

Consolidated Financial Statements of

**TAKU RIVER TLINGIT
FIRST NATION**

Year ended March 31, 2020

TAKU RIVER TLINGIT FIRST NATION

Index to Consolidated Financial Statements

Year ended March 31, 2020

	Page
Management's Responsibility for Financial Reporting	1
Independent Auditors' Report	2
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations and Accumulated Surplus	7
Consolidated Statement of Changes in Net Financial Assets (Debt)	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10 – 27

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Taku River Tlingit First Nation are the responsibility of management and have been approved by the Spokesperson and Clan Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

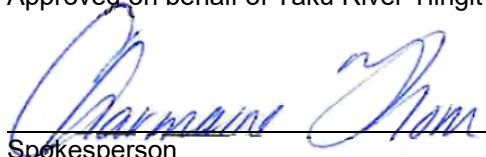
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Spokesperson and Clan Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

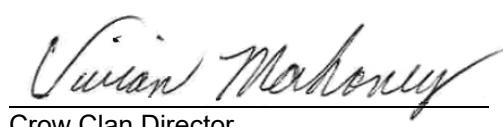
The Spokesperson and Clan Directors meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities,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

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Taku River Tlingit First Nation and meet when required.

Approved on behalf of Taku River Tlingit First Nation:



Spokesperson



Crow Clan Director



Wolf Clan Director

Crow Clan Director

Wolf Clan Director



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITOR'S REPORT

To the Spokesperson and Clan Directors of Taku River Tlingit First Nation

Opinion

We have audited the consolidated financial statements of Taku River Tlingit First Nation ("the Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets (debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, except for the effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2020, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Summary of Significant Accounting Policies describes the accounting policy with respect to the Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The Nation has not fully adopted these recommendations. Although the Nation has recognized certain tangible capital assets and amortization as of the date of consolidated financial statement preparation, the Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets. As a result, we have been unable to obtain sufficient audit evidence to form an opinion with respect to the possible amount of such assets, amortization for the current period and accumulated surplus. This caused us to qualify our audit opinion on the consolidated financial statements as at and for the year ended March 31, 2020.

In addition, the Nation has not included disclosure of budget information as required by Canadian public sector accounting standards because budgets were not prepared.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***“Auditors’ Responsibilities for the Audit of the Financial Statements”*** section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Comparative Information

We draw attention to Note 17 to the financial statements (“Note 17”), which explains that certain comparative information presented for the year ended March 31, 2019 has been restated.

Note 17 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2020, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2019. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
February 11, 2022

TAKU RIVER TLINGIT FIRST NATION

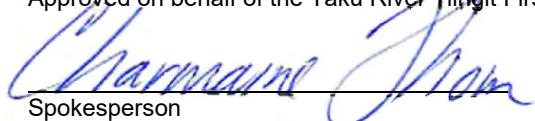
Consolidated Statement of Financial Position

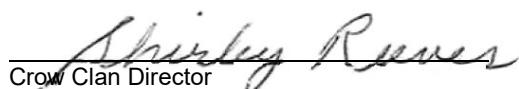
March 31, 2020, with comparative information for 2019

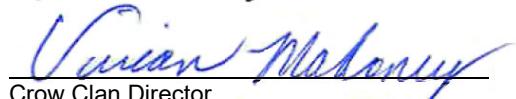
	2020	2019
	(restated – note 17)	
Financial Assets		
Cash	\$ 5,468,685	\$ 4,824,390
Accounts receivable (note 2)	282,045	518,109
Contributions receivable (note 3)	1,709,291	1,145,314
Inventory held for resale	67,827	44,410
Restricted cash (note 4)	407,020	406,982
Trust funds held by Canada (note 5)	220,646	215,469
Debt reserve fund held by First Nation Finance Authority (note 6)	114,364	109,802
Investment in and advances to government business enterprises (note 7)	9,606,100	9,861,633
	17,875,978	17,126,109
Liabilities		
Accounts payable and accrued liabilities (note 9)	2,008,718	3,141,777
CMHC replacement reserve (note 4)	382,556	383,785
Deferred revenue (note 10)	5,193,570	2,804,356
Debt (note 11)	3,058,509	11,415,856
	10,643,353	17,745,774
Net financial assets (debt)	\$ 7,232,625	\$ (619,665)
Non-Financial Assets		
Tangible capital assets (note 12)	19,154,643	19,503,265
Prepaid expenses	38,968	18,738
	19,193,611	19,522,003
Commitments and contingencies (note 14)		
Accumulated surplus (note 13)	\$ 26,426,236	\$ 18,902,338

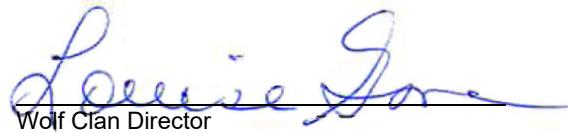
See accompanying notes to consolidated financial statements.

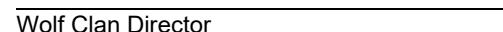
Approved on behalf of the Taku River Tlingit First Nation:


Charmaine Johnson
Spokesperson


Shirley Rivers
Crow Clan Director


Vivian Maloney
Crow Clan Director


Louise Jones
Wolf Clan Director


Wolf Clan Director

TAKU RIVER TLINGIT FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Indigenous and Northern Affairs Canada	\$ 3,219,709	\$ 8,513,689
Province of British Columbia	1,001,890	852,404
Government of Canada	316,995	705,881
Health Canada	702,496	790,515
Fisheries and Oceans Canada	491,446	417,523
B.C. Treaty Commission	159,312	55,251
Treaty loan forgiven (note 17)	8,147,355	-
Other grant revenue	1,435,169	1,572,900
Rental income	332,733	241,388
Modified equity from government business enterprises	155,370	314,628
Other economic activities	1,465,065	1,101,003
	17,427,540	14,565,182
Expenses:		
Capital	1,248,680	1,407,076
Education	551,971	1,113,565
Fisheries	596,470	466,168
Governance and administration	1,282,540	955,566
Health and social	1,812,286	1,383,738
Lands	1,101,402	1,667,932
Operations, maintenance and housing	1,162,224	925,197
Other economic activities	1,570,379	1,437,902
	9,325,952	9,357,144
Annual surplus	8,101,588	5,208,038
Accumulated surplus, beginning of year:		
As previously stated	20,761,784	15,553,746
Restatement of prior period (note 17)	(1,859,446)	(1,859,446)
As restated	18,902,338	13,694,300
Adoption of new accounting standards (note 7(b))	(577,690)	-
Accumulated surplus, end of year	\$ 26,426,236	\$ 18,902,338

See accompanying notes to consolidated financial statements.

TAKU RIVER TLINGIT FIRST NATION

Consolidated Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 8,101,588	\$ 5,208,038
Acquisition of tangible capital assets	(696,894)	(5,491,239)
Amortization of tangible capital assets	1,045,516	947,181
	<u>8,450,210</u>	<u>663,980</u>
Adoption of new accounting standards (note 7(b))	(577,690)	-
Acquisition of prepaid asset	18,738	20,246
Use of prepaid asset	(38,968)	(18,738)
	<u>(597,920)</u>	<u>1,508</u>
Increase in net financial assets	7,852,290	665,488
Net financial assets (debt), beginning of year:		
As previously stated	1,239,781	574,293
Restatement of prior period (note 17)	(1,859,446)	(1,859,446)
As restated	<u>(619,665)</u>	<u>(1,285,153)</u>
Net financial assets (debt), end of year	\$ 7,232,625	\$ (619,665)

See accompanying notes to consolidated financial statements.

TAKU RIVER TLINGIT FIRST NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 8,101,588	\$ 5,208,038
Items not affecting cash:		
Amortization	1,045,516	947,181
Treaty loan forgiven	(8,147,355)	-
Modified equity from government business enterprises	(155,370)	(314,628)
	844,379	5,840,591
Changes in non-cash operating working capital:		
Accounts receivable	236,064	(375,774)
Contributions receivable	(563,977)	(191,005)
Inventory held for resale	(23,417)	19,514
Prepaid expenses	(20,230)	1,508
Accounts payable and accrued liabilities	(1,133,059)	152,866
Replacement reserves	(1,229)	(19,812)
Deferred revenue	2,389,214	(3,764,168)
	1,727,745	1,663,720
Capital:		
Acquisition of tangible capital assets	(696,894)	(5,491,239)
Investing:		
Net advances to government business enterprises	(166,787)	(49,580)
Debt reserve fund held by First Nation Finance Authority	(4,562)	(4,163)
Increase in trust fund	(5,177)	(10,214)
Increase in restricted cash	(38)	(76)
	(176,564)	(64,033)
Financing:		
Decrease in bank indebtedness	-	(52)
Repayment of long-term debt	(209,992)	(205,404)
	(209,992)	(205,456)
Increase (decrease) in cash and cash equivalents	644,295	(4,097,008)
Cash and cash equivalents, beginning of year	4,824,390	8,921,398
Cash and cash equivalents, end of year	\$ 5,468,685	\$ 4,824,390

See accompanying notes to consolidated financial statements.

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

Taku River Tlingit First Nation is a First Nation located in Northern British Columbia that works to ensure enhanced quality of life for all generations of its people to develop a sustainable, self-reliant, vibrant community that is built upon the historical and traditional values of its community.

1. Significant accounting policies:

The consolidated financial statements of the Taku River Tlingit First Nation (the “Nation”) are the representation of management prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (“PSAB”) of Chartered Professional Accountants of Canada.

(a) Basis of presentation and consolidation:

The consolidated financial statements reflect activities of the Nation and its wholly-owned subsidiaries and partnerships.

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by the Nation. Controlled organizations are consolidated, except for government business enterprises and government business partnerships, which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The following organizations are controlled by the Nation and are fully consolidated in these financial statements:

Atlin Tlingit Economic GP Ltd.
TRTFN Land Holdings Society

Atlin Tlingit Economic Limited Partnership
Taku Land Corporation

During the year, the Nation incorporated TRTFN Land Holdings Society, a government not-for-profit organization, to buy, lease, hold, build, develop and/or improve any lands and buildings to meet cultural and/or social needs.

(ii) Investments in government business enterprises:

The Nation accounts for its investments in its government business enterprises using the modified equity method. Under this method, the Nation’s investment in the business enterprise and its net earnings and other changes in equity are recorded. No adjustment is made to conform the accounting policies of the government business enterprise to those of the Nation. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions of assets that remain within the entities. The shares of these government business enterprises are held in trust by various nation members on behalf of the Nation.

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(a) Basis of presentation and consolidation (continued):

(ii) Investments in government business enterprises (continued):

The following organizations are government business enterprises and are accounted for by the modified equity method:

Atlin Power Ltd.
Taku Holdings Ltd.

Taku Wild Products Ltd.
Tlingit Homeland Energy Ltd.

(iii) Investments in government partnerships:

Government partnerships that are business partnerships are accounted for by the modified equity method.

The following organizations are government business partnerships and are accounted for by the modified equity method:

Tlingit Homeland Energy Limited Partnership

Xeitl Limited Partnership

(b) Use of accounting estimates:

The preparation of the 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to determining the allowance for doubtful accounts, the useful lives of non-financial assets for amortization, liability for contaminated sites, and provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

(c) Basis of accounting for revenue and expenses:

Revenue is recorded on the accrual basis and is recognized when it is earned and measurable. Revenue relating to future periods, including government grants, are reported as deferred revenue and recognized as revenue when earned.

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreements are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

Expenses are recorded on the accrual basis and are recognized as they are incurred. This is upon the receipt of goods or services and/or the creation of a legal obligation.

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(d) Inventory held for resale:

Inventory held for resale is recorded at the lower of cost or net realizable value.

(e) Non-financial assets:

Non-financial assets that are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver Nation services, may be consumed in normal operations and are not for resale. Non-financial assets include, tangible capital assets and prepaid expenses.

(i) Tangible capital assets:

Tangible capital assets are carried at cost less accumulated amortization. The Nation amortizes its tangible capital assets on a straight-line basis over the estimated useful lives as follows:

Asset	Rate
Buildings	25 years
Equipment	5-10 years
Fuel Station equipment	8-20 years
Houses	25 years
Office furniture and computer equipment	5-10 years
Roads	40 years
Trucks and trailers	10-20 years
Vehicles	5-10 years
Tools and miscellaneous	10-20 years
Water, sewer and geothermal	40 years

Leasehold improvements are amortized straight-line over the term of the lease.

When a tangible capital asset no longer contributes to the Nation's ability to provide services, its carrying value is written down to its residual value.

(ii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(iii) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(iv) Settlement lands:

Settlement lands to which no acquisition cost is attributable are not recognized as assets in the consolidated financial statements.

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(f) Budget information:

A budget for the Nation has not been prepared and therefore is not available for disclosure in the financial statements.

(g) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of the Nation, for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Nation has provided definitions of segments used by the Nation as well as presented financial information in segment format (note 18).

(h) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of 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 standards;
- (iii) The Nation 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.

2. Accounts receivable:

	2020	2019
Accounts receivable	\$ 305,592	\$ 508,488
Rent receivable	332,769	321,137
Allowance for doubtful accounts	(356,316)	(311,516)
	<hr/> \$ 282,045	<hr/> \$ 518,109

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

3. Contributions receivable:

	2020	2019
Indigenous Services Canada	\$ 485,817	\$ -
BCFN Gaming Revenue Sharing LP	337,921	-
British Columbia Treaty Commission	136,640	136,640
Canada Mortgage and Housing Corporation ("CMHC")	127,716	49,435
Government of Yukon	100,176	150,176
T'akhu Á Tlén Conservancy	107,429	82,188
First Nations Health Authority	99,562	-
3 Nations Society	36,148	280,311
Other Government of Canada departments and ministries	277,882	446,564
	<hr/> \$ 1,709,291	<hr/> \$ 1,145,314

4. Restricted cash and CMHC replacement reserve:

	2020	2019
Replacement reserves - CMHC	\$ 386,972	\$ 386,914
Forest Range Opportunities ("FRO") and revenue sharing	20,048	20,068
	<hr/> \$ 407,020	<hr/> \$ 406,982

5. Trust funds held by Canada:

At March 31, 2020, the Government of Canada holds funds in trust on behalf of the Nation of \$220,646 (2019 - \$215,469).

6. Debt reserve fund held by First Nation Finance Authority:

As part of the borrowing agreement with First Nation Finance Authority ("FNFA"), as described in notes 7(b) and 11, the Nation maintains an interest-bearing deposit of \$100,000 with FNFA as a debt reserve fund. Accrued interest at March 31, 2020 is \$14,364 (2019 - \$9,802).

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

7. Investment in and advances to government business enterprises:

Condensed financial information for the Nation's government business enterprises and government business partnerships is as follows:

	Hydro-electric business	Fisheries and other business	2020 Total	2019 Total
Cash	\$ 1,163,158	\$ 25,005	\$ 1,188,163	\$ 1,175,252
Trade receivables	838,285	20,341	858,626	778,745
Unbilled revenue	1,758,000	-	1,758,000	2,341,007
Other assets	932,456	15,809	948,265	966,377
Due from related parties	-	742	742	177,235
Property, plant and equipment	13,233,587	107,678	13,341,265	13,576,624
	\$ 17,925,486	\$ 169,575	\$ 18,095,061	\$ 19,015,240
Accounts payable and accrued liabilities	\$ 181,703	\$ 22,643	\$ 204,346	\$ 316,830
Due to related parties	3,330,735	-	3,330,735	3,265,886
Long-term debt	9,717,761	28,130	9,745,891	10,196,115
Total liabilities	13,230,199	50,773	13,280,972	13,778,831
Equity	4,695,287	118,802	4,815,089	5,236,409
Total liabilities and equity	\$ 17,925,486	\$ 169,575	\$ 18,095,061	\$ 19,015,240
Revenue	\$ 2,487,382	\$ 390,561	\$ 2,877,943	\$ 3,401,733
Expenses	2,321,673	400,900	2,722,573	3,087,105
Net income (loss)	\$ 165,709	\$ (10,339)	\$ 155,370	\$ 314,628

The investment in and advances to government business enterprises are as follows:

	2020	2019
<i>Taku Wild (see (a) below):</i>		
Taku Wild Products Ltd.:		
Investment - 100% interest	\$ 128,685	\$ 128,685
Advances due from (to) - non-interest bearing and unsecured	702	(14,727)
Accumulated modified equity income (loss)	(9,883)	1,162
	119,504	115,120
Carried forward	119,504	115,120

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

7. Investment in and advances to government business enterprises (continued):

	2020	2019
Brought forward	119,504	115,120
<i><u>Atlin Power - Xeitl (see (b) below):</u></i>		
Atlin Power Ltd.:		
Investment -100% interest	1	1
Xeitl Limited Partnership:		
Investment -100% interest	1,000,010	1,000,010
Advances due from - non-interest bearing and unsecured	2,725,269	2,675,702
Advances due from - FNFA loan (see note 11)	1,574,935	1,655,864
Advances due to - debt reserve fund (see note 6)	(114,364)	(10,908)
Accumulated modified equity income	3,892,632	4,049,885
	9,078,482	9,370,553
<i><u>Tlingit Homeland Energy (see (c) below):</u></i>		
Tlingit Homeland Energy Ltd.:		
Investment -100% interest	1	1
Tlingit Homeland Energy Limited Partnership:		
Investment -100% interest	450,001	450,001
Advances due from - non-interest bearing and unsecured	605,466	288,097
Accumulated modified equity loss	(647,355)	(392,627)
	408,112	345,471
<i><u>Taku Holdings (see (d) below):</u></i>		
Taku Holdings Ltd.:		
Investment -100% interest	1	1
<i><u>ATELP Welding Services Limited (see (e) below):</u></i>		
ATELP Welding Services Limited:		
Investment -100% interest	-	1
Advances due from - non-interest bearing and unsecured	-	31,192
Accumulated modified equity loss	-	(707)
	-	30,486
	<hr/> \$ 9,606,100	<hr/> \$ 9,861,633

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

7. Investment in and advances to government business enterprises (continued):

Total investment in and advances to government business enterprises are summarized as follows:

	Hydro-electric business	Fisheries and other business	2020 Total	2019 Total
Total investment at proportional interest	\$ 1,450,013	\$ 128,685	\$ 1,578,698	\$ 1,578,700
Total accumulated modified equity income	3,245,277	(9,883)	3,235,394	3,657,713
Total equity	4,695,290	118,802	4,814,092	5,236,413
Advances due from	4,791,306	702	4,792,008	4,625,220
Total investment and advances to government business enterprises	\$ 9,486,596	\$ 119,504	\$ 9,606,100	\$ 9,861,633

- (a) On April 9, 2002, the First Nation formed Taku Wild Products Ltd. ("Taku Wild"). The business of Taku Wild is the commercial sale of sustainably caught, specially packaged, organically flavored wild salmon products to benefit the Taku River Tlingit and to help fund conservation efforts in the Taku River basin.
- (b) On July 24, 2007, the First Nation formed Xeitl Limited Partnership ("Xeitl"). Xeitl consists of Atlin Power Ltd., as a general partner, and the First Nation as the limited partner. The principal business of Xeitl is to operate and maintain a hydro-electric generating plant located in Atlin, British Columbia. Xeitl has a 25-year electricity purchase agreement with British Columbia Hydro and Power Authority ("BC Hydro"). During the year, Xeitl's revenue was derived from a single source, BC Hydro, and as a result is dependent on the contract with BC Hydro for all its revenue. The loan from FNFA (note 11), along with the related debt reserve fund (note 6) have been loaned to Xeitl on the same terms and conditions.

During the year, Xeitl adopted the new IFRS 16, Leases, standard which was effective for the Partnership on April 1, 2019. As a result of the adoption of IFRS 16, Leases, the Partnership adjusted its expected minimum lease payments to equal the in substance fixed payments, resulting in a change in revenue previously recognized in earnings of \$577,690. In accordance with the transitional provision of the new standard, this was recorded as an adjustment to accumulated surplus.

- (c) On May 11, 2015, the First Nation formed Tlingit Homeland Energy Limited Partnership ("THELP"). THELP consists of Tlingit Homeland Energy Ltd., as a general partner, and the First Nation as the limited partner. Prior to the formation of the partnership the activities of the partnership were undertaken by the general partner and transferred to partnership upon formation. The principal business of THELP is to acquire, develop, construct, own, maintain and operate hydro-electric generation projects in Atlin, BC, connected to the Yukon Territory power grid. It is currently undertaking feasibility projects that are funded primarily through grants.

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

7. Investment in and advances to government business enterprises (continued):

(d) On February 27, 2015, the First Nation formed Taku Holdings Ltd. ("Taku Holdings"). The business of Taku Holdings is to acquire and manage residential and commercial properties and/or to acquire and develop properties to sell as residential or commercial units.

(e) On July 22, 2016, ATELP Welding Services Limited was acquired as a subsidiary of Atlin Tlingit Economic Limited Partnership. The business of ATELP Welding Services Limited was to provide welding services for related entities of the First Nation as well as for third party customers. During fiscal 2020, this entity ceased operations and was dissolved.

8. Bank indebtedness:

The Nation has an available credit facility of \$400,000 which when drawn, bears interest at prime plus 1.75%. The facility is secured by a \$1.8 million guarantee by Xeitl which is supported by a general security agreement with a specific charge over the Energy Purchase Agreement with BC Hydro (note 7(b)), in a second priority position to Xeitl's primary lender. As at March 31, 2020, the Nation had drawn nil (2019 - nil) against this facility.

9. Accounts payable and accrued liabilities:

	2020	2019
Accounts payable and accrued liabilities	\$ 1,988,268	\$ 3,114,442
Damage deposits	20,450	27,335
	\$ 2,008,718	\$ 3,141,777

10. Deferred revenue:

	2020	2019
Indigenous Services Canada	\$ 1,882,247	\$ 882,665
Province of British Columbia	642,600	607,794
3 Nations Society	672,068	318,589
T'akhu Á Tlén Conservancy	287,646	216,245
First Nations Health Authority	443,506	193,724
British Columbia Treaty Commission	292,931	235,096
Big House - Heritage Centre	134,697	134,697
Other Government of Canada Ministries	138,592	81,443
Others	699,283	134,103
	\$ 5,193,570	\$ 2,804,356

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. Debt:

	2020	2019
		(restated - note 17)
CMHC mortgage, repayable in blended monthly instalments of \$259, including interest at 1.67%, due March 1, 2023	\$ 9,083	\$ 12,007
CMHC mortgage, repayable in blended monthly instalments of \$1,681, including interest at 1.08%, due February 1, 2025	96,565	115,584
CMHC mortgage, repayable in blended monthly instalments of \$1,854, including interest at 1.08%, due February 1, 2025	106,508	127,486
CMHC mortgage, repayable in blended monthly instalments of \$1,629, including interest at 1.08%, due February 1, 2025	93,553	111,979
CMHC mortgage, repayable in blended monthly instalments of \$1,733, including interest at 1.11%, due April 1, 2026	122,252	141,568
CMHC mortgage, repayable in blended monthly instalments of \$547, including interest at 1.08%, due May 1, 2030	63,236	69,088
CMHC mortgage, repayable in blended monthly instalments of \$522, including interest at 1.08%, due May 1, 2030	60,331	65,914
CMHC mortgage, repayable in blended monthly instalments of \$846, including interest at 1.82%, due June 1, 2034	127,312	135,085
CMHC mortgage, repayable in blended monthly instalments of \$367, including interest at 1.82%, due June 1, 2034	55,196	58,566
CMHC mortgage, repayable in blended monthly instalments of \$3,476, including interest at 2.35% due July 1, 2043	749,538	775,360
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% per annum, due June 26, 2024	1,574,935	1,655,864
Treaty Negotiation Loan, administered by B.C. Treaty Commission ("BCTC"), forgiven during the current year (note 17)	-	6,287,909
Treaty Negotiation Loan - Pre-BCTC, forgiven during the current year (note 17)	-	1,859,446
	<hr/> \$ 3,058,509	<hr/> \$ 11,415,856

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. Debt (continued):

The CMHC mortgages are guaranteed first by the TRTFN, then by a Ministerial Guarantee.

Principal portion of debt due within the next five years:

2022	\$ 195,871
2023	197,679
2024	199,492
2025	198,205
2026	1,434,064
Thereafter	833,198
	<hr/>
	\$ 3,058,509

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

12. Tangible capital assets:

March 31, 2019	Cost				Accumulated amortization				2019 Net book value
	Balance, beginning of year	Additions	Disposals, adjustments, and impairment	Balance, end of year	Balance, beginning of year	Amortization	Disposals, adjustments, and impairment	Balance, end of year	
Land and buildings	\$ 6,025,981	\$ 213,523	\$ 29,000	\$ 6,268,504	\$ 2,894,331	\$ 241,855	\$ -	\$ 3,136,186	\$ 3,132,318
Equipment	2,532,975	98,977	-	2,631,952	2,283,537	37,250	-	2,320,787	311,165
Fuel Station equipment	245,107	-	-	245,107	153,417	12,858	-	166,275	78,832
Houses	7,053,316	57,159	52,424	7,162,899	3,748,399	295,065	-	4,043,464	3,119,435
Office furniture and computer equipment	516,011	-	-	516,011	369,683	2,548	-	372,231	143,780
Roads	2,713,053	3,414,249	1,966,801	8,094,103	1,729,694	129,273	-	1,858,967	6,235,136
Trucks and trailers	1,029,184	-	-	1,029,184	400,263	56,174	-	456,437	572,747
Vehicles	886,692	36,000	-	922,692	698,013	7,908	-	705,921	216,771
Tools and miscellaneous	30,783	-	-	30,783	8,052	1,539	-	9,591	21,192
Water, sewer, geothermal	4,468,573	1,440,849	800,864	6,710,286	1,196,168	162,711	-	1,358,879	5,351,407
Construction in progress	2,939,089	230,482	(2,849,089)	320,482	-	-	-	-	320,482
	\$ 28,440,764	\$ 5,491,239	\$ -	\$ 33,932,003	\$ 13,481,557	\$ 947,181	\$ -	\$ 14,428,738	\$ 19,503,265

March 31, 2020	Cost				Accumulated amortization				2020 Net book value
	Balance, beginning of year	Additions	Disposals, adjustments, and impairment	Balance, end of year	Balance, beginning of year	Amortization	Disposals, adjustments, and impairment	Balance, end of year	
Land and buildings	\$ 6,268,504	\$ 362,092	\$ -	\$ 6,630,596	\$ 3,136,186	\$ 318,214	\$ -	\$ 3,454,400	\$ 3,176,196
Equipment	2,631,952	54,773	-	2,686,725	2,320,787	40,428	-	2,361,215	325,510
Fuel Station equipment	245,107	-	-	245,107	166,275	12,858	-	179,133	65,974
Houses	7,162,899	50,702	-	7,213,601	4,043,464	231,361	-	4,274,825	2,938,776
Office furniture and computer equipment	516,011	-	-	516,011	372,231	485	-	372,716	143,295
Roads	8,094,103	138,010	-	8,232,113	1,858,967	157,795	-	2,016,762	6,215,351
Trucks and trailers	1,029,184	-	(10)	1,029,174	456,437	56,175	-	512,612	516,562
Vehicles	922,692	85,995	-	1,008,687	705,921	7,908	-	713,829	294,858
Tools and miscellaneous	30,783	-	-	30,783	9,591	1,539	-	11,130	19,653
Water, sewer, geothermal	6,710,286	5,332	-	6,715,618	1,358,879	218,753	-	1,577,632	5,137,986
Construction in progress	320,482	-	-	320,482	-	-	-	-	320,482
	\$ 33,932,003	\$ 696,904	\$ (10)	\$ 34,628,897	\$ 114,428,738	\$ 1,045,516	\$ -	\$ 15,474,254	\$ 19,154,643

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

12. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$320,482 (2019 - \$320,482) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down of tangible capital assets:

There were no write-downs in capital assets during 2020 (2019 - nil).

(c) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is nil (2019 - nil).

(d) Tangible capital assets recorded at nominal values:

Where an estimate of fair value for a contributed tangible capital asset cannot be made, the tangible capital asset is recognized at a nominal value.

(e) Works of Art and Historical Treasures:

The Nation manages and controls various works of art and non-operational historical cultural assets, including building, artifacts, paintings, and sculptures located at Nation sites and public display areas. The assets are not recorded as tangible capital assets and are not amortized.

13. Accumulated surplus:

	2020	2019
	(restated -	note 17)
Operating surplus (deficit) (a) (b) (c)	\$ 585,174	\$ (7,327,058)
Capital equity surplus	17,695,533	17,913,825
Investments surplus	8,145,529	8,315,571
	<hr/>	<hr/>
	\$ 26,426,236	\$ 18,902,338

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

13. Accumulated surplus (continued):

(a) Operating deficit:

	2019	2018
Balance, beginning of year, as previously stated	\$ (5,467,612)	\$ (5,537,929)
Restatement of prior period (note 17)	(1,859,446)	(1,859,446)
As restated	(7,327,058)	(7,397,375)
Annual surplus	8,101,588	5,208,038
Transfers	(189,356)	(5,137,721)
Balance, end of year	\$ 585,174	\$ (7,327,058)

(b) Capital equity surplus:

	2020	2019
Balance, beginning of year	\$ 17,913,825	\$ 13,222,291
Additions:		
Acquisition of tangible capital assets	696,894	5,491,239
Decrease to replacement reserve	1,229	19,812
Increase to restricted cash	38	76
Principal repayment of debt	129,063	127,588
	827,224	5,638,715
	18,741,049	18,861,006
Deductions:		
Amortization of tangible capital assets	(1,045,516)	(947,181)
Balance, end of year	\$ 17,695,533	\$ 17,913,825

(c) Investment surplus:

	2020	2019
Balance, beginning of year	\$ 8,315,571	\$ 7,869,384
Additions:		
Modified equity from government business enterprises	155,370	314,628
Additions to debt reserve fund	4,562	4,163
Principal repayment of debt	80,929	77,816
Adoption of new accounting standards	(577,690)	-
Payments to government business enterprises	166,787	49,580
	(170,042)	446,187
Balance, end of year	\$ 8,145,529	\$ 8,315,571

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

14. Commitments and contingencies:

(a) Operating surplus:

Surpluses in Indigenous Services Canada (“ISC”) (formerly Indigenous and North Affairs Canada (“INAC”)) funded programs are potentially refundable to ISC and will be recorded as liabilities if ISC requires repayment.

(b) Contingencies:

From time to time, in connection with its operations, the Nation is named as defendants in actions for damages and costs allegedly sustained by the plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, such actions have generally been resolved with minimal damages or expense in excess of amounts covered by insurance.

Settlements of claims, in excess of those provided, will be accounted for as current period transactions.

15. Related party transactions:

	2020	2019
Sale of goods and services from ATELP:		
Xeitl Limited Partnership	\$ 462,619	\$ 343,829
Taku Wild	1,934	5,177
THELP, inclusive of management fees	248,723	285,349
Yukon Clean Energy Alliance	-	46,000
Purchase of goods and services by ATELP:		
Taku Wild	\$ 1,300	\$ 72,410
Purchase of goods and services by the Nation:		
Taku Wild	\$ 9,554	\$ 33,589

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.

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

16. Contractual rights:

The Nation has contracts with various ministries of the Government of Canada and the Province of British Columbia, the majority of which are determined on an annual basis. The Nation is scheduled to receive the following minimum amounts under certain of its contracts:

2022	\$ 128,707
2023	130,515
2024	132,328
2025	131,041
2026	127,785
Thereafter	833,198
	<hr/>
	\$ 1,483,574

ATELP has entered into an operating agreement with XLP to provide managerial, administrative and operational services covering all aspects of the operation and business management of XLP's hydropower plant. The contract has no set termination date and includes monthly charges of \$9,500 as well as additional costs as required.

17. Treaty loan forgiveness and restatement of comparative financial information:

During the year ended March 31, 2020, the Nation received noticed from the Government of Canada that treaty loans of \$8,147,355 were being forgiven, including loans administered by the BC Treaty Commission. It was determined that the Nation had received \$1,859,446 in loans advanced before the formation of the BC Treaty Commission that were not appropriately recorded as liabilities. The comparative financial information has been restated as follows:

	As previously stated	Adjustment	As restated
<u>Consolidated statement of financial position:</u>			
Debt	\$ 9,556,410	\$ 1,859,446	\$ 11,415,856
Net financial assets (debt)	1,239,781	(1,859,446)	(619,665)
Accumulated surplus	20,761,781	(1,859,446)	18,902,338
<u>Consolidated statement of financial position:</u>			
Accumulated surplus, beginning of year	15,553,746	(1,859,446)	13,694,300
<u>Consolidated statement of changes in net financial assets (debt):</u>			
Net financial assets (debt), beginning of year	574,293	(1,859,446)	(1,285,153)

There was no impact to cash flows from operations, capital, investing or financing as a result of this restatement.

Certain other prior year balances in expenses have been reclassified in this set of financial statements to conform to the basis of presentation in the current year.

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

18. Segment disclosure:

The Nation provides a wide variety of services to its members. For segment disclosure, these services are grouped and reported under services areas/departments that are responsible for providing such services. They are as follows:

(a) Capital:

Responsible for the various construction projects managed by the Nation.

(b) Economic development:

Responsible for supporting economic opportunities for the Nation.

(c) Education:

Provides tuition and education support for all members, including facilitating payments for public education and support for post-secondary students based on needs. Operates and maintains day care and pre-school facilities, available to members and the community.

(d) Fisheries:

Responsible for managing the fisheries in the Nation's traditional territory.

(e) Governance and administration:

Oversees the general operation of the Nation as well as intergovernmental relations, policy development and legislation.

(f) Health and social:

Provides health services and social assistance to the Nation citizens.

(g) Lands:

Responsible for managing the lands in the Nation's traditional territory.

(h) Operations, maintenance and housing:

Provides water, sewer, roads and housing for the Nation.

(i) Other economic activities:

The Nation established a business company ("ATELP") to manage the Nation's business activities, including Investments in hydro-electric power generation, fisheries, and other commercial developments.

TAKU RIVER TLINGIT FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

17. Segment disclosure (continued):

Revenue	Capital	Education	Fisheries	Governance and administration	Health and social	Lands	Operations, maintenance and housing	Other economic activities	Consolidation adjustment	2020 Consolidated total	2019 Consolidated total
Indigenous and Northern Affairs Canada	\$ 1,030,461	\$ 544,621	\$ -	\$ 571,480	\$ 163,916	\$ -	\$ 909,231	\$ -	\$ -	\$ 3,219,709	\$ 8,513,689
Province of British Columbia	-	-	-	-	\$ 497,567	\$ 504,323	-	-	-	1,001,890	852,404
Government of Canada	-	-	-	-	-	\$ 109,852	\$ 207,143	-	-	316,995	705,881
Health Canada	2,934	-	-	-	\$ 699,562	-	-	-	-	702,496	790,515
Fisheries and Oceans Canada	-	-	480,755	-	-	\$ 10,691	-	-	-	491,446	417,523
B.C. Treaty Commission	-	-	-	-	-	\$ 159,312	-	-	-	159,312	55,251
Loan forgiveness	-	-	-	-	-	\$ 8,147,355	-	-	-	8,147,355	-
Other grant revenue	2,488	-	194,578	188,731	\$ 698,743	\$ 350,629	-	(20)	-	1,435,169	1,572,900
Rental income	-	-	-	-	-	\$ 98,909	\$ 233,824	-	-	332,733	241,388
Modified equity from government business enterprises	-	-	-	-	-	-	-	155,370	-	155,370	314,628
Other economic activities	-	-	-	-	-	-	-	1,465,065	-	1,465,065	1,101,003
Total before transfer to other programs	1,035,883	544,621	675,333	760,211	2,059,788	\$ 9,381,071	1,350,198	1,620,415	-	17,427,540	14,565,182
Administration fee charged to programs	-	-	-	-	412,777	-	-	-	(412,777)	-	-
Total revenue	\$ 1,035,883	\$ 544,621	\$ 675,333	\$ 1,172,988	\$ 2,059,788	\$ 9,381,071	\$ 1,350,198	\$ 1,620,415	\$ (412,777)	\$ 17,427,540	\$ 14,565,182
Expenses	Capital	Education	Fisheries	Governance and administration	Health and social	Lands	Operations, maintenance and housing	Other economic activities	Consolidation adjustment	2020 Consolidated total	2019 Consolidated total
Wages and benefits	\$ 182,514	\$ 25,135	\$ 353,439	\$ 531,397	\$ 964,641	\$ 431,229	\$ 380,708	\$ 792,004	\$ -	\$ 3,661,067	\$ 3,302,019
Amortization	925,318	9,740	-	9,740	14,610	9,740	4,870	71,497	-	1,045,515	947,181
Other expenses	140,848	517,096	243,031	741,403	833,035	660,433	776,646	706,878	-	4,619,370	5,107,944
Total before transfer to other programs	1,248,680	551,971	596,470	1,282,540	1,812,286	1,101,402	1,162,224	1,570,379	-	9,325,952	9,357,144
Administration fee charged to programs	42,999	2,391	41,757	(48,460)	252,377	120,659	1,054	-	(412,777)	-	-
Interdepartmental transfers	(29,240)	-	37,306	(1,491)	(1,897)	(8,652)	3,974	-	-	-	-
Total expenses	\$ 1,262,439	\$ 554,362	\$ 675,533	\$ 1,232,589	\$ 2,062,766	\$ 1,213,409	\$ 1,167,252	\$ 1,570,379	\$ (412,777)	\$ 9,325,952	\$ 9,357,144
Annual surplus (deficit)	\$ (226,556)	\$ (9,741)	\$ (200)	\$ (59,601)	\$ (2,978)	\$ 8,167,662	\$ 182,946	\$ 50,036	\$ -	\$ 8,101,588	\$ 5,208,038