity basis. Inter-entity balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Ulkatcho First Nation's investment in the government business enterprises or government business partnership and their share of the entity's net income and other changes in equity are recorded. No adjustments are made for accounting policies of the entities that are different from those of Ulkatcho First Nation.

The consolidated financial statements include the following controlled entity:

- Ulkatcho First Nation CMHC Social Housing Program

Government business enterprises, which are wholly-owned by Ulkatcho First Nation and which are not dependent on the Nation for their continuing operations, included in the consolidated financial statements using the modified equity method are as follows:

- Ulkatcho Mercantile Ltd.
- West Chilcotin Forest Products Ltd.
- 690361 B.C. Ltd.

The government business partnership, of which Ulkatcho First Nation holds a limited partnership interest and which is not dependent on the Nation for their continuing operations, included in the consolidated financial statements using the modified equity method is as follows:

- Yun Ka Whu'ten Development Limited Partnership

Cash

Cash includes cash on hand, cash on deposit net of cheques issued and outstanding at the reporting date, and short-term deposits with maturity dates of less than 90 days.

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Transfers of tangible capital assets from related parties are recorded at carrying value.

Tangible capital assets are amortized using the declining balance method at rates calculated to amortize the cost less salvage value as follows:

| | |
|----------------------|-----|
| Automotive equipment | 30% |
| Band housing | 4% |
| Buildings | 4% |
| Computer equipment | 30% |
| Equipment | 20% |
| Infrastructure | 4% |
| Land improvements | 4% |
| Rental housing | 4% |
| Roads | 4% |

Social housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt.

In the year of acquisition, 50% of the annual amortization is expensed. Assets under construction are not amortized until the asset is available to be put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are accounted for in the consolidated statement of operations and consolidated statement of changes in net debt when they occur.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Revenue and Expenditure

Revenue and expenditure are recorded using the accrual basis of accounting. Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. Gains are recognized when realized. Items not practically measurable until cash is received are accounted for at that time.

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue and Expenditure, continued

Government transfers are recognized as revenue 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 and recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Funding Recoveries and Reimbursements

Funding received from federal government sources in the form of conditional transfer payments are subject to recovery, by the Crown, of unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specified purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, rates for amortization, and collectability of accounts receivable. Actual results could differ from these estimates.

2. ACCOUNTS RECEIVABLE

| | 2017 | 2016 |
|--|--------------------------------|--------------------------------|
| Indigenous and Northern Affairs Canada | \$ - | \$ 17,775 |
| First Nations Health Authority | 604,209 | - |
| Other Government | 58,768 | 44,074 |
| Other | 307,389 | 81,593 |
| | <hr/> <u>\$ 970,366</u> | <hr/> <u>\$ 143,442</u> |

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

3. RESTRICTED CASH AND REPLACEMENT RESERVE

| | 2017 | 2016 |
|------------------------------|--------------------------|-------------|
| Fund reserves consists of: | | |
| Funded replacement reserve | \$ 14,144 | \$ 14,144 |
| Unfunded replacement reserve | <u>434,674</u> | 409,717 |
| | <u>\$ 448,818</u> | \$ 423,861 |

Under the terms of the Agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$24,957 annually plus interest. 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 from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At year end the program has unfunded reserves of \$434,674 (2016 - \$409,717) and is in technical default of their agreement with CMHC.

4. INVESTMENTS

| | 2017 | 2016 |
|---------------|-------------------------|-------------|
| Gatcho Resort | \$ 4,969 | \$ 4,969 |
| Traplines | <u>13,892</u> | 13,892 |
| | <u>\$ 18,861</u> | \$ 18,861 |

Investments are recorded at cost.

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES (Appendix A)

| | 2017 | 2016 |
|-----------------------------|--------------------------|-------------|
| Ulkatcho Mercantile Ltd. | | |
| Year ended October 31, 2016 | | |
| - share | \$ 1 | \$ 1 |
| - contributed surplus | 560,867 | 560,867 |
| - deficiency | (460,139) | (464,328) |
| - advances to | <u>73,903</u> | 73,903 |
| Balance forward | <u>\$ 174,632</u> | \$ 170,443 |

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES (Appendix A), continued

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Balance forward | \$ 174,632 | \$ 170,443 |
| West Chilcotin Forest Products Ltd. | | |
| Year ended July 31, 2017 | | |
| - shares | 3 | 3 |
| Yun Ka Whu'ten Development Limited Partnership | | |
| Year ended March 31, 2017 | | |
| - partners' capital | 404,123 | 64,642 |
| 690361 B.C. Ltd. | | |
| Year ended July 31, 2017 | | |
| - shares | 2 | 2 |
| - deficiency | (196) | (183) |
| - advances to | 694 | - |
| | 500 | (181) |
| | \$ 579,258 | \$ 234,907 |

Shares and partnership units of the government business enterprises and government business partnership above are held by Ulkatcho First Nation, as represented by Chief and Council, on behalf of and for the benefit of the Ulkatcho First Nation membership.

Ulkatcho Mercantile Ltd. is operating a grocery store in the Cariboo Chilcotin region of British Columbia and employs four to six members of the Nation on a regular basis. Advances due from Ulkatcho Mercantile Ltd. are unsecured, non-interest bearing with no scheduled terms of repayment.

West Chilcotin Forest Products Ltd. is the agent for West Chilcotin Forest Products, a division of Yun Ka Whu'ten Development Limited Partnership.

Yun Ka Whu'ten Development Limited Partnership is actively involved in logging operations in the Cariboo Chilcotin region of British Columbia and employs members of the Nation on a regular basis. Advances due from Yun Ka Whu'ten Development Limited Partnership are unsecured, non-interest bearing with no scheduled terms of repayment.

690361 B.C. Ltd. is the general partner in Yun Ka Whu'ten Development Limited Partnership and holds a 0.0001% interest in the partnership.

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES (Appendix A), continued

Condensed financial information for the government business enterprises and government business partnership is presented in Appendix A to the financial statements.

6. OTTAWA TRUST FUNDS

| | Revenue | Capital | Total 2017 | Total 2016 |
|----------------------------|------------------|------------------|------------------|------------------|
| Balance, beginning of year | \$ 26,919 | \$ 33,025 | \$ 59,944 | \$ 56,329 |
| Interest | 1,189 | - | 1,189 | 1,209 |
| BC Special | 2,408 | - | 2,408 | 2,406 |
| Balance, end of year | <u>\$ 30,516</u> | <u>\$ 33,025</u> | <u>\$ 63,541</u> | <u>\$ 59,944</u> |

The Ottawa Trust Accounts arise from monies 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 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".

7. BANK INDEBTEDNESS

Bank indebtedness consists of cheques issued in excess of cash on hand and is drawn on an operating line of credit authorized to \$200,000, secured by a Band Council Resolution, general security agreement registered with a floating charge over all company assets of West Chilcotin Forest Products Ltd., Yun Ka Whu'ten Development Limited Partnership and 690361 B.C. Ltd., and are supported by corporate guarantees in the amount of \$2,000,000. The rate of interest is prime plus .75% (March 31, 2017 - 3.45%).

8. TERM DEMAND LOANS

| | 2017 | 2016 |
|--|-------------------|------------|
| Term demand loan repayable in monthly instalments of \$3,117 including interest at prime plus 0.75% (March 31, 2017 - 3.45%) | \$ 99,517 | \$ 132,796 |
| Term demand loan repayable in monthly instalments of \$3,388 including interest at prime plus 0.75% (March 31, 2017 - 3.45%) | <u>105,615</u> | 141,761 |
| Balance forward | <u>\$ 205,132</u> | \$ 274,557 |

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

8. TERM DEMAND LOANS, continued

| | 2017 | 2016 |
|---|--------------------------|----------------------------|
| Balance forward | \$ 205,132 | \$ 274,557 |
| Term demand loan repayable in monthly instalments of \$2,200 including interest at prime plus 0.75% (March 31, 2017 - 3.45%) | 74,193 | 97,545 |
| Term demand loan repayable in monthly instalments of \$15,181 including interest at prime plus 0.75% (March 31, 2017 - 3.45%) | <u>473,571</u> | 635,988 |
| | <u><u>\$ 752,896</u></u> | <u><u>\$ 1,008,090</u></u> |

The above term demand loans are secured by a Band Council Resolution and general security agreement registered with a floating charge over all assets of West Chilcotin Forest Products Ltd., Yun Ka Whu'ten Development Limited Partnership and 690361 B.C. Ltd., and are supported by corporate guarantees in the amount of \$2,000,000.

Ulkatcho First Nation has breached debt covenants on the above term demand loans. There has been no demand for repayment from the lender and all scheduled payments have been made.

Provided the lender does not demand repayment of the loans in full, principal payments due in each of the next three years are scheduled as follows:

| | |
|------|--------------------------|
| 2018 | \$ 264,846 |
| 2019 | 274,120 |
| 2020 | <u>213,930</u> |
| | <u><u>\$ 752,896</u></u> |

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2017 | 2016 |
|--|----------------------------|--------------------------|
| Trade payables and accrued liabilities | \$ 1,114,584 | \$ 214,791 |
| Accrued wages and payroll deductions payable | 35,113 | 32,907 |
| Government recoveries payable | <u>86,620</u> | 117,922 |
| | <u><u>\$ 1,236,317</u></u> | <u><u>\$ 365,620</u></u> |

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

10. DEFERRED REVENUE

| | 2017 | 2016 |
|---|-------------------|-------------|
| Indigenous and Northern Affairs Canada | | |
| Capital Surplus | \$ 47,791 | \$ 47,791 |
| Special Services – O&M ACRS Group 2 | 51,289 | - |
| Capacity Development | 90,127 | - |
| | 189,207 | 47,791 |
| First Nations Health Authority | | |
| First Nations Health Authority - Clinic Expansion | 261,910 | - |
| Other | | |
| Stella West Unit | 4,922 | 4,922 |
| CMHC - Rent | - | 3,296 |
| | 4,922 | 8,218 |
| | \$ 456,039 | \$ 56,009 |

The Nation has recorded the above surpluses as deferred capital revenue to be used in the completion of projects.

11. LONG-TERM DEBT

| | 2017 | 2016 |
|--|-------------------|-------------|
| Mortgage repayable in monthly instalments of \$4,667 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, due to mature April 1, 2019 | \$ 109,366 | \$ 161,189 |
| Mortgage repayable in monthly instalments of \$527 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, due to mature July 1, 2019 | 14,341 | 20,148 |
| Balance forward | \$ 123,707 | \$ 181,337 |

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

11. LONG-TERM DEBT, continued

| | 2017 | 2016 |
|---|--------------------------|--------------------------|
| Balance forward | \$ 123,707 | \$ 181,337 |
| Mortgage repayable in monthly instalments of \$1,697 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, due to mature November 1, 2019 | 52,333 | 70,903 |
| Mortgage repayable in monthly instalments of \$4,695 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, due to mature October 1, 2018 | 88,016 | 140,565 |
| Mortgage repayable in monthly instalments of \$614 including interest at 2.41% per annum, secured by a Government of Canada ministerial guarantee, due to mature March 1, 2018 | 8,540 | 11,998 |
| Conditional sales contract repayable in monthly instalments of \$2,201 including interest at 9.83% per annum, secured by equipment with a net book value of \$57,557, due to mature June 2019 | 53,120 | 73,224 |
| Mortgage | - | 20,056 |
| Mortgage | - | 31,907 |
| | <u>\$ 325,716</u> | <u>\$ 529,990</u> |

Principal repayments due in each of the next three years are scheduled as follows:

| | |
|------|--------------------------|
| 2018 | \$ 162,654 |
| 2019 | 136,656 |
| 2020 | <u>26,406</u> |
| | <u>\$ 325,716</u> |

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

12. TANGIBLE CAPITAL ASSETS (Appendix B)

| | | | 2017 | 2016 |
|---------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Automotive | \$ 824,390 | \$ 758,531 | \$ 65,859 | \$ 94,085 |
| Band housing | 9,191,775 | 6,965,677 | 2,226,098 | 2,321,040 |
| Buildings | 10,610,024 | 3,416,146 | 7,193,878 | 4,819,412 |
| CMHC social housing | 1,962,122 | 1,764,740 | 197,382 | 333,662 |
| Computer equipment | 171,349 | 156,633 | 14,716 | 30,232 |
| Equipment | 917,988 | 746,343 | 171,645 | 165,279 |
| Infrastructure | 5,411,647 | 1,968,589 | 3,443,058 | 3,333,474 |
| Land improvements | 319,799 | 179,927 | 139,872 | 145,699 |
| Rental housing | 676,741 | 408,913 | 267,828 | 278,988 |
| Roads | <u>1,971,349</u> | <u>877,335</u> | <u>1,094,014</u> | <u>1,139,598</u> |
| | <u>\$ 32,057,184</u> | <u>\$ 17,242,834</u> | <u>\$ 14,814,350</u> | <u>\$ 12,661,469</u> |

Assets under construction included in buildings, in the amount of \$2,567,242, are not currently being amortized. Amortization will commence when the asset is available to be put in use.

13. CONTINGENT LIABILITIES

Ulkatcho First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the Nation may become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

14. RELATED PARTY TRANSACTIONS

During the year Yun Ka Whu'ten Development Limited Partnership made term demand loan payments as outlined in Note 8 totalling \$286,632 (2016 - \$286,632) on behalf of the Nation.

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

15. ECONOMIC DEPENDENCE

The Nation receives a major portion of its revenue pursuant to funding arrangements with Indigenous and Northern Affairs Canada and First Nations Health Authority. Any disruption in this funding would have a negative effect on the Nation's operations.

16. RECONCILIATION OF INAC FUNDING AGREEMENT REVENUE

Pursuant to the Indigenous and Northern Affairs Canada Financial Reporting Requirements for the fiscal period 2016 - 2017, the following reconciliation has been prepared:

| | |
|---|---------------------|
| Recipient total as per 2016/2017 INAC funding confirmation | \$ 4,037,599 |
| Variance | ————— |
| Recipient total as per consolidated statement of operations | <u>\$ 4,037,599</u> |

17. GOVERNMENT TRANSFERS

| | 2017 | | | 2016 | | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------|----------------------------|
| | <u>Operating</u> | <u>Capital</u> | <u>Total</u> | <u>Operating</u> | <u>Capital</u> | <u>Total</u> |
| Federal government transfers: | | | | | | |
| Indigenous and Northern Affairs Canada | \$ 3,650,224 | \$ 387,375 | \$ 4,037,599 | \$ 3,362,664 | \$ - | \$ 3,362,664 |
| First Nations Health Authority | 1,123,198 | 2,857,772 | 3,980,970 | 1,153,515 | - | 1,153,515 |
| Canada Mortgage and Housing Corporation | <u>191,984</u> | - | <u>191,984</u> | 64,491 | - | 64,491 |
| | <u>4,965,406</u> | <u>3,245,147</u> | <u>8,210,553</u> | 4,580,670 | | 4,580,670 |
| Provincial Government transfers | <u>446,386</u> | - | <u>446,386</u> | 319,242 | - | 319,242 |
| | <u><u>\$ 5,411,792</u></u> | <u><u>\$ 3,245,147</u></u> | <u><u>\$ 8,656,939</u></u> | <u><u>\$ 4,899,912</u></u> | - | <u><u>\$ 4,899,912</u></u> |

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

18. RISK MANAGEMENT

The Nation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include the following:

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Nation has a history of dealing with its funding agencies and customer base and does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable.

The Nation maintains its cash and deposits with a single federally regulated Canadian financial institution, and thus has not experienced any change in risk exposure.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Nation's long-term debt is at fixed rates of interest therefore, a change in market interest rates has no impact to cash flows required to service this debt. The term demand loans are subject to floating rates of interest that may expose the Nation to interest rate risk due to fluctuations in the prime rate. The Nation maintains an operating line of credit subject to a floating rate of interest, a change in the variable rate can impact cash flow to service the debt when such debt is outstanding. There has been no change to the risk exposure from 2016 and there is expected to be no substantive change in the next fiscal period.

19. MANAGEMENT ACTION PLAN

Based on the financial position of the Nation for fiscal year ended March 31, 2013, Indigenous and Northern Affairs Canada (INAC) initiated intervention requiring the Nation to implement a Management Action Plan (MAP). The MAP has been prepared and implemented by the Nation and covers the five year period ending March 31, 2019.

20. SEGMENT DISCLOSURE

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function and department. For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies in Note 1. The segments and services provided are as follows:

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

20. SEGMENT DISCLOSURE, continued

Economic Development - manages the development of economic opportunities from the land and natural resources for the Nation and its entities;

Education - provides elementary instructional services and financial support to post secondary students;

Employment and Training - provides training and work opportunities for Nation members to improve their job skills and participate effectively in the labour market;

Government Development and Administration - provides governance initiatives and training through the activities of Chief and Council and administration of other activities relating to program delivery, membership and finance;

Health Services - provides a variety of health care programs, services and support to Nation members;

Housing - provides housing and services to Nation members;

Public Works Operations and Maintenance - manages community and facilities operations and maintenance including capital projects, municipal services, water and waste water operations, roads, fire protection, and maintenance of community buildings;

Social and Community Services - provides programs and services for the social benefit and welfare of Nation members;

Other - Ottawa Trust assets and government business entities provide programs and services for the social, economic and capital needs of Nation members;

Tangible Capital Assets - provides for capital infrastructure development for Nation members.

21. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been approved by the Chief and Council.

ULKATCHO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2017

| | ECONOMIC DEVELOPMENT | | | | | | EDUCATION | | | EMPLOYMENT AND TRAINING | | | GOVERNMENT DEVELOPMENT AND ADMINISTRATION | | |
|---|----------------------|-------------------|-------------------|---------------------|--------------------|------------------|----------------|------------------|-----------------|-------------------------|--------------------|---------------------|---|---------|---------|
| | Budget | 2017 | 2016 | Budget | 2017 | 2016 | Budget | 2017 | 2016 | Budget | 2017 | 2016 | Budget | 2017 | 2016 |
| | REVENUE | | | | | | | | | | | | | | |
| Indigenous and Northern Affairs Canada | \$ 53,956 | \$ 304,119 | \$ 53,956 | \$ 1,257,926 | \$ 1,381,010 | \$ 1,347,155 | \$ - | \$ - | \$ - | \$ 484,941 | \$ 478,654 | \$ 447,900 | | | |
| First Nations Health Authority | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Canada Mortgage and Housing Corporation | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Province of British Columbia | 319,242 | 346,386 | 319,242 | - | - | - | - | - | - | 100,000 | 100,000 | - | | | |
| Cariboo Chilcotin Aboriginal Training Employment Centre | - | - | - | - | - | - | - | - | - | 139,399 | 150,649 | 68,302 | - | - | - |
| First Nations Education Steering Committee | - | - | - | - | 97,869 | 35,894 | - | - | - | 7,803 | 7,803 | - | - | - | - |
| Ottawa trust assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Income from investments in government business entities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Management and administration | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Own Source | 91,600 | 439,842 | 229,765 | - | - | - | - | - | - | - | - | - | 99,397 | 182,862 | 191,732 |
| Interest, rent and other | 112,500 | 164,257 | 14,386 | 6,400 | 10,852 | 8,878 | - | - | - | 1,584 | 6,970 | 16,632 | 40,139 | 46,987 | - |
| Change in deferred revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL REVENUE | 577,298 | 1,254,604 | 617,349 | 1,264,326 | 1,489,731 | 1,391,927 | 247,202 | 260,036 | 75,272 | 600,970 | 701,655 | 686,619 | | | |
| EXPENDITURE | | | | | | | | | | | | | | | |
| Activities | - | - | - | 12,000 | 45,134 | 500 | - | - | - | - | - | - | - | 754 | - |
| Administration | 3,360 | 7,000 | 7,000 | - | 7,580 | 41,461 | 9,260 | 7,846 | 641 | - | - | 2,960 | 3,819 | - | |
| Amortization and interest | - | - | - | - | 6,309 | 5,973 | - | - | - | - | - | - | - | - | - |
| Capital purchases | - | - | - | 3,600 | 8,967 | - | - | - | - | - | - | 3,000 | - | 3,459 | - |
| Consulting and contract services | - | 11,042 | 28,795 | - | 51,861 | 7,795 | 25,000 | 13,750 | - | - | - | - | 3,281 | 8,587 | - |
| Honoraria | 5,000 | 5,064 | 21,740 | - | 500 | 845 | 3,000 | 2,263 | - | - | - | 124,800 | 124,800 | 127,780 | - |
| Insurance, fees and dues | - | - | - | 5,000 | 11,558 | 3,024 | 1,768 | 1,031 | 1,031 | 42,177 | 40,545 | 41,248 | - | - | - |
| Materials and supplies | 2,000 | 4,498 | 9,269 | 129,410 | 133,138 | 79,686 | 3,388 | 4,712 | 1,624 | 1,000 | 619 | 22,330 | - | - | - |
| Office | - | - | - | 6,086 | 1,635 | 1,295 | - | 705 | 919 | 18,540 | 19,162 | 20,178 | - | - | - |
| Professional fees | 141,604 | 238,971 | 78,044 | - | - | - | 77,000 | 71,760 | - | 221,502 | 279,207 | 231,855 | - | - | - |
| Repairs and maintenance | - | 5,296 | - | 17,500 | 16,157 | 3,998 | 4,746 | 14,145 | - | 3,000 | 11,105 | 15,618 | - | - | - |
| Telephone and utilities | - | - | - | 18,996 | 32,889 | 11,553 | 7,975 | 4,878 | 8,396 | 37,740 | 36,861 | 41,786 | - | - | - |
| Travel and accommodations | 65,600 | 190,092 | 105,217 | 40,040 | 82,723 | 19,236 | 12,464 | 11,463 | 2,546 | 34,000 | 6,219 | 29,535 | - | - | - |
| Wages and benefits | 190,373 | 135,906 | 43,848 | 410,186 | 376,890 | 288,563 | 46,601 | 44,062 | 50,526 | 281,206 | 188,818 | 234,851 | - | - | - |
| Workshops and training | - | 13,898 | 4,159 | 9,600 | 3,627 | 3,559 | 45,000 | 46,984 | 1,875 | 4,800 | 4,816 | 5,011 | - | - | - |
| Other | 12,000 | 940 | 1,181 | 857,812 | 728,155 | 835,256 | 11,000 | 10,499 | - | 22,200 | 23,805 | 62,764 | - | - | - |
| Loss from investments in government business entities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURE | 419,937 | 612,707 | 299,253 | 1,510,230 | 1,507,123 | 1,302,744 | 247,202 | 234,098 | 67,558 | 793,965 | 742,198 | 849,575 | | | |
| EXCESS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE) | \$ 157,361 | \$ 641,897 | \$ 318,096 | \$ (245,904) | \$ (17,392) | \$ 89,183 | \$ - | \$ 25,938 | \$ 7,714 | \$ (192,995) | \$ (40,543) | \$ (162,956) | | | |

ULKATCHO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2017

| | HEALTH SERVICES | | | HOUSING | | | PUBLIC WORKS | | | SOCIAL AND COMMUNITY SERVICES | | |
|---|-----------------|--------------------|------------------|--------------------|---------------------|---------------------|-----------------|--------------------|--------------------|-------------------------------|---------------------|--------------------|
| | Budget | 2017 | 2016 | Budget | 2017 | 2016 | Budget | 2017 | 2016 | Budget | 2017 | 2016 |
| REVENUE | | | | | | | | | | | | |
| Indigenous and Northern Affairs Canada | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 288,882 | \$ 307,007 | \$ 312,946 | \$ 1,210,857 | \$ 1,179,434 | \$ 1,200,707 |
| First Nations Health Authority | 998,979 | 1,123,198 | 1,153,515 | - | - | - | - | - | - | - | - | - |
| Canada Mortgage and Housing Corporation | - | - | - | 181,339 | 191,984 | 64,491 | - | - | - | - | - | - |
| Province of British Columbia | - | - | - | - | - | - | - | - | - | - | - | - |
| Cariboo Chilcotin Aboriginal Training Employment Centre | - | - | - | - | - | - | - | - | - | - | - | - |
| First Nations Education Steering Committee | - | - | - | - | - | - | - | - | - | - | - | - |
| Ottawa trust assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Income from investments in government business entities | - | - | - | - | - | - | - | - | - | - | - | - |
| Management and administration | - | - | - | - | - | - | - | - | - | - | - | - |
| Own Source | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest, rent and other | - | 4,963 | 1,500 | 182,107 | 237,799 | 227,850 | - | 11,575 | 919 | - | - | - |
| Change in deferred revenue | - | - | - | - | 3,296 | - | - | - | - | - | - | - |
| TOTAL REVENUE | 998,979 | 1,128,161 | 1,155,015 | 363,446 | 433,079 | 292,341 | 288,882 | 318,582 | 313,865 | 1,210,857 | 1,179,434 | 1,200,707 |
| EXPENDITURE | | | | | | | | | | | | |
| Activities | 98,369 | 90,342 | 77,439 | - | - | - | - | - | - | 9,178 | 11,392 | - |
| Administration | 99,397 | 111,269 | 101,295 | - | 9,079 | 9,036 | - | 23,962 | 8,551 | - | - | 27,453 |
| Amortization and interest | - | - | - | - | 146,491 | 154,220 | - | - | - | - | - | - |
| Capital purchases | 65,000 | - | - | - | - | - | - | - | - | - | - | - |
| Consulting and contract services | 66,004 | 69,786 | 49,941 | 131,850 | 129,129 | - | 117,735 | 100,177 | 135,590 | - | 9,871 | 780 |
| Honoraria | 7,625 | 8,055 | 22,755 | - | - | - | - | - | - | - | - | - |
| Insurance, fees and dues | 1,656 | 9,953 | 4,795 | 108,359 | 113,017 | 30,811 | 6,491 | 23,210 | 16,162 | - | - | - |
| Materials and supplies | 63,880 | 89,941 | 80,614 | - | - | 78,465 | 4,875 | 4,157 | 16,496 | 95,767 | 41,216 | 38,432 |
| Office | - | - | 34 | - | 143 | 728 | - | - | 1,245 | - | - | - |
| Professional fees | - | - | - | - | 6,500 | 6,500 | - | - | - | - | - | - |
| Repairs and maintenance | 11,562 | 23,044 | 24,735 | 35,574 | 41,101 | 39,042 | 51,000 | 46,081 | 57,914 | - | - | - |
| Telephone and utilities | 30,864 | 31,795 | 22,773 | 500 | 3,022 | 1,321 | 53,414 | 55,212 | 68,920 | 2,400 | 2,698 | 3,049 |
| Travel and accommodations | 1,702 | 155,360 | 159,022 | - | - | - | - | 2,850 | 1,643 | 3,489 | - | 1,694 |
| Wages and benefits | 478,253 | 521,906 | 500,037 | 61,223 | 8,704 | - | 45,644 | 97,116 | 85,370 | 181,084 | 229,756 | 211,075 |
| Workshops and training | 41,527 | 11,663 | 7,612 | - | - | - | - | - | - | 26,200 | - | 803 |
| Other | 33,140 | 44,975 | 41,747 | 120,597 | 90,256 | 104,731 | - | - | - | 896,228 | 1,005,759 | 969,981 |
| Loss from investments in government business entities | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURE | 998,979 | 1,168,089 | 1,092,799 | 458,103 | 547,442 | 424,854 | 282,009 | 351,558 | 393,737 | 1,210,857 | 1,302,386 | 1,251,079 |
| EXCESS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE) | \$ - | \$ (39,928) | \$ 62,216 | \$ (94,657) | \$ (114,363) | \$ (132,513) | \$ 6,873 | \$ (32,976) | \$ (79,872) | \$ - | \$ (122,952) | \$ (50,372) |

ULKATCHO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2017

| | OTHER | | | TANGIBLE CAPITAL ASSETS | | | TOTAL BEFORE ADJUSTMENTS | | | CONSOLIDATION ADJUSTMENTS | | | CONSOLIDATED TOTALS | | | | | | | | | | | | | | | |
|---|--------|---------|---------|-------------------------|-----------|-----------|--------------------------|------------|-----------|---------------------------|-------------|-----------|---------------------|-----------|-----------|-----------|---------|------------|-----------|-----------|----|-----------|----|-----------|----|-----------|----|-----------|
| | Budget | 2017 | 2016 | Budget | 2017 | 2016 | Budget | 2017 | 2016 | Budget | 2017 | 2016 | Budget | 2017 | 2016 | | | | | | | | | | | | | |
| REVENUE | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Indigenous and Northern Affairs Canada | \$ | - | \$ | - | \$ | - | \$ | 3,296,562 | \$ | 4,037,599 | \$ | 3,362,664 | \$ | 3,296,562 | \$ | 4,037,599 | \$ | 3,362,664 | | | | | | | | | | |
| First Nations Health Authority | - | - | - | 3,105,050 | 2,857,772 | - | - | 4,104,029 | \$ | 3,980,970 | \$ | 1,153,515 | - | - | - | 4,104,029 | \$ | 3,980,970 | 1,153,515 | | | | | | | | | |
| Canada Mortgage and Housing Corporation | - | - | - | - | - | - | - | 181,339 | \$ | 191,984 | \$ | 64,491 | - | - | - | 181,339 | \$ | 191,984 | 64,491 | | | | | | | | | |
| Province of British Columbia | - | - | - | - | - | - | - | 419,242 | \$ | 446,386 | \$ | 319,242 | - | - | - | 419,242 | \$ | 446,386 | 319,242 | | | | | | | | | |
| Cariboo Chilcotin Aboriginal Training Employment Centre | - | - | - | - | - | - | - | 139,399 | \$ | 150,649 | \$ | 68,302 | - | - | - | 139,399 | \$ | 150,649 | 68,302 | | | | | | | | | |
| First Nations Education Steering Committee | - | - | - | - | - | - | - | 7,803 | \$ | 105,672 | \$ | 35,894 | - | - | - | 7,803 | \$ | 105,672 | 35,894 | | | | | | | | | |
| Ottawa trust assets | - | 3,597 | 3,615 | - | - | - | - | - | - | 3,597 | \$ | 3,615 | - | - | - | - | 3,597 | \$ | 3,615 | - | | | | | | | | |
| Income from investments in government business entities | - | 583,519 | 36,658 | - | - | - | - | - | - | 583,519 | \$ | 36,658 | - | - | - | - | 583,519 | \$ | 36,658 | - | | | | | | | | |
| Management and administration | - | - | - | - | - | - | - | 99,397 | \$ | 182,862 | \$ | 191,732 | - | - | - | 99,397 | \$ | 182,862 | 191,732 | | | | | | | | | |
| Own Source | - | - | - | - | - | - | - | 91,600 | \$ | 439,842 | \$ | 229,765 | - | - | - | 91,600 | \$ | 439,842 | 229,765 | | | | | | | | | |
| Interest, rent and other | - | - | - | - | - | - | - | 317,639 | \$ | 471,169 | \$ | 307,490 | - | - | 27 | 317,639 | \$ | 471,169 | 307,490 | | | | | | | | | |
| Change in deferred revenue | - | - | - | - | (403,326) | 55,565 | - | (400,030) | \$ | 55,565 | - | - | - | - | - | (400,030) | \$ | 55,565 | - | | | | | | | | | |
| TOTAL REVENUE | - | 587,116 | 40,273 | 3,105,050 | 2,841,821 | 55,565 | 8,657,010 | 10,194,219 | \$ | 5,828,933 | - | - | 27 | - | - | 8,657,010 | \$ | 10,194,246 | 5,828,933 | | | | | | | | | |
| EXPENDITURE | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Activities | - | - | - | - | - | - | - | 119,547 | \$ | 146,868 | \$ | 78,693 | - | - | - | 119,547 | \$ | 146,868 | 78,693 | | | | | | | | | |
| Administration | - | - | - | - | - | - | - | 112,017 | \$ | 169,696 | \$ | 199,256 | - | - | - | 112,017 | \$ | 169,696 | 199,256 | | | | | | | | | |
| Amortization and interest | - | - | - | - | - | - | - | 152,800 | \$ | 160,193 | \$ | 706,000 | 561,627 | 614,443 | 706,000 | 714,427 | \$ | 774,636 | | | | | | | | | | |
| Capital purchases | - | - | - | 3,105,050 | 2,841,821 | 4,707 | 3,176,650 | 2,850,788 | 8,166 | (3,105,050) | (2,850,788) | (8,166) | 71,600 | - | - | 340,589 | \$ | 388,897 | 231,488 | | | | | | | | | |
| Consulting and contract services | - | - | - | - | - | - | - | 340,589 | \$ | 388,897 | \$ | 231,488 | - | - | - | 340,589 | \$ | 388,897 | 231,488 | | | | | | | | | |
| Honoraria | - | - | - | - | - | - | - | 140,425 | \$ | 140,682 | \$ | 173,120 | - | - | - | 140,425 | \$ | 140,682 | 173,120 | | | | | | | | | |
| Insurance, fees and dues | - | - | - | - | - | - | - | 165,451 | \$ | 199,314 | \$ | 97,071 | - | - | - | 165,451 | \$ | 199,314 | 97,071 | | | | | | | | | |
| Materials and supplies | - | - | - | - | - | - | - | 300,320 | \$ | 278,281 | \$ | 326,916 | - | - | - | 300,320 | \$ | 278,281 | 326,916 | | | | | | | | | |
| Office | - | - | - | - | - | - | - | 24,626 | \$ | 21,645 | \$ | 24,399 | - | - | - | 24,626 | \$ | 21,645 | 24,399 | | | | | | | | | |
| Professional fees | - | - | - | - | - | - | - | 440,106 | \$ | 596,438 | \$ | 316,399 | - | - | - | 440,106 | \$ | 596,438 | 316,399 | | | | | | | | | |
| Repairs and maintenance | - | - | - | - | - | - | - | 123,382 | \$ | 156,929 | \$ | 141,307 | - | - | - | 123,382 | \$ | 156,929 | 141,307 | | | | | | | | | |
| Telephone and utilities | - | - | - | - | - | - | - | 151,889 | \$ | 167,355 | \$ | 157,798 | - | - | - | 151,889 | \$ | 167,355 | 157,798 | | | | | | | | | |
| Travel and accommodations | - | - | - | - | - | - | - | 156,656 | \$ | 449,194 | \$ | 318,551 | - | - | - | 156,656 | \$ | 449,194 | 318,551 | | | | | | | | | |
| Wages and benefits | - | - | - | - | - | - | - | 1,694,570 | \$ | 1,603,158 | \$ | 1,414,270 | - | - | - | 1,694,570 | \$ | 1,603,158 | 1,414,270 | | | | | | | | | |
| Workshops and training | - | - | - | - | - | - | - | 127,127 | \$ | 80,988 | \$ | 23,019 | - | - | - | 127,127 | \$ | 80,988 | 23,019 | | | | | | | | | |
| Other | - | - | - | - | - | - | - | 1,952,977 | \$ | 1,904,389 | \$ | 2,015,660 | - | - | - | 1,952,977 | \$ | 1,904,389 | 2,015,660 | | | | | | | | | |
| Loss from investments in government business entities | - | 14 | 490,193 | - | - | - | - | - | - | 14 | \$ | 490,193 | - | - | - | - | 14 | \$ | 490,193 | - | | | | | | | | |
| TOTAL EXPENDITURE | - | 14 | 490,193 | 3,105,050 | 2,841,821 | 4,707 | 9,026,332 | 9,307,436 | 6,176,499 | (2,399,050) | (2,289,161) | 606,277 | 6,627,282 | 7,018,275 | 6,782,776 | | | | | | | | | | | | | |
| EXCESS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE) | \$ | - | \$ | 587,102 | \$ | (449,920) | \$ | - | \$ | 50,858 | \$ | (369,322) | \$ | 886,783 | \$ | (347,566) | \$ | 2,399,050 | \$ | 2,289,188 | \$ | (606,277) | \$ | 2,029,728 | \$ | 3,175,971 | \$ | (953,843) |
| ANNUAL SURPLUS (DEFICIT) | \$ | - | \$ | 587,102 | \$ | (449,920) | \$ | - | \$ | 50,858 | \$ | (369,322) | \$ | 886,783 | \$ | (347,566) | \$ | 2,399,050 | \$ | 2,289,188 | \$ | (606,277) | \$ | 2,029,728 | \$ | 3,175,971 | \$ | (953,843) |

ULKATCHO FIRST NATION
GOVERNMENT BUSINESS ENTITIES
CONDENSED FINANCIAL INFORMATION
YEAR ENDED MARCH 31, 2017

APPENDIX A

| | Ulkatcho Mercantile Ltd. | West Chilcotin Forest Products Ltd. | Yun ka Whu'ten Development Limited Partnership | 690361 B.C. Ltd. | Total | Total |
|--|---|--|---|-----------------------------|---------------------|---------------------|
| | | | | | 2017 | 2016 |
| Assets | | | | | | |
| Financial Assets | \$ 190,693 | \$ 3 | \$ 1,490,209 | \$ 624 | \$ 1,681,529 | \$ 1,567,270 |
| Tangible Capital Assets | 25,537 | - | 581,842 | - | 607,379 | 645,878 |
| Other Assets | 880 | - | - | - | 880 | 851 |
| Total Assets | \$ 217,110 | \$ 3 | \$ 2,072,051 | \$ 624 | \$ 2,289,788 | \$ 2,213,999 |
| Liabilities and Partner's Equity (Deficiency) | | | | | | |
| Liabilities | \$ 35,555 | \$ - | \$ 1,663,051 | \$ 123 | \$ 1,698,729 | \$ 1,963,837 |
| Debt | 11,923 | - | - | - | 11,923 | 16,871 |
| Equity (Deficit) | 100,729 | 3 | 404,000 | (193) | 504,539 | 160,822 |
| Total Liabilities and Equity | \$ 148,207 | \$ 3 | \$ 2,067,051 | \$ (70) | \$ 2,215,191 | \$ 2,141,530 |
| Related Party Loans | | | | | | |
| Intercompany Loans | \$ (5,000) | \$ - | \$ 5,000 | \$ 694 | \$ 74,597 | \$ 72,469 |
| Ulkatcho First Nation Advances | 73,903 | - | - | 694 | 74,597 | 67,469 |
| Related Party Loans | \$ 68,903 | \$ - | \$ 5,000 | \$ 694 | \$ 74,597 | \$ 72,469 |
| Revenue | | | | | | |
| Revenue | \$ 884,341 | \$ - | \$ 4,368,507 | \$ 58 | \$ 5,252,906 | \$ 1,593,771 |
| Expenses | | | | | | |
| Amortization | 874,563 | - | 3,749,232 | (48) | 4,623,747 | 1,960,901 |
| Total Expenses | 5,589 | - | 39,887 | - | 45,476 | 86,454 |
| Total Expenses | 880,152 | - | 3,789,119 | (48) | 4,669,223 | 2,047,355 |
| Net Income (Loss) | | | | | | |
| Net Income (Loss) | \$ 4,189 | \$ - | \$ 579,388 | \$ 106 | \$ 583,683 | \$ (453,584) |
| Ulkatcho First Nation Share | \$ 4,189 | \$ - | \$ 579,330 | \$ (14) | \$ 583,505 | \$ (453,535) |

ULKATCHO FIRST NATION
TANGIBLE CAPITAL ASSETS
YEAR ENDED MARCH 31, 2017

APPENDIX B

| | COST | | | ACCUMULATED AMORTIZATION | | | NET BOOK VALUE | |
|----------------------|-----------------|--------------|-----------|--------------------------|-----------------|--------------|----------------|---------------|
| | Opening Balance | Additions | Disposals | Balance | Opening Balance | Amortization | Disposals | Balance |
| | | | | End of Year | | | | 2017 |
| Automotive equipment | \$ 824,390 | \$ - | \$ - | \$ 824,390 | \$ 730,305 | \$ 28,226 | \$ - | \$ 758,531 |
| Band housing | 9,191,775 | - | - | 9,191,775 | 6,870,735 | 94,942 | - | 6,965,677 |
| Buildings | 8,042,781 | 2,567,243 | - | 10,610,024 | 3,223,369 | 192,777 | - | 3,416,146 |
| CMHC social housing | 1,962,122 | - | - | 1,962,122 | 1,628,460 | 136,280 | - | 1,764,740 |
| Computer equipment | 171,349 | - | - | 171,349 | 141,117 | 15,516 | - | 156,633 |
| Equipment | 877,366 | 40,622 | - | 917,988 | 712,087 | 34,256 | - | 746,343 |
| Infrastructure | 5,168,724 | 242,923 | - | 5,411,647 | 1,835,250 | 133,339 | - | 1,968,589 |
| Land improvements | 319,799 | - | - | 319,799 | 174,100 | 5,827 | - | 179,927 |
| Rental housing | 676,741 | - | - | 676,741 | 397,753 | 11,160 | - | 408,913 |
| Roads | 1,971,349 | - | - | 1,971,349 | 831,751 | 45,584 | - | 877,335 |
| | \$ 29,206,396 | \$ 2,850,788 | \$ - | \$ 32,057,184 | \$ 16,544,927 | \$ 697,907 | \$ - | \$ 17,242,834 |
| | | | | | | | | \$ 14,814,350 |

| | COST | | | ACCUMULATED AMORTIZATION | | | NET BOOK VALUE | |
|----------------------|-----------------|-----------|-----------|--------------------------|-----------------|--------------|----------------|---------------|
| | Opening Balance | Additions | Disposals | Balance | Opening Balance | Amortization | Disposals | Balance |
| | | | | End of Year | | | | 2016 |
| Automotive equipment | \$ 824,390 | \$ - | \$ - | \$ 824,390 | \$ 689,983 | \$ 40,322 | \$ - | \$ 730,305 |
| Band housing | 9,191,775 | - | - | 9,191,775 | 6,774,025 | 96,710 | - | 6,870,735 |
| Buildings | 8,042,781 | - | - | 8,042,781 | 3,022,560 | 200,809 | - | 3,223,369 |
| CMHC social housing | 1,962,122 | - | - | 1,962,122 | 1,492,599 | 135,861 | - | 1,628,460 |
| Computer equipment | 167,890 | 3,459 | - | 171,349 | 109,810 | 31,307 | - | 141,117 |
| Equipment | 877,366 | - | - | 877,366 | 670,767 | 41,320 | - | 712,087 |
| Infrastructure | 5,164,017 | 4,707 | - | 5,168,724 | 1,696,453 | 138,797 | - | 1,835,250 |
| Land improvements | 319,799 | - | - | 319,799 | 168,029 | 6,071 | - | 174,100 |
| Rental housing | 676,741 | - | - | 676,741 | 386,129 | 11,624 | - | 397,753 |
| Roads | 1,971,349 | - | - | 1,971,349 | 784,268 | 47,483 | - | 831,751 |
| | \$ 29,198,230 | \$ 8,166 | \$ - | \$ 29,206,396 | \$ 15,794,623 | \$ 750,304 | \$ - | \$ 16,544,927 |
| | | | | | | | | \$ 12,661,469 |