

Consolidated Financial Statements of

YUULU?IL?ATH? GOVERNMENT

Year ended March 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Yuulu?il?ath? Government (the "Government") are the responsibility of management, and have been prepared in compliance with legislation, and in accordance with the CPA Canada Public Sector Accounting Handbook. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Government's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Executive meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Government. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Government's consolidated financial statements.

President

Director of Operations



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Canada
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INDEPENDENT AUDITORS' REPORT

To the Council and Members of Yuulu?il?ath? Government

We have audited the accompanying consolidated financial statements of Yuulu?il?ath? Government which comprise the consolidated statement of financial position as at March 31, 2017, the consolidated statements of operations and accumulated surplus, change 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 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 an 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 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 consolidated financial position of Yuulu?il?ath? Government 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2016, has been restated and that the comparative information presented as at April 1, 2016, has been derived from the financial statements as at and for the year ended March 31, 2016.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

September 18, 2017

Chilliwack, Canada

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
		(Restated - note 2)
Financial assets:		
Cash	\$ 3,337,667	\$ 351,588
Accounts receivable (note 3)	454,701	1,255,902
Restricted cash (note 4)	3,257,894	2,263,796
Long-term investments (note 5)	33,742,217	30,018,749
Advances to related entities	415,322	115,115
	<u>41,207,801</u>	<u>34,005,150</u>
Financial liabilities:		
Accounts payable and accrued liabilities	924,490	622,190
Deferred revenue	2,646,398	1,268,682
Long-term debt (note 6)	10,483,783	10,655,401
	<u>14,054,671</u>	<u>12,546,273</u>
Net financial assets	27,153,130	21,458,877
Non-financial assets:		
Tangible capital assets (note 7)	19,723,964	20,793,377
Prepaid expenses	5,124	43,159
	<u>19,729,088</u>	<u>20,836,536</u>
Contingent liabilities (note 13)		
Accumulated surplus (note 8)	<u>\$ 46,882,218</u>	<u>\$ 42,295,413</u>

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

On behalf of Yuulu?il?ath? Government:

President

Director of Operations

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Operations and Accumulated Surplus

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

	Budget (note 10)	2017	2016 (Restated - note 2)
Federal Government - grants and transfers:			
Indigenous and Northern Affairs Canada	\$ 6,583,637	\$ 7,017,998	\$ 8,903,432
First Nation Education Steering Committee	-	31,818	12,950
Other grants	-	104,729	40,675
Other Government Sources:			
Province of BC	210,000	210,359	121,828
Nuu-chah-nulth Tribal Council	-	292,331	237,458
CMHC and housing charges	-	100,642	85,341
Interest and other	250,000	347,001	94,311
First Nation:			
Investment Income - Implementation fund	439,997	958,299	729,644
Settlement Trust - Investment Income	452,540	1,422,184	1,097,313
Rental	40,000	400,828	336,861
Property taxation	-	55,136	43,672
Forestry revenue	-	1,635,582	-
Total revenue	7,976,174	12,576,907	11,703,485
Expenses:			
Social Development	-	393,785	410,559
Education	-	979,834	598,358
Administration	1,582,404	3,047,161	2,421,884
Community Services	2,092,269	740,321	441,576
Community and Health Services	-	673,059	787,546
Community Housing	254,000	491,415	376,959
Lands Management, Fisheries, and Forestry	1,444,423	1,036,615	273,802
Culture and Recreation	-	98,720	77,220
Settlement Trust	-	94,631	96,701
Implementation Fund	-	59,776	39,580
Equity loss in subsidiary (note 5)	-	374,785	1,059,292
Total expenses	5,373,096	7,990,102	6,583,477
Annual surplus	2,603,078	4,586,805	5,120,008
Accumulated surplus, beginning of year:			
As previously stated	-	43,354,705	37,175,405
Correction of error (note 2)	-	(1,059,292)	-
As restated	-	42,295,413	37,175,405
Accumulated surplus, end of year	\$ 2,603,078	\$ 46,882,218	\$ 42,295,413

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

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Change in Net Financial Assets

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

	Budget (note 10)	2017	2016 (Restated - note 2)
Annual surplus	\$ 2,603,078	\$ 4,586,805	\$ 5,120,008
Tangible Capital Assets:			
Acquisition of tangible capital assets	(1,020,552)	(220,182)	(1,527,589)
Amortization of tangible capital assets	-	1,289,595	1,113,449
	1,582,526	1,069,413	(414,140)
Change in prepaid expenses	-	38,035	5,781
Change in net financial assets	1,582,526	5,694,253	4,711,649
Net financial assets, beginning of year			
As previously stated	22,518,169	22,518,169	16,747,228
Correction of error (note 2)	(1,059,292)	(1,059,292)	-
As restated	21,458,877	21,458,877	16,747,228
Net financial assets, end of year	\$ 23,041,403	\$ 27,153,130	\$ 21,458,877

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

YUULU?IL?ATH? GOVERNMENT

Consolidated Statement of Cash Flows

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

	2017	2016
		(Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 4,586,805	\$ 5,120,008
Items not involving cash:		
Amortization of tangible capital assets	1,289,595	1,113,449
Equity loss in subsidiary	374,785	1,059,292
Changes in non-cash working capital:		
Accounts receivable	801,201	(413,736)
Restricted cash	(994,098)	(184,388)
Accounts payable and accrued liabilities	302,300	3,820
Deferred revenue	1,377,716	(1,407,900)
Prepaid expenses	38,035	5,781
	<u>7,776,339</u>	<u>5,296,326</u>
Capital activities:		
Acquisition of tangible capital assets	(220,182)	(1,527,589)
Investing activities:		
Advances to related entities	(300,207)	(31,282)
Increase in long term investments	(4,098,253)	(3,949,567)
	<u>(4,398,460)</u>	<u>(3,980,849)</u>
Financing activities:		
Repayment of long-term debt (net of proceeds)	(171,618)	(539,688)
Increase (decrease) in cash	2,986,079	(751,800)
Cash, beginning of year	351,588	1,103,388
Cash, end of year	<u>\$ 3,337,667</u>	<u>\$ 351,588</u>

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

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements

Year ended March 31, 2017

1. Significant accounting policies:

The consolidated financial statements of Yuulu?il?ath? Government (the "Government") are prepared by management in accordance with the CPA Canada Public Sector Accounting Handbook. Significant accounting policies adopted by the Government are as follows:

(a) Fund accounting:

The Government 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 consolidated for the purpose of presentation in the consolidated Financial Statements. The Government maintains the following funds:

- The Operating Fund which reports the general activities of the Government administration.
- The Enterprise Fund which reports the enterprise activities of the Government.
- The Social Housing Fund which reports the social housing assets of the Government, together with related activities.
- The Trust Fund which reports the trust fund assets of the Government, together with related activities.

(b) Reporting entity and principles of financial reporting:

The Government reporting entity includes the Yuulu?il?ath? Government and all related entities which are accountable to the Government and are either owned or controlled by the Government.

Investments in incorporated business entities are included in the consolidated financial statements using the modified equity method. This includes YFN Holdings Limited Partnership ("YFN HLP").

All inter-entity balances have been eliminated on consolidation.

(c) Government transfers:

Government transfers received relate to social development, child care, housing and health programs. Government transfers paid relate to social services programs. Transfers are recognized in the consolidated financial statements as revenues or expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

1. Significant accounting policies (continued):

(d) Non-financial capital assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings, except social housing	3-25
Water and waste water systems	20
Roads	10-20
Machinery and equipment	3-20

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

1. Significant accounting policies (continued):

(e) Contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The Government is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(f) Use of estimates:

The preparation of consolidated financial statements 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 period. Significant estimates include assumptions used in estimating collectibility of accounts receivable, the estimated useful lives of tangible capital assets and the estimated liability for contaminated sites. Actual results could differ from these estimates.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

1. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Government has not elected to carry any such financial investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the First Nation determines if there is a significant adverse change in the expected amount of timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the First Nation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

2. Correction of error:

a) Loss from investment in YFN HLP:

The audited financial statements for YFN HLP were not available as at the previous year's audit report date and therefore the Government's allocation of the net loss for the year ended December 31, 2015 was not included in the Government's financial statements in the prior year. During the current year, audited financial statements of YFN HLP were received for the year ended December 31, 2016 including reviewed comparative balances for the year ended December 31, 2015.

The consolidated financial statements for the 2016 comparative period have been restated to appropriately reflect the loss for the prior year. As a result of this restatement, the following account balances were adjusted:

	As previously stated March 31, 2016	Adjustment	As restated March 31, 2016
Long term investments	\$ 31,078,041	\$ (1,059,292)	\$ 30,018,749
Net financial assets	22,518,169	(1,059,292)	21,458,877
Accumulated surplus, end of year	43,354,705	(1,059,292)	42,295,413
Equity loss in subsidiary	-	1,059,292	1,059,292
Annual surplus	6,179,300	(1,059,292)	5,120,008
Unrestricted equity	33,049,149	(1,059,292)	31,989,857

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

3. Accounts receivable:

Accounts receivable consists of the following:

	2017	2016
Due from members:		
Tenant rent receivable	\$ 151,547	\$ 169,893
Less allowance for doubtful accounts	(125,517)	(144,946)
	26,030	24,947
Due from others:		
Indigenous and Northern Affairs Canada	-	639,801
GST receivable	17,460	411,755
PST receivable	38,609	102,925
Other amounts	372,602	76,474
	428,671	1,230,955
Less allowance for doubtful accounts	-	-
	428,671	1,230,955
	\$ 454,701	\$ 1,255,902

4. Restricted cash:

Restricted cash is comprised of:

	2017	2016
Restricted - external	\$ 2,114,390	\$ 1,267,557
Designated - internal	729,275	678,765
Social Housing Replacement & Operating Reserve	414,229	317,474
Total restricted and designated funds	\$ 3,257,894	\$ 2,263,796

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

5. Long-term investments:

	2017	2016
		(Restated - note 2)
Implementation Fund - marketable securities, at cost	\$ 14,090,833	\$ 13,639,310
Settlement Trust - marketable securities, at cost	17,032,002	13,910,272
Investment in YFN Holdings Limited Partnership	2,619,382	2,469,167
	<u>\$ 33,742,217</u>	<u>\$ 30,018,749</u>

The fair market value of the marketable securities held is as follows:

	2017	2016
Implementation fund	\$ 14,087,148	\$ 12,892,294
Settlement Trust	18,357,194	14,132,213
	<u>\$ 32,444,342</u>	<u>\$ 27,024,507</u>

The Government owns 99.9% of the units of YFN HLP. The Government's Investment in all controlled limited partners was transferred to this limited partnership on January 1, 2012. The YFN HLP's year end is December 31, and it's net earnings (loss) are reported by the Yuulu?il?ath Government using the modified equity method.

The Government recorded their share of the equity loss in YFN HLP of \$374,785 (2016 - \$1,059,292) based on the December 31, year end (see note 2).

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

6. Long-term debt:

	2017	2016
Bank of Montreal, term loan, repayable at \$28,196 per month including interest at 2.85% secured by a promissory note of the Government and a general security agreement, renews April 30, 2020	\$ 5,541,446	\$ 5,719,463
Mortgage payable - All Nations Trust Co., repayable at \$10,885 per month, including Interest at 1.67% per annum; secured by a guarantee of the Government and the Government of Canada; renews June 1, 2018	1,844,574	1,943,842
Government of Canada Maanulth Treaty loan. The Treaty agreement includes provision for annual loan payments of \$510,175 commencing on April 1, 2011 over a period of nine years. Prepayments can be made in advance resulting in a discount calculated at the future value of the payment amount discounted by 4.545%. The April 1, 2016 payment was made in advance and the April 1, 2017 payment was made subsequent to year end.	1,828,340	1,828,340
Construction loan - Bank of Montreal, repayable at \$3,633 per month, including interest at 2.86% (2016 - interest only at prime plus 1.75% during construction); secured by a general security agreement	732,646	517,802
Mortgage payable - All Nations Trust Co repayable at \$3,014 per month including interest at 1.11% per annum; secured by the guarantee of the Government and the Government of Canada; renews April 1, 2021	309,957	342,768
Bank of Montreal, construction loan. Interest only at prime plus 1.75% during construction	142,115	149,290
Bank of Montreal demand loan, repayable at \$2,733 per month, including interest at prime plus 1%; secured by a general security agreement	84,705	117,500
YFN Management Services LP, (a related entity)	-	36,396
	\$ 10,483,783	\$ 10,655,401

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

6. Long-term debt (continued):

Scheduled principal repayments for the next five years are as follows:

2018	\$ 1,307,626
2019	6,038,181
2020	835,399
2021	5,639,657
2022	679,797
Thereafter	141,728

In addition to the above long-term debt, the Government has a \$600,000 overdraft loan facility which bears interest at prime plus 1%. This facility is not being utilized at March 31, 2017.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

7. Tangible capital assets:

Cost	Balance March 31, 2016	Additions/ Transfers	Disposals	Balance March 31, 2017
Land	\$ 1,125,006	\$ -	\$ -	\$ 1,125,006
Buildings	14,017,071	-	-	14,017,071
Machinery and equipment	1,267,755	143,762	82,861	1,328,656
Roads	887,952	-	-	887,952
Water and waste water systems	7,716,427	17,371	-	7,733,798
Social housing	4,933,480	33,875	-	4,967,355
Assets under construction	-	25,174	-	25,174
Total	\$ 29,947,691	\$ 220,182	\$ 82,861	\$ 30,085,012

Accumulated amortization	Balance March 31, 2016	Disposals	Amortization/ transfers	Balance March 31, 2017
Buildings	\$ 4,613,791	\$ -	\$ 614,214	\$ 5,228,005
Machinery and equipment	1,115,641	82,861	62,702	1,095,482
Roads	442,216	-	24,783	466,999
Water and waste water systems	2,097,245	-	345,608	2,442,853
Social housing	885,421	-	242,288	1,127,709
Total	\$ 9,154,314	\$ 82,861	\$ 1,289,595	\$ 10,361,048

	Net book value March 31, 2016	Net book value March 31, 2017
Land	\$ 1,125,006	\$ 1,125,006
Buildings	9,403,280	8,789,066
Machinery and equipment	152,114	233,174
Roads	445,736	420,953
Water and waste water systems	5,619,182	5,290,945
Social housing	4,048,059	3,839,646
Assets under construction	-	25,174
Total	\$ 20,793,377	\$ 19,723,964

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus, invested in tangible capital assets and reserve funds as follows:

	2017	2016
		(Restated - note 2)
Surplus:		
Unrestricted equity in funds	\$ 37,376,882	\$ 31,989,857
Surplus associated with tangible capital assets:		
Invested in tangible capital assets	9,240,181	10,074,581
Reserve funds set aside by statutory requirements:		
Replacement reserve fund (note 9)	265,155	230,975
	\$ 46,882,218	\$ 42,295,413

9. Replacement reserve fund:

In accordance with the terms and conditions of the Operating Agreement with Canada Mortgage and Housing Corporation, Yuulu?il?ath Government Non-Profit Housing must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

These funds are to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

A continuity of the required funds is as follows:

	2017	2016
Replacement reserve fund:		
Opening balance	\$ 230,975	\$ 204,373
Contributions	34,513	29,000
Interest earned during the year	1,851	1,352
Replacement reserve expenditures	(2,184)	(3,750)
Closing balance	\$ 265,155	\$ 230,975

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

9. Replacement reserve fund (continued):

As at March 31, 2017, the Replacement Reserve Fund was fully funded (2016 - under funded by \$28,140).

10. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2017 operating and capital budgets. These budgets have been approved by the legislature. Amortization was not contemplated on development of the budget and, as such, has not been included.

11. Economic dependence:

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

12. Comparative information:

Certain 2016 comparative information has been reclassified to conform with the financial statement presentation adopted in the current year. These reclassifications did not impact earnings. See also note 2.

13. Contingent liabilities:

- a) The Government is contingently liable to the Federal Government for guaranteed mortgages of certain Government's citizens. At March 31, 2017 the amount of this contingent liability was approximately \$20,000 from estimates provided by INAC.
- b) The Government has guaranteed the loans of certain Limited Partnerships and Corporations which it owns. As at March 31, 2017 the total loans being guaranteed were originally issued for \$5,534,874 and have a current balance totaling \$2,926,153. The Government has also guaranteed \$645,000 in overdraft and credit card facilities for these Limited Partnerships and Corporations
- c) The Government has received funding from CMHC to provide major renovations to the homes of certain of its citizens. This funding of \$85,065 (2016 - \$85,065) becomes repayable in the event that the citizen does not remain in the house for a period of five years.

YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

13. Contingent liabilities (continued):

- d) During the year ended March 31, 2004, the Government received certain funding on behalf of the First Nations of the NTC Central Tribes. This group has since disbanded and the funds were brought into the Government's revenues during the year ended March 31, 2012. The Government is contingently liable for \$54,718 (2016 - \$54,718) in the event that it is established that these funds should have been returned or used in another manner.

14. Financial Risks:

The financial instruments of the Government consist of cash, accounts receivable, restricted cash, investments, advances to related entities, accounts payable and accruals. Unless otherwise noted, it is managements opinion that the Government is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

The Government is exposed to financial risk that arises from the fluctuation in interest rates and in the credit quality of its customers and related-parties.

Credit Risk

The Governments credit risk consists principally of cash and cash equivalents, accounts receivable, and loans receivable. The Government maintained cash and cash equivalents with reputable and major financial institutions.

Interest Rate Risk

The Government is exposed to interest rate risk with respect to cash and cash equivalents, and borrowings. There are no derivative financial instruments to mitigate these risks.

There has been no significant changes in these risks from 2016.

15. Segmented information:

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. The following table presents the expenses incurred and the revenue generated by each main object of expense and by major revenue type. The segment results for the period are as follows:

Yuułu?iġath Government

Notes to Consolidated Financial Statement:
Year ended March 31, 2017

Segmented Information (Continued):

	Social Development	Education	Administration	Community Services	Community and Health Services	Community Housing	Lands Management, Fisheries and Forestry	Culture and Recreation	Settlement Trust and Implementation Fund	2017	2016
Revenues											
Federal government	\$ -	\$ 43,972.00	\$ 6,538,927.00	\$ 15,600.00	\$ -	\$ 25,174.00	\$ 34,322.00	\$ 56,553.00	\$ 439,997.00	\$ 7,154,545.00	\$ 8,957,057
Other government sources	6,650	68,266	-	222,825	204,949	100,642	-	-	-	603,332	444,627
First Nation economic activities	-	-	-	83,331	-	372,633	1,635,582	-	-	2,091,546	380,533
Interest and other	-	35,664	150,614	1,823	1,900	18,837	104,578	33,585	2,380,483	2,727,484	1,921,268
	6,650	147,902	6,689,541	323,579	206,849	517,286	1,774,482	90,138	2,820,480	12,576,907	11,703,485
Expenses											
Operating expenses	294,963	807,452	1,038,015	380,425	451,632	160,174	873,720	61,074	-	4,067,455	2,312,907
Salaries, wages & benefits	98,822	172,382	866,568	199,561	221,427	36,285	162,895	37,646	-	1,795,586	1,637,133
Equity Loss on subsidiary	374,785	-	-	-	-	-	-	-	-	374,785	1,059,292
Interest and investments	-	-	100,504	160,335	-	47,435	-	-	154,407	462,681	460,696
Amortization of tangible capital assets	-	-	1,042,074	-	-	247,521	-	-	-	1,289,595	1,113,449
	768,570	979,834	3,047,161	740,321	673,059	491,415	1,036,615	98,720	154,407	7,990,102	6,583,477
Annual surplus (deficit)	\$ (761,920)	\$ (831,932)	\$ 3,642,380	\$ (416,742)	\$ (466,210)	\$ 25,871	\$ 737,867	\$ (8,582)	\$ 2,666,073	\$ 4,586,805	\$ 5,120,008