

**Taku River Tlingit First Nation**

**Consolidated Financial Statements**

**March 31, 2022**

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**Taku River Tlingit First Nation**

**Consolidated Financial Statements**

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**March 31, 2022**

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## Taku River Tlingit First Nation

### Management's Responsibility for Financial Reporting

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March 31, 2022

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

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.

Council is 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.

Council meets 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, Crowe MacKay 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.

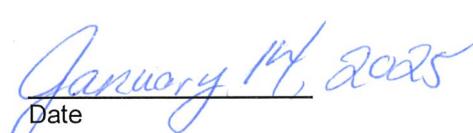
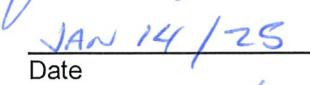
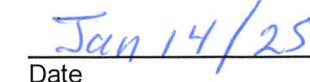
On behalf of Taku River Tlingit First Nation:

  
Charnaine Thom  
Chief  
  
Anna Lee Curtis  
Crow Clan Director  
  
Maia Bonni  
Wolf Clan Director

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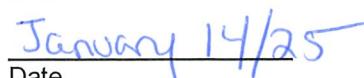
Crow Clan Director

  
Chas Ober  
Wolf Clan Director

  
January 14, 2025  
Date  
  
JAN 14/25  
Date  
  
Jan 14/25  
Date

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Date

  
January 14/25  
Date

## Independent Auditor's Report

**To the Members of  
Taku River Tlingit First Nation**

*Qualified Opinion*

We have audited the consolidated financial statements of Taku River Tlingit First Nation, which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and the results of its consolidated operations, its changes in its consolidated 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 (PSAB) 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, 2022.

In addition, an approved budget was not prepared for the year ending March 31, 2022. Canadian public sector accounting standards requires the approved budget to be presented in the statements of operations and accumulated surplus and changes in net financial assets. Our audit opinion on the consolidated financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAB, 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation'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 First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these 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 consolidated 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 First Nation'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 First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Vancouver, Canada  
December 11, 2024

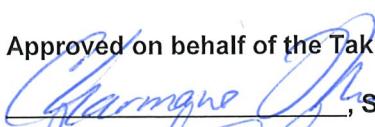
**Crowe MacKay LLP**  
Chartered Professional Accountants

**Taku River Tlingit First Nation**

**Consolidated Statement of Financial Position**

March 31	2022	2021
<b>Financial Assets</b>		
<b>Cash</b>		
Cash	\$ 6,955,315	\$ 6,936,529
Accounts receivable (Note 3)	3,991,179	3,469,175
Due to/from related parties (Note 4)	6,733,662	5,042,211
Investments in government business enterprises (Note 5)	5,371,020	5,156,924
Restricted cash (Note 6)	407,888	407,096
Debt reserve held by First Nation Finance Authority (Note 7)	117,131	115,360
Inventory	106,350	90,808
Trust funds held by Ottawa (Note 8)	231,234	224,379
	<b>23,913,779</b>	<b>21,442,482</b>
<b>Liabilities</b>		
Accounts payable	1,497,655	2,095,762
Deferred revenue (Note 10)	12,831,257	9,335,671
CMHC replacement reserve	582,556	382,556
Long-term debt (Note 11)	2,656,224	2,874,927
	<b>17,567,692</b>	<b>14,688,916</b>
<b>Net financial assets</b>	<b>6,346,087</b>	<b>6,753,566</b>
<b>Non-financial Assets</b>		
Capital assets (Note 12)	19,289,558	18,490,845
Prepaid expenses	6,329	142,467
	<b>19,295,887</b>	<b>18,633,312</b>
<b>Accumulated Surplus (Note 13)</b>	<b>\$ 25,641,974</b>	<b>\$ 25,386,878</b>
Contingencies (Note 16)		

Approved on behalf of the Taku River Tlingit First Nation

 , Spokesperson

 , Crow Clan Director

 , Wolf Clan Director

 , Crow Clan Director

 , Wolf Clan Director

**Taku River Tlingit First Nation**

**Consolidated Statement of Operations**

For the year ended March 31	2022	2021
<b>Revenue</b>		
Indigenous Services Canada	\$ 7,651,676	\$ 5,282,181
Indigenous Services Canada - Recovery	(58,436)	(334,571)
Province of British Columbia	1,573,093	1,129,486
Repayable to funder	(18,363)	(99,873)
Government of Canada	1,885,508	430,376
Fisheries and Oceans Canada	766,168	767,892
First Nation Health Authority	933,323	813,833
Rental Income	268,634	251,976
Other revenue	2,311,802	2,784,736
Modified equity from government business enterprises	214,096	342,835
Other economic activities	5,380,647	3,323,624
Revenue deferred from prior years	9,200,974	5,058,323
Revenue deferred to future years	(12,696,559)	(9,200,974)
	<b>17,412,563</b>	<b>10,549,844</b>
<b>Expenses (note 17.)</b>		
Capital	675,717	405,334
Education	590,683	539,347
Fisheries	934,667	621,949
Governance and Administration	4,149,441	3,227,546
Health and Social	2,085,932	2,064,162
Lands	3,024,377	1,026,851
Operations, Maintenance and Housing	1,868,805	1,152,177
Other Economic Activities	3,827,843	2,551,489
	<b>17,157,465</b>	<b>11,588,855</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 255,098</b>	<b>\$ (1,039,011)</b>

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**Taku River Tlingit First Nation**

**Consolidated Statement of Change in Net Financial Assets**

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<b>For the year ended March 31</b>	<b>2022</b>	<b>2021</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 255,098</b>	<b>\$ (1,039,011)</b>
Acquisition of tangible capital assets	(2,096,708)	(823,086)
Amortization of tangible capital assets	1,297,992	1,486,887
	<b>(798,716)</b>	<b>663,801</b>
Acquisition of prepaid asset	(16,522)	(148,495)
Use of prepaid asset	152,661	44,646
	<b>136,139</b>	<b>(103,849)</b>
<b>Increase (decrease) in net financial assets</b>	<b>(407,479)</b>	<b>(479,059)</b>
<b>Net financial assets, beginning of year</b>	<b>6,753,566</b>	<b>7,232,625</b>
<b>Net financial assets, end of year</b>	<b>\$ 6,346,087</b>	<b>\$ 6,753,566</b>

## Taku River Tlingit First Nation

### Consolidated Statement of Cash Flow

For the year ended March 31	2022	2021
<b>Cash flows from</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ 255,098	\$ (1,039,011)
Items not affecting cash		
Amortization	1,297,992	1,486,887
Modified equity from government business enterprises	(214,096)	(342,835)
	1,338,994	105,041
Change in non-cash operating working capital		
Accounts receivable	(522,004)	(1,477,839)
Prepaid expenses	136,138	(103,850)
Accounts payable	(598,107)	87,046
Deferred revenue	3,495,586	4,142,101
Inventory	(15,542)	(22,981)
	3,835,065	2,729,518
<b>Capital activities</b>		
Acquisition of tangible capital assets	(2,096,708)	(823,086)
Increase in CMHC replacement reserve	200,000	-
	(1,896,708)	(823,086)
<b>Financing activities</b>		
Repayment of long-term debt	(218,703)	(213,584)
Advances on long-term debt	-	30,000
	(218,703)	(183,584)
<b>Investing activities</b>		
Net advances to government business enterprises	(1,691,451)	(250,199)
Debt reserve fund held by First Nation Finance Authority	(1,771)	(996)
Increase in trust fund	(6,854)	(3,733)
Increase in restricted cash	(792)	(76)
	(1,700,868)	(255,004)
<b>Increase in cash and cash equivalents</b>	<b>18,786</b>	<b>1,467,844</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,936,529</b>	<b>5,468,685</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,955,315</b>	<b>\$ 6,936,529</b>

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## **Taku River Tlingit First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2022**

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#### **1. Operations**

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.

#### **2. Basis of Presentation and Significant Accounting Policies**

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

##### **(a) Principles of consolidation**

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Taku River Tlingit First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Taku River Tlingit First Nation.

Organizations consolidated in Taku River Tlingit First Nation's financial statements include:

1. Atlin Tlingit Economic GP Ltd.
2. Atlin Tlingit Economic Limited Partnership
3. TRTFN Land Holdings Society
4. Taku Land Corporation

Organizations accounted for on a modified equity basis include:

5. Taku Wild Products Ltd.
6. Atlin Power Ltd.
7. Tlingit Homeland Energy Ltd.
8. Taku Holdings Ltd.
9. Atlin Food Services Limited
10. ATELP Welding Services Ltd.

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:

11. Tlingit Homeland Energy Limited Partnership
12. Xeitl Limited Partnership

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## **Taku River Tlingit First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2022**

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#### **2. Basis of Presentation and Significant Accounting Policies (continued)**

##### **(b) Revenue recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

##### **(c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

##### **(d) 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.

##### **(e) Inventory**

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

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

##### **(g) Segments**

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 19).

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## Taku River Tlingit First Nation

### Notes to Consolidated Financial Statements

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March 31, 2022

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## 2. Basis of Presentation and Significant Accounting Policies (continued)

### (h) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Taku River Tlingit First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings	25 years Straight line
Vehicles	5-10 years Straight line
Equipment	5-10 years Straight line
Roads	40 years Straight line
Fuel Station Equipment	8-20 years Straight line
Office furniture and computer equipment	5-10 years Straight line
Trucks and trailers	10-20 years Straight line
Water, Sewer, Geothermal	40 years Straight line
Tools and miscellaneous	10-20 years Straight line
Other capital assets	40 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Taku River Tlingit First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

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

March 31, 2022

#### 3. Accounts receivable

	2022	2021
Accounts receivable	\$ 2,521,805	\$ 2,025,959
ISC receivable	1,557,233	1,228,186
Rent receivable	506,325	433,817
GST receivable	125,285	96,503
CMHC Receivable	141,756	92,235
	<b>4,852,404</b>	<b>3,876,700</b>
Allowance for doubtful accounts	(861,225)	(407,525)
	<b>\$ 3,991,179</b>	<b>\$ 3,469,175</b>

#### 4. Due from/to related parties

	2022	2021
Xeitl Limited Partnership - non-interest bearing and unsecured	\$ 2,803,896	\$ 2,580,777
Xeitl Limited Partnership - FNFA loan	1,403,236	1,490,769
Xeitl Limited Partnership - debt reserve fund	(117,131)	(115,360)
Taku Holdings Ltd.	559,706	-
Tlingit Homeland Energy Limited Partnership - non-interest bearing and unsecured	2,083,955	1,086,025
	<b>\$ 6,733,662</b>	<b>\$ 5,042,211</b>

#### 5. Investment in Government Business Enterprises

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

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

	2022	2021
Taku Wild Products Ltd. (see (a) below)	\$ 108,750	\$ 108,750
Atlin Power Ltd. (see (b) below)	1	1
Xeitl Limited Partnership (see (b) below)	5,932,250	5,441,702
Tlingit Homeland Energy Ltd. (see (c) below)	1	1
Tlingit Homeland Energy Limited Partnership (see (c) below)	(669,984)	(393,531)
Taku Holdings Ltd. (see (d) below)	1	1
	<b>\$ 5,371,019</b>	<b>\$ 5,156,924</b>

# Taku River Tlingit First Nation

## Notes to Consolidated Financial Statements

March 31, 2022

### 5. Investment in Government Business Enterprises, continued

	2022 Total	2021 Total
Cash	\$ 3,215,191	\$ 3,190,712
Trade receivable	802,450	967,219
Unbilled revenue	1,671,000	1,724,000
Tangible capital assets	12,615,237	12,972,532
Due from related parties	92,500	77,028
Other assets	974,100	918,340
 Total assets	 \$ 19,370,478	 \$ 19,849,831
 Accounts payable	 \$ 297,893	 \$ 1,542,993
Long-term debt	8,812,678	9,301,685
Due to related parties	4,888,887	3,848,229
 Total liabilities	 13,999,458	 14,692,907
 Equity	 5,371,020	 5,156,924
 Total liabilities and equity	 \$ 19,370,478	 \$ 19,849,831
	2022 Total	2021 Total
Revenue	\$ 5,487,177	\$ 5,218,718
Expenses	\$ 5,283,132	\$ 4,875,883

(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. During the year, included in accounts receivable is \$693 (2021 - \$21,122) due from Taku Wild.

(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 First Nation Finance Authority (note 11), along with the related debt reserve fund (note 7) have been loaned to Xeitl on the same terms and conditions.

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## Taku River Tlingit First Nation

### Notes to Consolidated Financial Statements

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March 31, 2022

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#### 5. Investment in Government Business Enterprises, continued

(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 THELP, 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. During the year, included in accounts receivable is \$Nil (2021 - \$188,979) due from THELP.

(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.

#### 6. Restricted cash and CMHC replacement reserve

	2022	2021
Replacement reserves - CMHC	\$ 387,841	\$ 387,049
Forest Range opportunities ("FRO") and revenue sharing	20,047	20,047
	<hr/> <b>\$ 407,888</b>	<hr/> <b>\$ 407,096</b>

Under the terms of the operating agreements with CMHC, the replacement reserve is to be credited annually with the agreed amounts. These funds, along with accumulated interest, must be held in a separate bank account, and invested in accounts or instruments insured by Canada Deposit Insurance Corporation, or otherwise approved by CMHC from time to time. These funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then to principal.

#### 7. 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 5 and 11, the Nation maintains an interest-bearing deposit of \$100,000 with FNFA as a debt reserve fund. Accrued interest at March 31, 2022 is \$17,131 (2021 - \$15,356)

#### 8. Trust funds held by Ottawa

The Capital and Revenue funds are held in Ottawa and arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by section 64 and 69 of the Indian Act. The Funds earn interest pursuant to section 61(2) of the Indian Act.

# Taku River Tlingit First Nation

## Notes to Consolidated Financial Statements

March 31, 2022

### 9. Bank indebtedness

The Nation has an available credit facility of \$400,000 which when drawn, bears interest at prime plus 1.75% per annum. 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 5(b)), in a second priority position to Xeitl's primary lender. As at March 31, 2022, the Nation had drawn \$nil (2021 - \$nil) against the facility.

### 10. Deferred revenue

Deferred revenue represents funds received, that will be recognized as revenue in the next fiscal year, when the related expenses are incurred, or when the terms of the funding have been completed. The deferred revenue relates to the following funders:

	2022	2021
Indigenous Services Canada	\$ 6,008,557	\$ 4,000,936
Other deferred revenue	6,822,700	5,334,735
	<b>\$ 12,831,257</b>	<b>\$ 9,335,671</b>

### 11. Long-term debt

	2022	2021
CMHC mortgage, repayable in blended monthly instalments of \$259, including interest at 1.85% per annum, due March 1, 2023	\$ 3,084	\$ 6,111
CMHC mortgage, repayable in blended monthly instalments of \$1,666, including interest at 0.67% per annum, due February 1, 2025	57,715	77,245
CMHC mortgage, repayable in blended monthly instalments of \$1,837, including interest at 0.67% per annum, due February 1, 2025	63,657	85,199
CMHC mortgage, repayable in blended monthly instalments of \$1,613, including interest at 0.67% per annum, due February 1, 2025	55,914	74,835
CMHC mortgage, repayable in blended monthly instalments of \$1,741, including interest at 1.30% per annum, due April 1, 2026	83,032	102,714
CMHC mortgage, repayable in blended monthly instalments of \$537, including interest at 0.68% per annum, due May 1, 2030	51,179	57,253
CMHC mortgage, repayable in blended monthly instalments of \$512, including interest at 0.68% per annum, due May 1, 2030	48,828	54,623

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## Taku River Tlingit First Nation

### Notes to Consolidated Financial Statements

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March 31, 2022

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#### 11. Long-term debt, continued

	2022	2021
CMHC mortgage, repayable in blended monthly instalments of \$841, including interest at 1.75% per annum, due June 1, 2034	111,289	119,368
CMHC mortgage, repayable in blended monthly instalments of \$364, including interest at 1.75% per annum, due June 1, 2034	48,249	51,752
CMHC mortgage, repayable in blended monthly instalments of \$3,475, including interest at 2.35% per annum, due July 1, 2043	700,041	725,059
Promissory note with First Nations Finance Authority ("FNFA") made under a Borrowing Agreement between the First Nation and FNFA, on behalf of Xeitl requiring monthly blended payments of \$11,914, including interest at 3.79% per annum, due June 26, 2024.	1,403,236	1,490,768
Loan, with an unpaid principal of \$40,000 guaranteed by the Canadian Government, interest-free until December 31, 2023 (a)	30,000	30,000
	<hr/> <b>\$ 2,656,224</b>	<hr/> <b>\$ 2,874,927</b>

(a) During the prior year, ATELP obtained a \$40,000 loan under the Canada Emergency Business Account Program. If ATELP repays \$30,000 by January 18, 2024, the \$10,000 balance will be forgiven. Otherwise, an interest rate of 5% will apply to the balance, which will be repayable in 36 monthly blended instalments. Since there is reasonable assurance that ATELP will repay \$30,000 by January 18, 2024, ATELP recognized \$10,000 in net income when the loan was granted.

Principal portion of long-term debt due within the next five years:

2023	\$ 248,670
2024	220,433
2025	220,414
2026	170,907
2027 and thereafter	1,795,800
	<hr/> <b>\$ 2,656,224</b>

# Taku River Tlingit First Nation

## Notes to Consolidated Financial Statements

March 31, 2022

### 12. Tangible Capital Assets

	Cost	Additions	Accumulated amortization	2022 Net book value
Buildings	\$ 6,579,029	\$ 32,752	\$ 3,901,670	\$ 2,710,111
Automotive equipment	1,082,880	76,629	931,190	228,319
Equipment	2,738,903	121,948	2,623,928	236,923
Roads TCA	8,232,113	-	2,510,689	5,721,424
Fuel Station Equipment	245,107	-	204,133	40,974
Trucks and trailers	1,164,998	17,430	629,986	552,443
Water, Sewer, Geothermal	6,965,280	1,093,008	1,985,727	6,072,561
Tools and miscellaneous	30,783	-	13,032	17,751
Other capital assets	590,940	21,706	489,329	123,317
Houses	7,340,209	635,373	4,940,529	3,035,053
Construction in progress	452,822	97,860	-	550,682
	<b>\$ 35,423,064</b>	<b>\$ 2,096,706</b>	<b>\$ 18,230,213</b>	<b>\$ 19,289,558</b>
	Cost	Additions	Accumulated amortization	2021 Net book value
Buildings	\$ 6,562,205	\$ 16,825	\$ 3,643,959	\$ 2,935,071
Automotive equipment	1,008,687	74,192	818,408	264,471
Equipment	2,571,049	167,853	2,595,737	143,165
Roads TCA	8,232,113	-	2,263,725	5,968,388
Fuel Station Equipment	245,107	-	191,991	53,116
Trucks and trailers	1,115,927	49,071	570,862	594,136
Water, Sewer, Geothermal	6,715,619	249,662	1,771,609	5,193,672
Tools and miscellaneous	30,783	-	12,081	18,702
Other capital assets	516,011	74,928	429,634	161,306
Houses	7,268,951	71,258	4,634,213	2,705,996
Construction in progress	333,524	119,298	-	452,822
	<b>\$ 34,599,976</b>	<b>\$ 823,087</b>	<b>\$ 16,932,219</b>	<b>\$ 18,490,845</b>

### 13. Accumulated surplus

Accumulated surplus consists of the following:

	2022	2021
Operating surplus (deficit)	\$ (3,038,505)	\$ (568,075)
Capital equity surplus	17,891,902	17,161,226
Investments surplus	10,788,577	8,793,727
	<b>\$ 25,641,974</b>	<b>\$ 25,386,878</b>

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## Taku River Tlingit First Nation

### Notes to Consolidated Financial Statements

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March 31, 2022

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#### 14. Comparative figures

Certain of the prior years figures have been restated to conform to the current years presentation.

#### 15. Related party transactions

Sales of goods and services:

	2022	2021
Xeitl Limited Partnership - ATELP	\$ 357,870	\$ 264,328
Taku Wild - ATELP	5,611	2,899
THELP, inclusive of management fees - ATELP	1,267,810	690,551
THELP - Taku River Tlingit First Nation	137,885	-
	<hr/> <b>\$ 1,769,176</b>	<hr/> <b>\$ 957,778</b>

#### 16. Contingent Liabilities

Taku River Tlingit First Nation Government contributions related to programs of the Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records are subject to audit by the funding agencies. Should any instances be identified in which the amounts charged to the projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these ministerial audits will be recorded in the period in which they become known.

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## Taku River Tlingit First Nation

### Notes to Consolidated Financial Statements

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March 31, 2022

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#### 17. Expenses by Object

	2022	2021
Administration fees	\$ (12,430)	\$ (19,286)
Advertising	11,348	2,293
Amortization expense	1,297,992	1,486,885
Bad debts	405,145	134,624
Basic Needs	89,217	222,286
COPH	483,420	518,018
Consulting & contractors	2,782,160	1,548,171
Donations	3,000	3,000
Honorarium	160,951	73,300
Interest and bank charges	39,095	40,026
Materials and supplies	1,644,614	978,119
Office expenses	373,147	228,063
Other expense	418,098	208,183
Professional fees	812,530	508,149
Rent	367,456	258,446
Repairs and maintenance	341,448	187,962
Training, workshops and meetings	151,941	62,230
Travel	643,555	332,713
Utilities and telephone	48,706	48,091
Vehicle	1,238,337	586,543
Wages and benefits	5,857,735	4,181,039
	<hr/> \$ 17,157,465	<hr/> \$ 11,588,855

## Taku River Tlingit First Nation

### Notes to Consolidated Financial Statements

March 31, 2022

#### 18. Segmented information

	2022 Budget	Capital 2022 Actual	2021 Actual	2022 Budget	Education 2022 Actual	2021 Actual	2022 Budget	Fisheries 2022 Actual	2021 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ -	\$ 2,909,883	\$ 1,771,392	\$ -	\$ 948,268	\$ 910,061	\$ -	\$ -	\$ -
Indigenous Services Canada - Recovery			88,358		-	(233,836)			
Fisheries and Oceans Canada	-	-	-	-	-	-	-	766,168	767,892
Government of Canada	-	800,000	-	-	-	-	-	263	-
Other revenue	-	(2,329,189)	(1,105,678)	-	(353,242)	(136,878)	-	49,176	2,026
<b>Total revenue</b>	<b>-</b>	<b>1,380,694</b>	<b>754,072</b>	<b>-</b>	<b>595,026</b>	<b>539,347</b>	<b>-</b>	<b>815,607</b>	<b>769,918</b>
<b>Expenses</b>									
Wages and benefits	-	112,301	85,603	-	88,042	15,716	-	475,063	456,098
Other expenses	-	563,416	319,731	-	502,641	523,631	-	459,604	165,851
<b>Total expenses</b>	<b>-</b>	<b>675,717</b>	<b>405,334</b>	<b>-</b>	<b>590,683</b>	<b>539,347</b>	<b>-</b>	<b>934,667</b>	<b>621,949</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 704,977</b>	<b>\$ 348,738</b>	<b>\$ -</b>	<b>\$ 4,343</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (119,060)</b>	<b>\$ 147,969</b>

## Taku River Tlingit First Nation

### Notes to Consolidated Financial Statements

March 31, 2022

#### 18. Segmented information, continued

	Governance and Administration			Health and Social			Lands		
	2022		2021	2022		2021	2022		2021
	Budget	Actual	Actual	Budget	Actual	Budget	Actual	Actual	Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ -	\$ 1,474,944	\$ 1,053,106	\$ -	\$ 933,954	\$ 297,289	\$ -	\$ 223,032	\$ 552,322
Indigenous Services Canada - Recovery	-	-	(171,761)	-	(58,436)	(17,333)	-	-	-
Province of British Columbia	-	437,100	-	-	626,060	562,913	-	509,933	566,573
Government of Canada	-	-	-	-	-	-	-	850,000	187,500
First Nation Health Authority	-	-	-	-	933,323	813,833	-	-	-
Rental Income	-	2,809	-	-	-	-	-	119,675	110,192
Other revenue	-	256,719	(228,959)	-	(113,529)	519,991	-	1,192,349	(386,239)
<b>Total revenue</b>	-	2,171,572	652,386	-	2,321,372	2,176,693	-	2,894,989	1,030,348
<b>Expenses</b>									
Wages and benefits	-	849,786	554,924	-	990,268	1,076,256	-	908,992	438,262
Amortization expense	-	1,224,851	1,413,902	-	1,095,664	987,906	-	2,115,385	588,589
Other expenses	-	2,074,804	1,258,720	-	-	-	-	-	-
<b>Total expenses</b>	-	4,149,441	3,227,546	-	2,085,932	2,064,162	-	3,024,377	1,026,851
<b>Annual surplus (deficit)</b>	\$ -	\$ (1,977,869)	\$ (2,575,160)	-	\$ 235,440	\$ 112,531	-	\$ (129,388)	\$ 3,497

## Taku River Tlingit First Nation

### Notes to Consolidated Financial Statements

March 31, 2022

#### 18. Segmented information, continued

	Operations, Maintenance and Housing			Other Economic Activities			Consolidated totals
	2022		2021	2022		2021	
	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues							
Indigenous Services Canada	\$ -	\$ 1,161,595	\$ -	\$ -	\$ -	\$ -	\$ 5,282,181 (334,571)
Indigenous Services Canada - Recovery	-	-	-	-	-	-	-
Fisheries and Oceans Canada	-	-	-	-	-	-	766,168
Province of British Columbia	-	235,246	-	-	-	-	1,573,093
Government of Canada	-	-	242,876	-	-	-	1,129,486
First Nation Health Authority	-	-	-	-	-	-	430,376
Rental Income	-	146,150	141,784	-	-	-	933,323
Other revenue	-	107,519	(122,052)	-	5,582,793	3,666,459	268,634
Total revenue	-	1,650,510	960,621	-	5,582,793	3,666,459	251,976 4,392,597 2,208,671
Expenses							
Wages and benefits	-	751,049	560,894	-	-	-	4,175,501
Amortization expense	-	1,117,756	591,283	-	3,827,843	2,551,489	3,187,753 1,224,851 1,413,902 6,987,200
Other expenses	-	-	-	-	-	-	-
Total expenses	-	1,868,805	1,152,177	-	3,827,843	2,551,489	17,157,465 11,588,855
Annual surplus (deficit)	\$ -	\$ (218,295)	\$ (191,556)	-	\$ 1,754,950	\$ 1,114,970	\$ - \$ 255,098 (1,039,011)

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## Taku River Tlingit First Nation

### Notes to Consolidated Financial Statements

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March 31, 2022

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#### 19. Segments

The Nation provides a wide variety of services to its members. For segment disclosure, these services are grouped and reported under service 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) 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.

(c) Fisheries:

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

(d) Governance and administration:

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

(e) Health and social:

Provides health services and social assistance to the Nation citizens.

(f) Lands:

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

(g) Operations, maintenance and housing:

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

(h) 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.