

Consolidated Financial Statements of

# **WET'SUWET'EN FIRST NATION**

Year ended March 31, 2016

## **WET'SUWET'EN FIRST NATION**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of the Wet'suwet'en First Nation and all the information in this annual report are the responsibility of management and have been approved by the Council of the Nation.

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 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 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.

The Council review the Nation's consolidated financial statements and recommend their approval. The 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 auditors' report. The Council takes this information into consideration when approving the financial statements for issuance to the Members. The Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP have full access to the Council.

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Chief

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Counsellor

# WET'SUWET'EN FIRST NATION

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## INDEPENDENT AUDITORS' REPORT

To the Council and Members of Wet'suwet'en First Nation

We have audited the accompanying consolidated financial statements of Wet'suwet'en First Nation, (the "Nation") which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations, accumulated surplus, changes in net financial assets 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 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Nation'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 Nation'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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



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*Basis for Qualified Opinion*

The Wet'suwet'en First Nation was unable to provide an inventoried asset listing at historical cost. We were unable to verify the completeness of the valuation of Tangible Capital Assets included in management's consolidated financial statements. We were also unable to restate the prior period assets and surplus to reflect the standards required by PS 3150 of the Chartered Professional Accountants of Canada Handbook (see notes to the consolidated financial statements).

The Wet'suwet'en First Nation derives revenue from social housing rent, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues is limited to the amounts recorded in the records of the Nation and we were not able to determine whether any adjustments might be necessary to related revenues and cash provided from operations.

*Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Wet'suwet'en First Nation as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive style and is underlined with a single horizontal line.

Chartered Professional Accountants

September 28, 2016

Prince George, Canada

# WET'SUWET'EN FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial assets:</b>		
Cash	\$ -	\$ 397,132
Restricted cash (note 2)	392,337	385,563
Short-term deposits (note 3)	3,593	3,564
Accounts receivable (note 4)	457,859	1,186,810
Inventories	3,610	3,610
Deposits (note 5)	190,947	109,300
Ottawa Trust funds (note 6)	44,799	40,939
Investment in government business enterprise (note 7)	257,503	360,557
Long-term investments (note 8)	2	2
	1,350,650	2,487,477
<b>Financial liabilities:</b>		
Bank indebtedness	329,291	-
Accounts payable and accrued liabilities (note 12)	134,971	489,332
Long-term debt (note 14)	4,969,558	4,950,567
Replacement reserves (note 13)	123,107	116,590
	5,556,927	5,556,489
Net financial liabilities	(4,206,277)	(3,069,012)
<b>Non-financial assets:</b>		
Tangible capital assets (note 10)	9,113,996	8,954,815
Prepaid expenses	5,923	23,439
	9,119,919	8,978,254
<b>Accumulated surplus</b>	<b>\$ 4,913,642</b>	<b>\$ 5,909,242</b>
<b>Represented by:</b>		
Equity in trust funds	\$ 44,799	\$ 40,939
Unrestricted surplus (deficit)	(810,150)	2,676,744
Surplus on account of tangible capital assets	7,017,871	4,530,438
Deficit on account of treaty negotiations	(1,338,878)	(1,338,878)
	4,868,843	5,868,304
Contingencies (note 15)		
	<b>\$ 4,913,642</b>	<b>\$ 5,909,243</b>

See accompanying notes to consolidated financial statements.

On behalf of the Nation:

\_\_\_\_\_  
Councillor

\_\_\_\_\_  
Councillor

# WET'SUWET'EN FIRST NATION

## Consolidated Statement of Operations

Year ended March 31, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
<b>Revenues:</b>			
Indigenous and Northern Affairs Canada	\$ 980,069	\$ 995,483	\$ 624,238
Band generated	436,802	690,844	190,132
Canada Mortgage and Housing Corporation	33,683	33,135	33,473
Carrier Sekani Family Services	138,354	163,731	149,257
Coastal Gaslink Pipelines	244,000	59,109	2,147,042
Health Canada	5,120	86,680	4,030
Other (note 11)	287,919	564,439	930,015
Other aboriginal groups	101,835	20,340	163,126
Pacific Trail Pipelines	1,014,000	33,560	757,439
Province of British Columbia	598,490	723,062	479,720
	3,840,272	3,370,383	5,478,472
<b>Expenses:</b>			
Administration	337,281	142,406	98,139
Amortization	-	445,212	392,662
Bad debts	-	186	131
Consulting fees	109,646	90,170	39,616
Election	-	57,541	7,410
Honoraria	204,950	231,581	263,942
Insurance	40,025	75,719	63,589
Interest on long-term debt	38,577	116,844	103,898
Office and general	349,083	307,425	181,464
Professional fees	181,260	793,860	557,650
Program costs	224,168	255,640	373,590
Repairs and maintenance	94,742	78,833	35,796
Replacement reserve	10,000	10,000	10,000
Salaries and benefits	960,363	919,366	717,239
Social assistance	63,484	70,151	59,884
Subcontractor - Yinka Dene Economic Development Limited Partnership	500,000	-	34,940
Telephone and utilities	60,109	125,072	117,693
Training and workshops	35,633	74,136	50,765
Travel	150,280	323,887	236,188
Tuition and student fees	75,000	103,786	114,869
	3,434,601	4,221,815	3,459,465
Annual surplus (deficit) before the undernoted	405,671	(851,432)	2,019,007
Funding repayments	-	(54,124)	(24,722)
Equity in loss of limited partnership (note 7)	-	(93,905)	(167,595)
	-	(148,029)	(192,317)
<b>Annual surplus (deficit)</b>	<b>\$ 405,671</b>	<b>\$ (999,461)</b>	<b>\$ 1,826,690</b>

# WET'SUWET'EN FIRST NATION

## Consolidated Statement of Accumulated Surplus

Year ended March 31, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
Accumulated surplus, beginning of year	\$ 5,868,304	\$ 5,868,304	4,041,614
Annual surplus (deficit)	405,671	(999,461)	1,826,690
<b>Accumulated surplus, end of year</b>	<b>\$ 6,273,975</b>	<b>\$ 4,868,843</b>	<b>\$ 5,868,304</b>

See accompanying notes to consolidated financial statements.

# WET'SUWET'EN FIRST NATION

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Annual surplus (deficit)	\$ (999,461)	\$ 1,826,690
Interest earned and contributions in Ottawa Trust Funds	3,860	3,627
Acquisition of capital assets	(604,393)	(2,791,110)
Amortization	445,212	392,662
	(1,154,782)	(568,131)
Use of prepaid expenses	23,440	8,744
Acquisition of prepaid expenses	(5,923)	(23,670)
Decrease in net financial assets	(1,137,266)	(583,057)
Net financial liabilities, beginning of year	(3,069,012)	(2,485,955)
	<b>\$ (4,206,277)</b>	<b>\$ (3,069,012)</b>

See accompanying notes to consolidated financial statements.

# WET'SUWET'EN FIRST NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Cash generated from operations:		
Annual surplus (deficit)	\$ (999,461)	\$ 1,826,690
Item not involving cash:		
Amortization of tangible capital assets	445,212	392,662
	(554,249)	2,219,352
Change in non-cash operating working capital:		
Accounts receivable	728,951	(767,323)
Deposits	(81,647)	(80,575)
Accounts payable	(354,360)	(80,348)
Prepaid expenses	17,516	(14,926)
	(243,789)	1,276,180
Financing:		
Repayment of long-term debt	(81,009)	(146,955)
Proceeds of long-term debt	100,000	2,014,186
Proceeds from Ottawa Trust funds	3,860	3,627
Increase in replacement reserves	6,517	1,380
	29,368	1,872,238
Investing:		
Investment in government business enterprise	103,054	186,965
Acquisition of tangible capital assets	(604,393)	(2,791,110)
Increase in funds held in trust	(3,860)	(3,627)
	(505,199)	(2,607,772)
(Decrease) increase in cash	(719,620)	540,646
Cash, beginning of year	786,259	245,613
Cash, end of year	<b>\$ 66,639</b>	<b>\$ 786,259</b>
Cash consists of:		
Cash (bank indebtedness)	\$ (329,291)	\$ 397,132
Restricted cash	392,337	385,563
Short-term deposits	3,593	3,564
	<b>\$ 66,639</b>	<b>\$ 786,259</b>

See accompanying notes to consolidated financial statements.

# WET'SUWET'EN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### **1. Basis of presentation and significant accounting policies:**

#### **(a) Basis of presentation:**

These consolidated financial statements include the assets, liabilities, revenue and expenditures of the Wet'suwet'en First Nation (the "Nation") subject to control by the Council. No inclusion has been made of assets, liabilities, revenue or expenditures of Nation members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of the Council.

The financial statements have been prepared in accordance with Canadian public sector accounting standards, which encompasses the following principles:

#### **(i) Fund Accounting:**

The Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary financial statements. Details of the operations of each fund are set out in separate schedules. The Nation maintains the following funds:

- The Operating fund, which reports the general activities of the Nation administration through a variety of programs.
- The Ottawa Trust fund, which reports on trust funds owned by the Nation and held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.
- The Canada Mortgage and Housing Corporation ("CMHC") Social Housing fund, which reports the CMHC funded social housing operations of the Nation.

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 1. Basis of presentation and significant accounting policies (continued):

### (a) Basis of presentation (continued):

#### (ii) Reporting entity and principles of consolidation:

The Nation's reporting entity includes the Wet'suwet'en First Nation government and all related entities which are accountable to and either owned or controlled by the Nation.

Government Business Entities ("GBE's") and Government Business Partnerships ("GBP's") which are controlled or jointly controlled by the Nation, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the GBE's and GBP's accounting policies are not adjusted to conform with those of the Nation and inter-organizational transactions and balances are not eliminated. The Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

The Nation's GBE's and GBP's consist of the following:

- Yinka Dene Economic Development Limited Partnership
- 639881 BC Ltd.

### (b) Inventories:

Inventories are recorded at the lower of cost and net realizable value.

# WET'SUWET'EN FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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### 1. Basis of presentation and significant accounting policies (continued):

#### (c) Tangible capital assets:

Tangible capital asset expenditures incurred after March 31, 1966 are valued at the acquisition cost and recorded as tangible capital assets. Expenditures incurred previous to April 1, 1996 are reflected in the Capital Fund at nominal cost of \$100 each for equipment and at original cost for building and housing units.

Housing under the CMHC program is charged amortization equal to the principal reduction of long-term debt, which approximates over the useful life of the assets, as required for the CMHC reporting process.

Tangible capital assets are amortized using the declining-balance method and annual rates set out below:

Asset	Rate
Automotive equipment	20%
Office equipment	30%
Community buildings	4%
Community infrastructure	4%

Assets that no longer contribute to the ability of the Nation to provide services are written down to residual value.

Commencing with fiscal years beginning January 1, 2009, the Canadian Institute of Chartered Accountants ("CICA") required the adoption of Public Sector Accounting Handbook, Section 3150 "Tangible Capital Assets", which establishes standards on how to account for and report tangible capital assets. This section requires the Nation to report its tangible capital assets at cost with cost amortized over the expected life of the asset.

As at March 31, 2016 the Nation has not implemented the standard and the impact of adopting this standard is not yet known or reasonable to estimate. The initial adoption of these standards will result in a reduction of the carrying value of the tangible capital assets along with a corresponding reduction in the equity in tangible capital assets as previously reported.

# WET'SUWET'EN FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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### 1. Basis of presentation and significant accounting policies (continued):

#### (d) Revenue recognition:

Certain funding received under the terms of specified use agreements is recognized as revenue when related expenditures are made. Such funding received but not yet expended is included in the statement of financial position as deferred revenue.

Interest income and user fees are recognized when earned.

#### (e) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable, inventories and tangible capital assets. Actual results could differ from those estimates.

#### (f) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (a) an environmental standard exists,
- (b) contamination exceeds the environmental standard,
- (c) the Nation is directly responsible or accepts responsibility for the liability;
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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**2. Restricted cash:**

	2016	2015
Cash held for housing activities	\$ 227,709	\$ 222,233
Deposit - First Nations Finance Authority	164,628	163,330
	<hr/> <b>\$ 392,337</b>	<hr/> <b>\$ 385,563</b>

**3. Short-term deposits:**

	2016	2015
Guaranteed investment certificate, including interest at 0.55%, maturing September 16, 2016	\$ 3,593	\$ 3,564

The guaranteed investment certificate is held in trust for Canfor Forest Products.

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 4. Accounts receivable:

	2016	2015
Indigenous and Northern Affairs Canada	\$ -	\$ 44,956
Band member loan	- -	3,478
BC Hydro	45,600	27,200
Canadian Forest Products	- -	121,704
Carrier Sekani Family Services	20,199	25,934
Chevron	44,600	- -
CMHC	- -	3,060
Coastal Gas Link	- -	25,000
College of New Caledonia	- -	8,850
First Nations Limited Partnership	- -	757,439
Government of Canada	155,280	- -
GST receivable	47,911	- -
Pacific Northern Gas	- -	43,920
PG Nchako Aboriginal Employment and Training	7,558	31,091
Province of British Columbia	23,882	30,371
Rent and user fees	84,401	102,371
Other	28,428	11,041
	457,859	1,236,415
Allowance for doubtful accounts	- -	(49,605)
	<hr/> \$ 457,859	<hr/> \$ 1,186,810

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 5. Deposits:

	2016	2015
Forestry license	\$ 20,600	\$ 20,600
Natural resource contract	8,125	8,125
Secured revenue trust account no. 1	162,222	67,990
Secured revenue trust account no. 2	-	12,585
	<b>\$ 190,947</b>	<b>\$ 109,300</b>

The secured revenue trust accounts listed above are held with First Nations Finance Authority ("FNFA"). These accounts set up with FNFA are used to make their payments on the loans held with FNFA. As at March 31, 2016 the balances reflected above were residual funds remaining in the accounts to be used for future payments.

## 6. Ottawa Trust funds:

Indigenous and Northern Affairs Canada holds funds in trust for the Nation. These funds are designated as revenue or capital funds as required by the Indian Act. The Nation is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Nation and its members. The expenditure of capital funds must be for projects of a capital nature and require the consent of the Minister of Indigenous and Northern Affairs.

	Capital	Revenue	2016	2015
Opening balance	\$ 18,507	\$ 22,432	\$ 40,939	\$ 37,312
Interest and contributions	-	3,860	3,860	3,627
	<b>\$ 18,507</b>	<b>\$ 26,292</b>	<b>\$ 44,799</b>	<b>\$ 40,939</b>

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 7. Investment in government business enterprise:

The Nation has an investment in Yinka Dene Economic Development Limited Partnership (the "Partnership") which began its operations as of April 1, 2013.

The Nation owns substantially all of the partnership units of Yinka Dene Economic Development Limited Partnership. The advances below are unsecured, non-interest bearing with no specific terms of repayment.

	2016	2015
Advances	\$ 451,454	\$ 480,630
Accumulated (deficit) equity in investment	(193,951)	(120,073)
	<hr/> \$ 257,503	<hr/> \$ 360,557

Financial information for the Partnership is summarized as follows:

	2016	2015
Balance sheet information:		
Assets	\$ 456,817	\$ 609,712
Liabilities	650,768	(228,787)
Results of operations:		
Revenues	\$ 3,097,934	\$ 1,618,240
Expenses	3,244,827	1,650,898
Prior period adjustment	-	(134,937)
Net loss	(146,893)	(167,595)

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# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 8. Long-term investments:

	2016	2015
Partnership units in FN (PTP) Group Limited Partnership		
(1,014) units	\$ 1	\$ 1
FN (PTP) General Partner Inc.	1	1
	\$ 2	\$ 2

## 9. Economic dependence:

The Nation receives a major portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada. Any disruption in this funding could have a negative effect on Nation operations.

## 10. Capital assets:

	Cost	Accumulated amortization	Net book value	2016	2015
Automotive equipment	\$ 354,902	\$ 294,747	\$ 60,155	\$ 85,936	
Community buildings	9,053,087	1,379,346	7,673,741	7,401,044	
Community infrastructure	1,829,393	503,372	1,322,021	1,377,105	
Office equipment	295,338	237,259	58,079	90,731	
	\$ 11,532,720	\$ 2,418,724	\$ 9,113,996	\$ 8,954,816	

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 11. Other revenue:

	2016	2015
Admin fees	\$ 35,000	\$ -
BC Oil & Gas Commission	- -	15,000
Carrier Sekani Family Services	15,000	-
Canadian Forest Products	- -	249,494
Chevron	91,179	25,000
Haisla First Nation Council	- -	36,000
Human Resource Development Centre	- -	4,500
Miscellaneous	213,876	86,207
Northern Health Authority	30,000	30,000
PGNAETA	40,498	25,211
PNG Ltd.	- -	347,860
Programs	109,951	87,608
Right to Play	20,380	-
School District 91	6,055	-
Teck Resources Ltd.	2,500	23,135
	<hr/> \$ 564,439	<hr/> \$ 930,015

## 12. Accounts payable and accrued liabilities:

	2016	2015
Accrued liabilities	\$ 66,142	\$ 381,889
Government remittances	8,393	31,811
Other	5,532	10,827
Payroll accruals	45,427	53,115
Trade	9,477	11,690
	<hr/> \$ 134,971	<hr/> \$ 489,332

# WET'SUWET'EN FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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### 13. Replacement reserves:

Under the terms of agreement with Canada Mortgage and Housing Corporation ("CMHC"), the Nation is required to make annual deposits of at least \$10,000 to separate replacement reserve to cover the cost of replacing certain capital items contained in the rental housing projects financed by CMHC. The use of these funds is subject to approval by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may be otherwise approved by CMHC.

Under agreements with CMHC, the Nation may also establish an operating reserve to fund the ongoing operating costs of the rental housing projects financed by CMHC. Required contributions to the operating reserve are equal to the amount by which revenues for the year from the CMHC rental housing project exceed all costs and expenditures incurred during the year related to the CMHC rental housing project.

	Replacement	Operating	2016	2015
Balance, beginning of year	\$ 108,590	\$ 8,000	\$ 116,590	\$ 115,210
Allocation for the year	10,000	-	10,000	10,000
Expenditures for the year	(3,483)	-	(3,483)	(8,620)
	<b>\$ 115,107</b>	<b>\$ 8,000</b>	<b>\$ 123,107</b>	<b>\$ 116,590</b>

# WET'SUWET'EN FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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### 14. Long-term debt:

	2016	2015
Treaty negotiation's promissory notes are repayable to the Carrier Sekani Tribal Council at the earlier of:		
(a) the date that the loan becomes repayable by the Carrier Sekani Tribal Council and Canada;		
(b) the year 2021		
(c) the seventh anniversary of the date of the signing of an Agreement-In-Principle by the Carrier Sekani Tribal Council;		
(d) the date on which the First Nation Loan Agreement between the Carrier Sekani Tribal Council and Canada is terminated;		
(e) the date on which the Carrier Sekani Tribal Council becomes insolvent or commits an act of bankruptcy; or		
(f) the date on which the Tribal Council winds up.		
The promissory notes are unsecured and the interest rate will be determined on the due date.	\$ 1,340,702	\$ 1,340,702
CMHC loan, repayable at \$1,522 monthly, including interest at 1.82%, maturing in the year 2024, secured by mortgage on residential buildings situated on reserve land and a ministerial guarantee of the Minister of Indigenous and Northern Affairs.	142,468	157,990
CMHC loan, repayable at \$1,659 monthly, including interest at 1.92%, maturing in the year 2029, secured by mortgage on residential buildings situated on reserve land and a ministerial guarantee of the Minister of Indigenous and Northern Affairs.	226,421	241,830
Carried forward	\$ 1,709,591	\$ 1,740,522

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 14. Long-term debt (continued):

	2016	2015
Carried forward	\$ 1,709,591	\$ 1,740,522
First Nations Finance Authority promissory note, repayable at interest only payments, including interest at 2.60%, maturing at the earlier of 5 years (year 2019); the date of completion of the purpose of the borrowing; and the date upon which FNFA issues debt securities to replace the interim long-term financing.	500,000	1,000,000
First Nations Finance Authority loan, repayable at \$10,402 monthly, including interest at 3.79%, maturing July 2024.	2,167,849	2,210,045
Canadian Imperial Bank of Commerce, demand loan, repayment of \$2,780 monthly, including interest at prime 1.504%, maturing February 1, 2019. Secured by a general security agreement.	100,000	-
First Nations Finance Authority loan, repayable at \$2,120 monthly, including interest at 2.99%, maturing June 2024.	492,118	-
	<hr/> \$ 4,969,558	<hr/> \$ 4,950,567

Regular principal repayments required on all long-term debt for the next five years and thereafter are due as follows:

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2017	\$ 114,068
2018	115,112
2019	118,177
2020	83,468
2021	584,091
Thereafter	3,954,642
	<hr/> \$ 4,969,558

# **WET'SUWET'EN FIRST NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## **15. Contingencies:**

In 2005, the Nation transferred the management of its non-replaceable forest license (NRFL) to a third party. Under this arrangement, it was negotiated that the third party would be responsible for the silviculture obligations associated with the NRFL. As at March 31, 2016, the responsibility for the silviculture obligations associated with the Nation's NRFL is being disputed between the Nation and the third party. Therefore, there is a potential liability for the Nation; however, at March 31, 2016 the potential amount of the liability is unknown.

In 2014, the third party that is responsible for the management of the NRFL subcontracted a portion of its rights and responsibilities under the management agreement to yet another third party to allow this third party to log some of the available cut from the NRFL. Upon logging a portion of the NRFL, stumpage was paid twice on the wood that was logged, creating a stumpage refund that was received by the Nation, as the holder of the NRFL. Therefore, since this stumpage refund could be disputed by the third party that performed the logging, there is a potential liability for the Nation; however, at March 31, 2016 the potential amount of the liability is unknown.

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 16. Segment disclosure:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported based upon lines of services provided by the Nation (see Statement of Segment Disclosure). For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Lines of services provided by the Nation are:

- (a) Administration provides the function of corporate administration, finance, human resources and any other legal function not categorized to a specific department.
- (b) Education and training is responsible for administering and facilitating educational programs, post secondary education support and the operations of various other community education programs.
- (c) Social assistance offers a broad range services to the Nation's members including adult in-home care, children out of parental home allowance, basic and special needs assistance as well as others.
- (d) Health is responsible for improving and maintaining health, lifestyle and wellness in the Nation.
- (e) Capital provides the function of maintaining community buildings, infrastructure and lands.
- (f) Housing includes revenues and expenses related to rental housing units owned or managed on behalf of others.
- (g) Economic development provides costs and services related to the maintenance and development of the Nation.
- (h) Natural resources includes revenues and expenses related to natural resource contracts signed for the development of additional employment opportunities for the members of the Nation. This program is responsible for capitalizing on the local natural resource projects that have arisen on the Nation's lands.

## 17. Comparative information:

Certain 2015 comparative information have been reclassified to conform with the financial statements presentation adopted for the current year.