

Taku River Tlingit First Nation

Financial Statements

March 31, 2015

Taku River Tlingit First Nation

Financial Statements

March 31, 2015

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Taku River Tlingit First Nation

Management's Responsibility for Financial Reporting

March 31, 2015

The accompanying financial statements are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards and necessarily include estimates which are based on management's best judgements.

Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Clan Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The financial statements have been reviewed and approved by the Spokesperson and Clan Directors.

Crowe MacKay LLP, an independent firm of Chartered Accountants, has been engaged to examine the financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the financial statements, follows.

<u>Leanne Gordon</u> Clan Spokesperson	Date
<u>Leanne Gordon</u> Wolf Clan Director	<u>Dec 16, 15</u> Date
<u>Markie Telle</u> Wolf Clan Director	<u>Dec 16, 2015</u> Date
<u>Markie Telle</u> Crow Clan Director	<u>Dec 16, 2015</u> Date
<u>Markie Telle</u> Crow Clan Director	<u>Dec 16, 15</u> Date

Independent Auditors' Report

To the Members of Taku River Tlingit First Nation

We have audited the accompanying financial statements of the Taku River Tlingit First Nation ("First Nation"), which comprises the statement of financial position as at March 31, 2015 and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the First Nation's preparation and fair presentation of the 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 First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Under Canadian public sector accounting standards, the First Nation is required to estimate the cost and accumulated amortization of the tangible capital assets. However, no valuation of the tangible capital assets was available at March 31, 2015. The balances of tangible capital assets shown in the financial statements are based on historical records and have not been updated. As a result, we were unable to determine whether adjustments were required to the asset value shown of \$10,375,598, accumulated surplus and expenses.

The First Nation is the sole shareholder of Taku Wild Products Ltd. Audited financial information for this investment was not available. As a result, we were unable to determine whether adjustments were required to the investment value of \$102,429, accumulated surplus and revenues.



Auditors' Report, continued

Qualified Opinion

Except as noted in the above paragraphs, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Taku River Tlingit First Nation as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for local governments.

Other Matter

The deferred revenue balance of \$290,061 includes \$146,750 relating to funds received for the Big House - Heritage Centre project. Management believes that this balance has existed for over 10 years and is currently considering how it will be used.

Whitehorse, Canada
December 16, 2015

Crowe Mackay LLP
Chartered Accountants

Taku River Tlingit First Nation

Statement of Financial Position

	2015	2014	
			Restated - Note 19
March 31			
Financial Assets			
Cash	\$ 315,175	\$ 450,561	
Accounts receivable (Note 3)	170,832	162,530	
Contributions receivable (Note 4)	750,970	489,304	
CMHC subsidy receivable	12,918	12,918	
Investments in corporations (Note 5)	2,211,823	1,954,654	
Due from related parties (Note 6)	5,567,326	5,357,505	
Restricted cash (Note 7)	177,510	605,687	
Trust funds (Note 18)	194,565	188,261	
	9,401,119	9,221,420	
Liabilities			
Accounts payable and accrued liabilities (Note 8)	1,257,966	799,846	
Current portion of long-term debt (Note 10)	178,146	265,667	
Replacement reserve (Note 7)	327,347	324,969	
Deferred revenue (Note 9)	290,061	146,750	
Long-term debt (Note 10)	3,119,025	2,806,800	
	5,172,545	4,344,032	
Net financial assets	4,228,574	4,877,388	
Non-financial Assets			
Capital assets (Note 11)	10,375,598	10,580,335	
Prepaid expenses	10,369	19,505	
	10,385,967	10,599,840	
Accumulated Surplus (Note 12)	\$ 14,614,541	\$ 15,477,228	

Approved on behalf of the Taku River Tlingit First Nation

Lauren Gird, Clan Spokesperson

David Apak, Wolf Clan Director

John Apak, Wolf Clan Director

David Apak, Crow Clan Director

Chitlim Apak, Crow Clan Director

Taku River Tlingit First Nation

Statement of Changes in Net Financial Assets

For the year ended March 31

	2015	2014 Restated - Note 19
Annual surplus (deficit)	\$ (862,687)	\$ (423,806)
Acquisition of tangible capital assets	(526,631)	(180,821)
Amortization of tangible capital assets	731,368	683,324
Adjustment to accumulated surplus		551,519
	204,737	1,054,022
Acquisition of prepaid asset		
Use of prepaid asset	9,136	(11,312)
	9,136	(11,312)
(Decrease) increase in net financial assets	(648,814)	618,904
Net financial assets, beginning of year	4,877,388	4,258,484
Net financial assets, end of year	\$ 4,228,574	\$ 4,877,388

Taku River Tlingit First Nation

Statement of Operations and Accumulated Surplus

For the year ended March 31

	2015	2014
Restated -		
Note 19		

Revenue

Aboriginal Affairs and Northern Development Canada	\$ 2,731,953	\$ 2,544,701
Province of British Columbia	1,170,841	1,009,928
Administration fees (Note 16)	420,848	345,566
B.C. Treaty Commission	345,800	368,550
Fisheries and Oceans Canada	349,963	339,084
Government of Canada	213,359	226,084
Health Canada	428,622	413,682
Investments (Note 5)	257,167	(60,603)
Other revenue (Note 14)	455,116	952,800
Rental Income	410,200	405,662
	<hr/> 6,783,869	<hr/> 6,545,454

Expenses

Capital	669,488	677,155
Economic Development	440,208	159,138
Fisheries	414,086	344,825
Governance and administration	1,632,282	1,591,291
Health and social	3,197,324	2,856,199
Lands	743,777	762,253
Operations, maintenance and housing	549,391	578,399
	<hr/> 7,646,556	<hr/> 6,969,260

Annual deficit

(862,687) (423,806)

Accumulated surplus, beginning of year, as previously stated

14,925,709 15,349,515

Decrease in accounts payable and correction of error in previous years
(note 19)

551,519 551,519

Accumulated surplus, as restated

15,477,228

Accumulated surplus, end of year

\$ 14,614,541 \$ 15,477,228

Taku River Tlingit First Nation

Statement of Cash Flows

For the year ended March 31	2015	2014
Cash flows from		
Operating activities		
Annual deficit	\$ (862,687)	\$ (423,806)
Items not affecting cash	731,368	683,324
Amortization	(257,167)	60,605
(Income)/loss from corporations	551,519	-
Adjustments to accumulated surplus		
	163,033	320,123
 Change in non-cash operating working capital		
Accounts receivable	(8,304)	(42,689)
Contributions receivable	(213,185)	1,118,004
Due from related parties	(209,821)	(1,579,806)
Prepaid expenses	9,136	(11,310)
Accounts payable and accrued liabilities	(141,880)	(768,986)
Deferred revenue	143,311	(43,636)
	(257,710)	(1,008,300)
 Capital activities		
Additions to replacement reserve	2,378	17,024
Capital asset purchases (net of grants)	(526,631)	(180,821)
Withdrawals/(additions) to restricted cash	428,177	(298,106)
	(96,076)	(461,903)
 Financing activities		
Repayment of long-term debt	(1,771,019)	(242,109)
Additions to long-term debt	1,949,628	1,800,000
Trust funds	(6,304)	(5,598)
Equipment financing lease	46,095	-
	218,400	1,552,293
 Increase (decrease) in cash and cash equivalents		
Cash and cash equivalents, beginning of year	(135,386)	82,090
	450,561	368,471
 Cash and cash equivalents, end of year	\$ 315,175	\$ 450,561

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

(a) Basis of presentation

The summary financial statements reflect all revenues, expenditures, assets and liabilities of the Taku River Tlingit First Nation (the "First Nation").

(b) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(c) 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(d) Capital assets

Capital asset expenditures are valued at acquisition cost. Capital assets are amortized on the straight-line basis over the following lives with one half of the annual amortization recognized in the year of acquisition.

Office furniture and computer equipment	5 years
Small equipment	5 years
Small vehicles	5 years
Equipment	10 years
Vehicles	10 years
Houses (including CMHC houses)	25 years
Buildings	25 years
Water and sewer	40 years
Roads	40 years

(e) Restricted cash - replacement reserves

The funding agency, Canada Mortgage and Housing Corporation ("CMHC") requires funds to be set aside for the replacement of worn out capital equipment. The required annual contribution to this reserve for 2015 is \$4,215 for Pre-1998 CMHC subsidized projects and \$22,460 for the Post-1997 CMHC subsidized projects. The funds for both CMHC programs are maintained in a single, separate bank account.

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

1. Significant accounting policies (continued)

(f) Revenue recognition

Government funding is recognized as revenue when it becomes receivable under the terms of the applicable funding agreements. Funding received under the funding agreements relating to a subsequent fiscal period is reflected as deferred revenue in the year of receipt.

Treaty negotiations advances are recorded as revenue in the year in which the funds are received.

Income from investments is recorded on an accrual basis.

(g) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

(h) Treaty Negotiations Funding

The First Nation receives funding from Aboriginal Affairs and Northern Development Canada for the research, development and negotiation of land claims. Under the terms of the funding agreement, these advances are to be repaid by the First Nation out of their final land claims settlement or upon specified future dates, whichever is sooner. Since these advances represent funding for activities that were performed by the First Nation, they have been treated as revenue on the Statement of Operations, and Accumulated Surplus.

Total advances to March 31, 2015 are \$7,286,342 (2014: \$6,940,942), of which \$5,795,194 (2014: \$5,518,554) are loans from the British Columbia Treaty Commission.

(i) Investments

The First Nation's investments in wholly-owned subsidiaries are accounted for on the modified equity basis.

(j) Surplus

Unexpended items of revenue are treated as surplus until such time as the relevant project is complete. Unexpended funds which are to be returned to the funder are treated as deferred revenue.

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

2. Segmented information

The PSAB requirements include disclosure about each of a government's segments. Requirements are that the government disclose the basis for identifying segments, the nature of the segments and the method of significant allocations to segments. Disclosure is made of segment expense by major object or category and segment revenue by source and type.

The First Nation provides a wide range of services to its citizens. For management reporting purposes, the First Nation's operations and activities are organized and reported by department.

There are seven departments and investments which are shown under Expenditures on the Statement of Operations.

Each segment is headed by a department head except for Governance and Administration (headed by Spokesperson and Clan directors). The investments are managed separately.

Segments

1. **Governance and administration:** Oversees the general operation of the First Nation as well as inter-governmental relations, policy development and legislation.
2. **Health and social:** Provides health services and social assistance to the First Nation citizens.
3. **Lands:** Responsible for managing the lands in the First Nation's traditional territory.
4. **Operations, maintenance and housing:** Provides water, sewer, roads and housing for the First Nation.
5. **Capital:** Responsible for the various construction projects managed by the First Nation.
6. **Economic development:** Responsible for supporting economic opportunities for the First Nation.
7. **Fisheries:** Responsible for managing the fisheries in the First Nation's traditional territory.
8. **Investments in Corporations:** Investments in Atlin Tlingit Economic Limited Partnership, Taku Wild Products Ltd, and Xentil Limited Partnership.

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

2. Segmented Information (continued)

	Capital	Economic Development	Fisheries	Governance and Administration	Health and Social	Lands	Operations, Maintenance and Housing	Investment in corporations	2015 Total
Revenue									
Administration fee and surcharge	-	-	-	420,848	-	-	-	-	420,848
BC Treaty Commission	-	-	-	-	-	345,800	-	-	345,800
Fisheries and Oceans Canada	-	-	349,963	-	164,563	48,796	-	-	349,963
Government of Canada	-	-	-	-	428,622	-	-	-	213,359
Health Canada	-	-	-	-	-	-	-	-	428,622
AANDC	483,083	109,252	-	464,473	1,207,276	-	467,865	-	2,731,949
Other revenue	-	-	13,096	7,791	249,685	177,043	7,500	-	455,115
Province of British Columbia	-	-	-	-	916,607	254,239	-	-	1,170,846
Rental Income	317,944	-	-	-	-	-	92,256	-	410,200
Investments	-	-	-	-	-	-	-	257,167	257,167
Total revenues	801,027	109,252	363,059	893,112	2,966,753	825,878	567,621	257,167	6,783,869
Expenses									
Administration	12,656	16,388	5,111	3,600	225,549	90,461	-	-	353,765
Amortization	-	-	-	731,368	-	-	-	-	731,368
Contracts and construction	88,247	6,149	40,562	38,947	222,531	150,169	57,697	-	604,302
Honoraria and elders gifts	-	-	2,700	91,691	90,338	42,424	-	-	227,153
Interest on long-term debt	33,882	-	-	-	-	-	-	-	33,882
Materials and supplies	82,442	1,394	18,494	(12,321)	79,221	3,117	29,342	-	201,689
Office	8,301	108	3,993	41,429	25,051	15,473	40,597	-	134,952
Other	22,335	45,949	19,467	74,121	193,211	216	8,358	-	363,657
Professional fees and consultants	-	42,500	49,480	190,616	161,086	84,478	-	-	528,160
Rent and utilities	30,355	-	11,580	29,382	7,305	1,950	178,148	-	258,720
Repairs and maintenance	39,403	-	6,136	6,081	-	1,000	32,318	-	84,938
Social assistance	-	-	-	-	110,914	-	-	-	110,914
Student support	-	-	-	-	632,564	-	-	-	632,564
Training, workshop and meetings	2,501	23,388	3,991	15,001	208,529	25,842	320	-	279,572
Travel	3,793	21,186	28,571	27,320	189,785	34,114	8,435	-	313,204
Wages and benefits	345,573	283,146	224,001	395,047	1,051,240	294,533	194,176	-	2,787,716
Total expenses	669,488	440,208	414,086	1,632,282	3,197,324	743,777	549,391	-	7,646,556
Operating surplus (deficit)	131,539	(330,956)	(51,027)	(739,170)	(230,571)	82,101	18,230	257,167	(862,687)

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

Year ended March 31, 2014	Capital	Economic Development	Fisheries	Governance and Administration	Health and Social	Lands	Operations, Maintenance and Housing	Investment in corporations	2014 Total
Revenue									
Administration fee and surcharge	-	-	-	345,566	-	-	-	-	345,566
BC Treaty Commission Fisheries and Oceans	-	-	-	-	-	368,550	-	-	368,550
Canada	-	-	339,084	-	-	-	-	-	339,084
Government of Canada	-	-	-	-	226,084	-	-	-	226,084
Health Canada	-	-	-	-	413,682	-	-	-	413,682
AANDC	421,193	80,475	(6,139)	421,291	1,017,181	130,000	480,700	-	2,544,701
Other revenue	-	363,562	31,370	226,679	257,674	72,315	1,200	-	952,800
Province of British Columbia	-	-	-	-	744,959	264,969	-	-	1,009,928
Rental income	320,480	-	-	-	-	-	85,182	-	405,662
Investments	-	-	-	-	-	-	-	(60,603)	(60,603)
Total revenues	741,673	444,037	364,315	993,536	2,659,580	835,834	567,082	(60,603)	6,545,454
Expenses									
Administration	-	13,788	4,844	6,554	185,016	83,870	-	-	294,072
Amortization	-	-	-	683,324	-	-	-	-	683,324
Contracts and construction	166,322	2,236	10,286	12,312	212,236	150,998	82,108	-	636,498
Honoraria and elders gifts	-	-	3,000	83,854	43,113	46,383	5,790	-	182,140
Interest on long-term debt	41,299	-	-	-	-	-	-	-	41,299
Materials and supplies	76,704	-	15,315	53,121	105,569	1,381	61,687	-	313,777
Office	15,242	2,285	5,341	48,955	47,962	2,499	71,432	-	193,716
Other	8,630	12,594	771	32,950	190,552	42,587	10,198	-	298,282
Professional fees and consultants	8,000	1,000	47,503	97,341	298,928	106,261	-	-	559,033
Rent and utilities	23,526	3,750	-	35,336	13,610	1,331	137,168	-	214,721
Repairs and maintenance	83,022	-	4,699	-	2,080	-	43,912	-	133,713
Social assistance	-	-	-	-	158,328	-	-	-	158,328
Student support	-	-	-	-	653,029	-	-	-	653,029
Training, workshops and meetings	5,792	40,690	1,122	13,463	129,176	21,484	10,308	-	222,035
Travel	10,786	4,801	25,722	26,313	145,232	18,194	9,384	-	240,432
Wages and benefits	237,832	77,994	226,222	497,768	671,368	287,265	146,412	-	2,144,861
Total expenses	677,155	159,138	344,825	1,591,291	2,856,199	762,253	578,399	-	6,969,260
Operating surplus (deficit)	64,518	284,899	19,490	(597,755)	(196,619)	73,581	(11,317)	(60,603)	(423,806)

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

3. Accounts receivable

	2015	2014
Accounts receivable	\$ 25,034	\$ 23,540
GST receivable	23,600	19,600
Rent receivable	234,987	232,179
Allowance for doubtful accounts	(112,789)	(112,789)

4. Contributions receivable

	2015	2014
	Restated -	Note 18
Aboriginal Affairs and Northern Development Canada		
Department of Fisheries and Oceans Canada		
Heritage Canada		
Other		
Province of British Columbia		
Tribal Resources Investment Corporation		
	\$ 138,074	\$ 182,769
	234,417	243,000
	18,551	-
	112,604	-
	243,529	24,149
	22,346	20,835

5. Investments in corporations

Investment in Xeitl Limited Partnership ("Xeitl")

Investment in Xeili Limited Partnership, opening
Add: Net income for the year

Investment in Xeitl Limited Partnership, ending
Xeitl has a year end of March 31, 2015 and is 99.99% owned directly by the First Nation. The investment in the current year is accounted for on the modified equity basis. The fair value of this investment cannot be readily determined

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

5. Investments in corporations, continued

Investment in Atlin Tlingit Economic Limited Partnership ("ATELP")

	2015	2014
Investment in Atlin Tlingit Economic Limited Partnership, opening	\$ 432,193	\$ 465,000
Add: Net income (loss) for the year	152,625	(32,807)

Investment in Atlin Tlingit Economic Limited Partnership, ending

\$ 584,818

\$ 432,193

ATELP has a year end of March 31, 2015 and is 99.99% owned directly by the First Nation. The investment is accounted for on the modified equity basis. The fair value of this investment cannot be readily determined.

Investment in Taku Wild Products Ltd.

	2015 (unaudited)	2014 (unaudited)
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Investment in Taku Wild Products Ltd, opening	\$ 101,275	\$ 163,398
Add: Net income (loss) for the year	1,154	(62,123)
Investment in Taku Wild Products Ltd, ending	\$ 102,429	\$ 101,275

Taku Wild Products Ltd. has a year end of March 31, 2015 and is wholly-owned by Taku River Tlingit First Nation. The investment is accounted for on the modified equity basis. The fair value of this investment cannot be readily determined.

Investment in Taku Land Corporation

	2015	2014
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Investment in Taku Land Corporation	\$ 1	\$ 1
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Investment in Atlin Power Ltd.

	2015	2014
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Investment in Atlin Power Ltd.	\$ 1	\$ 1
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Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

6. Due from related parties

	2015	2014
Atlin Tlingit Economic Limited Partnership	\$ 119,317	\$ 119,317
Taku Land Corporation	212,679	212,679
Keitli LLP	5,235,330	5,025,509
Total	\$ 5,567,326	\$ 5,357,505

The amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

7. Restricted cash

	2015	2014
Pre-1998 CMHC subsidized projects - replacement reserve	\$ -	\$ 91,762
Post-1997 CMHC subsidized projects - replacement reserve	42,890	233,174
CMHC Replacement reserve - overfunded	-	15,623
Forest Range Opportunities (FRO) and Revenue Sharing	20,068	263,766
Legacy Fund	1,241	1,362
Stikine Wellness Group Program Funds	113,311	-
	\$ 177,510	\$ 605,687

The amount required by CMHC to be held in reserve, \$353,990 (2014 - \$324,936) is underfunded by \$11,020 (2014 - overfunded by \$15,623).

Subsequent to year-end, the total balances in the replacement reserves had been increased to exceed the balances as at March 31, 2014.

A separate bank account was set up in 2014 to collect all monies from FRO and revenue sharing agreements. The amount is internally restricted.

A Legacy Fund was set up in 2014 whereby fees are collected on a voluntary basis from placer miners using TRTFN traditional lands, to be used to reclaim old abandoned mining sites. The amount is internally restricted.

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

8. Accounts payable and accrued liabilities

The First Nation has committed to contribute \$400,000 to the Tlatsini Endowment Fund to support implementation of a Government to Government agreement with the Government of British Columbia, the Atlin Taku Land Use Plan and other stewardship initiatives. The commitment is being met through payments from the First Nation's wholly-owned subsidiary, Xeitl Limited Partnership, over a five year period.

To date, two payments of \$80,000 have been received from Xeitl and paid towards the Tlatsini Endowment Fund. A third payment was received after year-end.

	2015	2014 (Restated - Note 19)
Payable to Tlatsini Endowment Fund	\$ 240,000	\$ 240,000
Accounts payable	752,491	311,679
Accrued liabilities and payroll	204,112	203,957
Vacation payable	32,609	18,737
Damage deposits	20,230	17,880
Other	8,524	7,593
	<hr/> \$ 1,257,966	<hr/> \$ 799,846

9. Deferred revenue

	2015	2014
Funds received for the construction of a Big House - Heritage Center	146,750	146,750
Stikine Wellness Group Program Funds	113,311	-
First Nations Financial Management Board (FNFBMB)	30,000	-
	<hr/> \$ 290,061	<hr/> \$ 146,750

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

10. Long-term debt

	2015	2014
Old Projects: Pre 1998		
Canada Mortgage and Housing Corporation (CMHC) mortgage #09224601, repayable in blended monthly instalments of \$567, including interest at 5.19%, due December 1, 2016.	\$ 11,403	\$ 17,577
CMHC mortgage #09224320008, repayable in blended monthly payments of \$1,200, including interest at 1.92%, due January 1, 2019.	53,264	66,629
New Projects: Post 1997		
CMHC mortgage #15789688004, repayable in blended monthly instalments of \$259, including interest at 1.67%, due March 1, 2023.	23,275	26,049
CMHC mortgage #15789688003, repayable in blended monthly instalments of \$1,816, including interest at 2.76%, due February 1, 2025.	189,471	206,387
CMHC mortgage #15789688001, repayable in blended monthly instalments of \$2,003, including interest at 2.76%, due February 1, 2025.	208,980	227,639
CMHC mortgage #14789688005, repayable in blended monthly instalments of \$1,760, including interest at 2.76%, due February 1, 2025.	183,561	199,949
CMHC mortgage #15789688007, repayable in blended monthly instalments of \$1,866, including interest at 2.65%, due April 1, 2026.	215,545	232,628
CMHC mortgage #15789688007, repayable in blended monthly instalments of \$616, including interest at 2.76%, due May 1, 2030.	91,805	96,856
CMHC mortgage #15789688006, repayable in blended monthly instalments of \$588, including interest at 2.76%, due May 1, 2030.	87,587	91,866
CMHC mortgage #15789688008, repayable in blended monthly instalments of \$878, including interest at 2.23%, due June 1, 2034.	165,015	172,356
CMHC mortgage #15789688009, repayable in blended monthly instalments of \$381, including interest at 2.23%, due June 1, 2034.	71,542	74,726
Promissory note with First Nations Finance Authority ("FNFA") made under a Borrowing Agreement between the First Nation and FNFA, on behalf of Xeitl Limited Partnership ("Xeitl") requiring monthly blended payments of \$11,914, including interest at 3.79%, due June 26, 2024. Payments are made by Xeitl.	1,949,628	-

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

10. Long-term debt, continued

	2015	2014
Equipment financing lease, repayable in blended monthly instalments of \$2,555, including interest at 2.90%, maturing June 2018.	46,095	-
Non-revolving demand loan on behalf of Xeitl, repayable in blended monthly instalments of \$17,800, including interest at the lender's prime rate plus 0.50%, due April 1, 2023, guaranteed by Xeitl.	-	1,659,805
Current portion		
	\$ 3,297,171	3,072,467
	178,146	265,667
	<hr/>	<hr/>
	\$ 3,119,025	\$ 2,806,800
Principal portion of long-term debt due within the next five years:		
2016	\$ 178,146	
2017	174,834	
2018	177,167	
2019	176,392	
2020 and thereafter	2,590,632	
	<hr/>	<hr/>
	\$ 3,297,171	
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Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

11. Tangible capital assets

	2015 Cost		2015 Accumulated amortization			2015 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	
CMHC Housing	3,044,102	-	3,044,102	1,477,401	107,881	1,585,282
Administration	357,536	-	357,536	357,536	-	-
Equipment (5 years)	705,467	34,794	740,261	690,270	4,407	694,677
Equipment (10 years)	1,332,127	223,667	1,555,794	988,621	166,763	1,155,384
Vehicles (5 years)	67,140	-	67,140	67,140	-	67,140
Vehicles (10 years)	608,980	-	608,980	608,980	-	608,980
TRT Houses	1,031,454	268,170	1,299,624	583,327	57,348	640,675
Buildings	5,659,842	-	5,659,842	1,976,398	226,394	2,202,792
Water/sewer	4,468,573	-	4,468,573	736,546	111,714	848,260
Roads	2,274,445	-	2,274,445	1,483,112	56,861	1,539,973
	19,549,666	526,631	20,076,297	8,969,331	731,368	9,700,699
						10,375,598
2014 Cost						
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year
CMHC Housing	3,044,102	-	3,044,102	1,372,126	105,275	1,477,401
Administration	357,536	-	357,536	357,536	-	-
Equipment (5 years)	690,270	15,197	705,467	685,863	4,407	690,270
Equipment (10 years)	1,302,527	29,600	1,332,127	853,928	134,693	988,621
Vehicles (5 years)	67,140	-	67,140	67,140	-	67,140
Vehicles (10 years)	608,980	-	608,980	608,980	-	608,980
TRT Houses	907,173	124,281	1,031,454	539,583	43,744	583,327
Buildings	5,648,098	11,744	5,659,842	1,749,769	226,629	1,976,398
Water/sewer	4,468,573	-	4,468,573	624,832	111,714	736,546
Roads	2,274,445	-	2,274,445	1,426,251	56,861	1,483,112
	19,368,844	180,822	19,549,666	8,286,008	683,323	8,969,331
						10,580,335

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

12. Accumulated surplus

	2015	2014	
			Restated - Note 19
Operating surplus	\$ 3,187,848	\$ 4,214,719	
Capital equity surplus	9,214,872	9,307,855	
<u>Investments surplus</u>	<u>2,211,821</u>	<u>1,954,654</u>	
	<hr/>	<hr/>	
a) Operating surplus			
	2015	2014	
			(Restated - Note 18)
Balance, beginning of the year	\$ 4,214,719	\$ 4,316,526	
Annual deficit	(862,687)	(423,806)	
Transfers	(164,184)	321,999	
	<hr/>	<hr/>	
Balance, end of the year	\$ 3,187,848	\$ 4,214,719	
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b) Capital equity surplus			
	2015	2014	
Balance, beginning of the year	\$ 9,307,855	\$ 9,568,249	
Additions:			
Investment in capital assets	526,631	180,821	
Principal repayment of long term debt	112,154	242,109	
	<hr/>	<hr/>	
Total additions	638,785	422,930	
	<hr/>	<hr/>	
Deductions:			
Amortization of capital assets	(731,768)	(683,324)	
	<hr/>	<hr/>	
Balance, end of the year	\$ 9,214,872	\$ 9,307,855	
	<hr/>	<hr/>	
c) Investment surplus			
	2015	2014	
Balance, beginning of the year	\$ 1,954,654	\$ 2,015,259	
Additions (Deductions):			
Equity in investments	257,167	(60,605)	
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Balance, end of the year	\$ 2,211,821	\$ 1,954,654	
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Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

13. Investment in related companies

Investment in Xeitl Limited Partnership

Taku River Tlingit First Nation is the limited partner and Atlin Power Ltd is the general partner for Xeitl Limited Partnership. Xeitl Limited Partnership operates and maintains a hydro-electric generating plant located in Atlin. 100% of its total electricity sales are made to British Columbia Hydro and Power Authority.

Selected financial information for Xeitl Limited Partnership for the year ended March 31 is as follows:

	2015	2014
Assets	\$ 16,456,426	\$ 16,383,352
Liabilities	\$ 14,931,852	\$ 14,962,166
<u>Partners' Equity</u>	<u>\$ 1,524,574</u>	<u>\$ 1,421,186</u>
Results of operations		
Net income	\$ 103,388	\$ 34,325

Investment in Atlin Tlingit Economic Limited Partnership

Taku River Tlingit First Nation is the sole shareholder of Atlin Tlingit Economic Limited Partnership ("ATELP"). ATELP has various business interests including the sale of fuels.

Selected financial information for ATELP for the year ended March 31 is as follows:

	2015	2014
Assets	\$ 1,188,113	\$ 940,200
Liabilities	\$ 603,295	\$ 508,007
<u>Shareholders' equity</u>	<u>\$ 584,818</u>	<u>\$ 432,193</u>
Results of operations		
Net income (loss)	\$ 152,625	\$ (76,012)

Xeitl Limited Partnership and ATELP are reporting under International Financial Reporting Standards for the year ended March 31, 2015 as they are considered to be Government Business Enterprises as defined by PSAB.

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

13. Investment in related companies, continued

Investment in Taku Wild Products Ltd.

Taku River Tlingit First Nation is the sole shareholder of Taku Wild Products Ltd.

Selected non-consolidated financial information for Taku Wild Products Ltd. for the year ended March 31 is as follows:

	2015 (unaudited)	2014 (unaudited)
Assets	\$ 119,480	\$ 115,713
Liabilities	\$ 17,051	\$ 14,438
Shareholders' equity/	\$ 102,429	\$ 101,275

Results of operations

	\$ 1,154	\$ (62,123)
Net income (loss)		

Taku Wild Products Ltd. has not reported under International Financial Reporting Standards for the year ended March 31, 2015. Since it is considered to be a Government Business Enterprise, this is a departure from PSAB.

14. Other revenue

Other revenue includes funding from agencies, governments and corporations for specific programs.

15. Related Party Transactions

During the year, the First Nation paid Atlin Tlingit Economic Limited Partnership ("ATELP"), a wholly-owned subsidiary, \$331,448 (2014 - \$365,249) for goods and services. At March 31, 2015, the First Nation owed ATELP \$54,490 (2014 - \$72,793) which is included in accounts payable.

During the year, the First Nation paid Taku Wild Products Ltd. ("Taku Wild"), a wholly-owned subsidiary, \$17,795 (2014 - \$22,536) for food products. At March 31, 2015 the First Nation owed Taku Wild \$0 (2014 - \$640).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

16. Administration Fees

Administration fees have been charged to various other programs within the First Nation. These revenues and expenditures have each been shown on the individual program schedule of operations and while internal, have not been netted.

Taku River Tlingit First Nation

Notes to Financial Statements

March 31, 2015

17. Budget Information

As required under PSAB, no overall budget for the First Nation was prepared and is therefore not available for comparative purposes.

18. Trust funds

At March 31, 2015, the Government of Canada held funds in trust of \$194,565 (2013 - \$188,261) for the First Nation.

19. Prior Period Adjustment

An adjustment has been made to the prior period to record a decrease in accounts payable related to a contribution commitment made by the First Nation to the Tlatsini Endowment Fund. The original commitment was for \$1,000,000. At March 31, 2014, the accounts payable balance shown was \$840,000, reflecting \$160,000 in payments made.

In the current fiscal year, management clarified that the commitment had been decreased to \$400,000 in the year ended March 31, 2013. As a result, accounts payable and accrued liabilities have been decreased and accumulated surplus has been increased by \$600,000.

An adjustment was also been made to decrease accumulated surplus by \$48,481 for an error made in previous years in the accounting for the reversal of a receivable.