

Consolidated Financial Statements of

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

Year ended March 31, 2017

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

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

The accompanying consolidated financial statements of the Wet'suwet'en First Nation (the "Nation") and all the information in the consolidated financial statements are the responsibility of management and have been approved by the Chief and 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 Chief and 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 Chief and Council review the Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also 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 Chief and Council.

  
\_\_\_\_\_  
Chief  
  
\_\_\_\_\_  
Councilor

# WET'SUWET'EN FIRST NATION

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## INDEPENDENT AUDITORS' REPORT

To the Chief, 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, 2017, the consolidated statements of operations, accumulated surplus, changes in net financial liabilities 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 tangible capital 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 - Tangible Capital Assets of the Chartered Professional Accountants of Canada Handbook (see note 1(c) to the consolidated financial statements).

*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 consolidated financial position of Wet'suwet'en First Nation as at March 31, 2017, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants

December 11, 2017

Prince George, Canada

# WET'SUWET'EN FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial assets:</b>		
Cash	\$ 83,839	\$ -
Restricted cash (note 2)	394,205	392,337
Short-term deposits (note 3)	3,631	3,593
Accounts receivable (note 4)	143,734	457,859
Inventories	3,610	3,610
Deposits (note 5)	72,554	190,947
Ottawa Trust funds (note 6)	46,235	44,799
Investment in government business enterprise (note 7)	746,066	257,503
Long-term investments (note 8)	2	2
	<u>1,493,876</u>	<u>1,350,650</u>
<b>Financial liabilities:</b>		
Bank indebtedness	-	329,291
Replacement reserves (note 9)	139,055	123,107
Accounts payable and accrued liabilities (note 10)	168,860	134,971
Long-term debt (note 11)	4,844,301	4,969,558
	<u>5,152,216</u>	<u>5,556,927</u>
<b>Net financial liabilities</b>	<b>(3,658,340)</b>	<b>(4,206,277)</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 12)	8,730,886	9,113,996
Prepaid expenses	1,336	5,923
	<u>8,732,222</u>	<u>9,119,919</u>
<b>Accumulated surplus</b>	<b>\$ 5,073,882</b>	<b>\$ 4,913,642</b>
<b>Represented by:</b>		
Equity in trust funds	\$ 46,235	\$ 44,799
Equity in business enterprises	288,565	(193,951)
Unrestricted surplus (deficit)	(677,614)	(616,199)
Surplus on account of tangible capital assets	6,755,574	7,017,871
Deficit on account of treaty negotiations	(1,338,878)	(1,338,878)
	<u>\$ 5,073,882</u>	<u>\$ 4,913,642</u>

Economic dependence (note 14)

Contingencies (note 15)

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, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
<b>Revenues:</b>			
Indigenous and Northern Affairs Canada	\$ 471,231	\$ 815,125	\$ 995,483
Band generated	207,412	577,130	690,844
Canada Mortgage and Housing Corporation	49,135	49,135	33,135
Carrier Sekani Family Services	219,915	261,509	178,731
Coastal Gaslink Pipelines	-	10,000	59,109
Health Canada	91,357	91,447	86,680
Other (note 13)	502,347	156,667	404,487
Other aboriginal groups	36,127	45,281	20,340
Pacific Trail Pipelines	-	-	33,560
Province of British Columbia	73,368	261,819	723,062
	1,650,892	2,268,113	3,225,431
<b>Expenses:</b>			
Amortization	-	414,572	445,212
Bad debts	-	116,548	186
Consulting fees	10,522	104,420	90,170
Election	10,000	21,148	57,541
Honoraria	24,000	60,424	231,581
Insurance	33,884	65,763	75,719
Interest on long-term debt	38,175	123,710	116,844
Office and general	71,588	215,433	309,028
Professional fees	32,400	235,819	791,712
Program costs	141,619	116,329	254,640
Repairs and maintenance	13,956	38,319	78,833
Replacement reserve	10,000	12,496	10,000
Salaries and benefits	577,206	623,839	918,366
Social assistance	102,716	98,039	70,151
Telephone and utilities	71,608	133,574	125,072
Training and workshops	5,056	26,385	74,136
Travel	91,371	151,114	323,887
Tuition and student fees	-	50,087	103,786
	1,234,101	2,608,019	4,076,864
Annual surplus (deficit) before the undernoted	416,791	(339,906)	(851,433)
Funding recoveries (repayments)	-	16,194	(54,124)
Interest earned and contributions on Ottawa			
Trust Funds	-	1,436	3,860
Equity in income (loss) of government			
business partnership (note 7)	-	482,516	(93,905)
	-	500,146	(144,169)
Annual surplus (deficit)	\$ 416,791	\$ 160,240	\$ (995,602)

# WET'SUWET'EN FIRST NATION

## Consolidated Statement of Accumulated Surplus

Year ended March 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Accumulated surplus, beginning of year	\$ 4,913,642	\$ 4,913,642	\$ 5,909,244
Annual surplus (deficit)	247,930	160,240	(995,602)
<b>Accumulated surplus, end of year</b>	<b>\$ 5,161,572</b>	<b>\$ 5,073,882</b>	<b>\$ 4,913,642</b>

See accompanying notes to consolidated financial statements.

# WET'SUWET'EN FIRST NATION

## Consolidated Statement of Changes in Net Financial Liabilities

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus (deficit)	\$ 160,240	\$ (995,602)
Acquisition of tangible capital assets	(31,462)	(604,392)
Amortization	414,572	445,212
	543,350	(1,154,782)
Use of prepaid expenses	5,923	23,439
Acquisition of prepaid expenses	(1,336)	(5,923)
Increase (decrease) in net financial liabilities	547,937	(1,137,266)
Net financial liabilities, beginning of year	(4,206,277)	(3,069,012)
	\$ (3,658,340)	\$ (4,206,277)

See accompanying notes to consolidated financial statements.

# WET'SUWET'EN FIRST NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Cash generated from operations:		
Annual surplus (deficit)	\$ 160,240	\$ (995,602)
Items not involving cash:		
Amortization of tangible capital assets	414,572	445,212
Equity in (income) loss in government business partnership	<u>(482,516)</u>	93,905
	92,296	(456,485)
Change in non-cash operating working capital:		
Accounts receivable	314,125	728,951
Deposits	118,393	(81,647)
Prepaid expenses	4,587	17,516
Accounts payable	<u>33,890</u>	(354,359)
	563,291	(146,024)
Financing:		
Repayment of long-term debt	(625,257)	(81,009)
Proceeds of long-term debt	500,000	100,000
Increase in replacement reserves	<u>15,948</u>	6,517
	(109,309)	25,508
Investing:		
Advances to government business partnership	(6,048)	9,149
Acquisition of tangible capital assets	(31,462)	(604,393)
Increase in funds held in trust	<u>(1,436)</u>	(3,860)
	(38,946)	(599,104)
Increase (decrease) in cash and cash equivalents	415,036	(719,620)
Cash and cash equivalents, beginning of year	66,639	786,259
<b>Cash and cash equivalents, end of year</b>	<b>\$ 481,675</b>	<b>\$ 66,639</b>
Cash and cash equivalents consists of:		
Cash (bank indebtedness)	\$ 83,839	\$ (329,291)
Restricted cash	394,205	392,337
Short-term deposits	3,631	3,593
	<b>\$ 481,675</b>	<b>\$ 66,639</b>

See accompanying notes to consolidated financial statements.

# WET'SUWET'EN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### **Nature of operations:**

Wet'suwet'en First Nation (the "Nation") provides local government, education and social development serves to its members and was established under the Indian Act (Canada).

### **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 consolidated 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, 2017

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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.

Other Government Organizations ("OGO"), which are controlled by the Nation, are included in the consolidated financial statements using the consolidation method. Unless the consolidation method, the assets, the liabilities, revenue and expenses of the OGO's have been consolidated and all inter-entity balances have been eliminated on consolidation. However, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

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

- Yinka Dene Economic Development Limited Partnership

The Nation's OGO's consists of:

- 639881 B.C. 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, 2017

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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, 1996 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 Chartered Professional Accountants of Canada ("CPA") 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, 2017, 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, 2017

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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 consolidated statement of financial position as deferred revenue. Funding received without restrictions is recognized as revenue when received.

Interest income and user fees are recognized when earned.

#### (e) Use of estimates:

The preparation of consolidated 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 consolidated 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.

#### (g) Investments:

The Nation accounts for its investments using the cost method, except that when the investment is quoted in an active market, the investment is accounted for at its quoted amount, with changes recorded in annual surplus.

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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**2. Restricted cash:**

	2017	2016
Cash held for housing activities	\$ 227,781	\$ 227,709
Deposit - First Nations Finance Authority	166,424	164,628
	<hr/> \$ 394,205	<hr/> \$ 392,337

**3. Short-term deposits:**

	2017	2016
Guaranteed investment certificate, including interest at 0.50%, maturing September 15, 2017	\$ 3,631	\$ 3,593

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

**4. Accounts receivable:**

	2017	2016
Indigenous and Northern Affairs Canada	\$ 33,191	\$ -
BC Hydro	27,200	45,600
Carrier Sekani Family Services	14,992	20,199
Chevron	-	44,600
Government of Canada	-	155,280
Sales tax receivable	25,686	47,911
PG Nchako Aboriginal Employment and Training Association	-	7,558
Province of British Columbia	-	23,882
Rent and user fees	122,904	84,401
Other	8,724	28,428
	<hr/> 232,697	<hr/> 457,859
Allowance for doubtful accounts	(88,963)	-
	<hr/> \$ 143,734	<hr/> \$ 457,859

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 5. Deposits:

	2017	2016
Forestry license	\$ -	\$ 20,600
Natural resource contract	-	8,125
Secured revenue trust account no. 1	72,554	162,222
	<hr/>	<hr/>
	\$ 72,554	\$ 190,947

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 the Nation's payments on the loans held with FNFA. As at March 31, 2017, 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	2017	2016
Opening balance	\$ 18,507	\$ 26,292	\$ 44,799	\$ 40,939
Interest and contributions	-	1,436	1,436	3,860
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 18,507	\$ 27,728	\$ 46,235	\$ 44,799

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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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 the Partnership. The advances below are unsecured, non-interest bearing with no specific terms of repayment.

	2017	2016
Advances	\$ 457,501	\$ 451,454
Accumulated equity (deficit) in investment	288,565	(193,951)
	<hr/> \$ 746,066	<hr/> \$ 257,503

Financial information for the Partnership is summarized as follows:

	2017	2016
Balance sheet information:		
Assets	\$ 1,235,145	\$ 456,817
Liabilities	946,531	650,768
Results of operations:		
Revenues	\$ 2,933,564	\$ 3,058,878
Expenses	2,450,999	3,205,771
Net income (loss)	482,565	(146,893)
	<hr/>	<hr/>

## 8. Long-term investments:

	2017	2016
Partnership units in FN (PTP) Group Limited Partnership		
(1,014) units	\$ 1	\$ 1
FN (PTP) General Partner Inc.	1	1
	<hr/> \$ 2	<hr/> \$ 2

# WET'SUWET'EN FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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### 9. 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 a separate replacement reserve amount 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	2017	2016
Balance, beginning of year	\$ 115,107	\$ 8,000	\$ 123,107	\$ 116,590
Allocation for the year	10,000	10,410	20,410	10,000
Interest earned	601	763	1,364	(3,483)
Expenditures for the year	(4,535)	(1,291)	(5,826)	-
	<b>\$ 121,173</b>	<b>\$ 17,882</b>	<b>\$ 139,055</b>	<b>\$ 123,107</b>

### 10. Accounts payable and accrued liabilities:

	2017	2016
Government remittances	\$ 6,012	\$ 8,393
Other	1,998	5,532
Payroll accruals	51,495	45,427
Trade payables and accrued liabilities	109,355	75,619
	<b>\$ 168,860</b>	<b>\$ 134,971</b>

# WET'SUWET'EN FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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### 11. Long-term debt:

	2017	2016
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 from the Minister of Indigenous and Northern Affairs.	126,651	142,468
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 from the Minister of Indigenous and Northern Affairs.	210,695	226,421
First Nations Finance Authority promissory note, repaid during the year	-	500,000
Carried forward	\$ 1,678,048	\$ 2,209,591

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

	2017	2016
Carried forward	\$ 1,678,048	\$ 2,209,591
First Nations Finance Authority promissory note, repayable in semi-annual payments of \$7,250 on December 26 and \$ 17,760 on June 26, including interest at 2.90%, maturing June 26, 2024.	492,118	-
First Nations Finance Authority loan, repayable at \$10,402 monthly, including interest at 3.79%, maturing July 2024.	2,126,124	2,167,849
Canadian Imperial Bank of Commerce, demand loan, repayment of \$2,780 monthly, including interest at prime plus 1.504%, maturing February 1, 2019. Secured by a general security agreement.	66,640	100,000
First Nations Finance Authority loan, repayable at \$2,120 monthly, including interest at 2.99%, maturing June 2024.	481,371	492,118
	<hr/> \$ 4,844,301	<hr/> \$ 4,969,558
Regular principal repayments required on all long-term debt for the next five years and thereafter are due as follows:		
2018	\$ 115,907	
2019	116,433	
2020	83,769	
2021	84,398	
2022	85,038	
Thereafter	4,358,756	
	<hr/> \$ 4,844,301	

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 12. Tangible capital assets:

				2017	2016
	Cost	Accumulated amortization	Net book value		Net book value
Automotive equipment	\$ 354,902	\$ 312,795	\$ 42,107	\$ 60,155	
Community buildings	9,082,774	1,711,196	7,371,578		7,673,741
Community infrastructure	1,829,393	560,253	1,269,140		1,322,021
Office equipment	297,113	249,052	48,061		58,079
	<b>\$ 11,564,182</b>	<b>\$ 2,833,296</b>	<b>\$ 8,730,886</b>	<b>\$ 9,113,996</b>	

## 13. Other revenue:

		2017	2016
Chevron	\$ -		\$ 91,179
Miscellaneous	82,572		213,875
Northern Health Authority	30,000		30,000
PGNAETA	38,495		40,498
Right to Play	-		20,380
School District 91	5,600		6,055
Teck Resources Ltd.	-		2,500
	<b>\$ 156,667</b>		<b>\$ 404,487</b>

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

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## **14. Economic dependence:**

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

## **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, 2017, 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, 2017 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, 2017 the potential amount of the liability is unknown.

# WET'SUWET'EN FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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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 comparative information has been reclassified to conform to the current year's financial statement presentation. The changes do not affect prior year surplus (deficit).