TAKLA LAKE FIRST NATION

BAND COUNCIL RESOLUTION

Chronological no.
File reference no. 12-14-009

The words "from our Band Funds" "capital" or "revenue", whichever is the case, must appear in all resolutions requesting expenditures from the Band Funds.

The council of the TAKLA LAKE FIRST NATION		Capital account $
Date of duly convened meeting December 11, 2014	Province B.C.	Revenue account $

WHEREAS:

The legislation indicates that First Nations must cause the Audited Consolidated Financial Statements - Notes & Schedule of Remuneration and Expenses (*Chief and Council*) with review engagement report are required to be posted on a website. The Department is also required to publish on the Departmental website.

THEREFORE BE IT RESOLVED:

Chief and Council of the Takla Lake First Nation authorizes the Department to publish the Audited Consolidated Financial Statements and the Notes & Schedule of Remuneration and Expenses.

Quorum: Three (3)

(Chief)
Anita Williams

(Councilor)
Sylvia Jack

(Councilor)
Sandra Teegee

(Councilor)
John A French

(Councilor)
Elkie Lepka

FOR DEPARTMENTAL USE ONLY

Canada

RECONCILIATION OF ABORIGINAL AFFAIRS & NORTHERN DEVELOPMENT CANADA (AANDC) REVENUE FROM FINANCIAL STATEMENTS TO AANDC FUNDING CONFIRMATION (FNITP) 2013/2014 FISCAL YEAR

Recipient Name	Recipient #
TAKLA LAKE FIRST NATION	0608

AANDC Revenue per Consolidated Statement of Operations $	$3,351,587
Explanations:	**Adjustments:** Add / (Subtract) $
Net Adjustments	0
Net Budget per AANDC Funding Confirmation	$3,351,587

TAKLA LAKE FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2014

TAKLA LAKE FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2014

TAKLA LAKE FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2014

SCHEDULES OF REVENUE, EXPENDITURES AND EQUITY BY PROGRAM (continued)

TAKLA LAKE FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2014

SCHEDULES OF REVENUE, EXPENDITURES AND EQUITY BY PROGRAM (continued)

TAKLA LAKE FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2014

The accompanying financial statements of Takla Lake First Nation for the year ended March 31, 2014, are the responsibility of management and have been approved by Chief and Council.

The 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 Canadian Institute of Chartered Accountants 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 that give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reasonable assurance that reliable financial information is produced for the prepartion of financial statements.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The Chief and Council review the Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report. (The Chief and Council takes this information into consideration when approving the financial statements for issuance to the members. The Chief and Council also considers the engagement of external auditors).

Dean Mason & Company Inc., an independent firm of Chartered Accoutants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Takla Lake First Nation and meet when required.

On behalf of Takla Lake First Nation:

Chief — Date: Dec. 19/14

Sandra Jensen
Councillor — Date: Dec 19/2014

DEAN MASON
& COMPANY INC
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the Members of
Takla Lake First Nation

We have audited the accompanying financial statements of Takla Lake First Nation, which comprise the statement of financial position as at March 31, 2014, and the statements of revenue, expenditures and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

BUILDING BETTER BUSINESSES
636 Brunswick St. Prince George, BC V2L 2C1
P. 250.564-2660 • F. 250.563.3281
P. 877-378-9977 • W. www.dmca.bc.ca

Basis for Qualified Opinion

Takla Lake First Nation was unable to provide an inventoried asset listing at historical costs, because of this we were unable to verify the completeness and valuation of the Tangible Capital Assets included in management's financial statements. We were also unable to apply Council approved amortization rates to the historical costs of the tangible capital asset costs and as a result could not determine the adjustment to both the current year and comparative year tangible capital asset costs, accumulated amortization, amortization and surplus accounts to reflect the standards required by PS 3150.

Takla Lake First Nation has investments and advances in Takla Development Corporation, Takla Trading Post Ltd., Sustut Holdings Ltd., Jaboon Investments and Tse Keh Ney - 3 Nations, the completeness and valuation of which is not susceptible to satisfactory audit verification. Accordingly, our verification of any activity including investment income, advances or repayments, advances to related parties and the investment balances are limited to the amounts recorded in the records of the Nation and we were unable to determine whether any adjustments might be necessary.

Takla Lake First Nation derives rent revenue from social housing, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and receivables is limited to the amounts recorded in the records of the Nation and we are not able to determine whether the adjustments made accurately reflect the related revenues and cash provided from operations.

The accompanying financial statements do not include an approved budget as one was not prepared by the Nation. Aboriginal Affairs and Northern Development Canada requires that an approved budget be presented to allow users of the financial statements to compare actual results with those planned in the budget.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, present fairly, in all material respects, the financial position of the First Nation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Dean Mason & Company

Prince George, British Columbia
December 19, 2014

CHARTERED ACCOUNTANTS

TAKLA LAKE FIRST NATION

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2014

	2014	2013 Restated
FINANCIAL ASSETS		
Cash (Note 2)	$ 47,918	$ 252,957
Accounts receivable (Note 3)	199,489	240,181
Due from government (Note 5)	25,651	28,813
Portfolio investments (Note 6)	930,000	504,107
Investments in government business entities (Note 7)	59,633	59,633
Advances to related parties (Note 8)	3,051,463	2,798,452
Trust Funds (Note 9)	305,024	291,454
	4,619,178	4,175,597
LIABILITIES		
Bank indebtedness (Note 10)	287,978	541,728
Accounts payable (Note 11)	385,536	551,577
Due to government (Note 12)	321,649	63,845
Long-term debt (Note 13)	4,348,608	3,420,378
	5,343,771	4,577,528
NET DEBT	(724,593)	(401,931)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 14)	14,903,278	14,576,027
ACCUMULATED SURPLUS	$14,178,685	$14,174,096

Contigent liability (Note 15)
Economic dependence (Note 16)
Prior period adjustment (Note 17)

Approved on behalf of the Takla Lake First Nation

_______________, **Chief**

_______________, **Councillor**

See accompanying notes to these financial statements.

TAKLA LAKE FIRST NATION

STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	$ 4,589	$ 959,554
Acquisition of tangible capital assets	(952,528)	(1,389,167)
Amortization of tangible capital assets	625,277	599,445
	(327,251)	(789,722)
Acquisition of prepaid asset	-	11,851
Increase in net financial assets	(322,662)	181,683
NET DEBT AT BEGINNING OF YEAR	(401,931)	(583,614)
NET DEBT AT END OF YEAR	$ (724,593)	$ (401,931)

See accompanying notes to these financial statements.

TAKLA LAKE FIRST NATION

STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget	2014 Actual	2013 Actual (Restated)
REVENUE			
Federal Government:			
Federal government transfers for operating (Note 18)	$ -	$ 3,351,587	$ 3,549,121
Health Canada	-	7,086	15,732
CMHC	-	8,919	8,000
Provincial government transfers for operating (Note 18)	-	389,307	398,550
Amounts Earned and Held in Trust by Federal Government (Note 9)	-	13,571	5,062
Other Aboriginal Groups	-	1,657,306	1,124,049
Band Generated	-	52,756	227,629
Income from portfolio investments	-	37,029	4,107
Other revenue	-	139,111	87,596
	-	5,656,672	5,419,846
EXPENDITURES			
Administration	-	881,515	837,380
Capital	-	1,580,970	1,346,317
Economic Development	-	1,022,539	374,624
Education	-	1,283,733	1,129,754
Housing	-	-	4,019
Social Services	-	826,161	765,894
	-	5,594,918	4,457,988
RECOVERY	-	(57,165)	(2,304)
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	-	4,589	959,554
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	14,174,096	13,214,542
ACCUMULATED SURPLUS AT END OF YEAR	$ -	$14,178,685	$14,174,096

See accompanying notes to these financial statements.

TAKLA LAKE FIRST NATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

		2014		2013
Cash flows from				
OPERATING ACTIVITIES				
(Deficiency) excess of revenue over expenditures	$	4,589	$	959,554
Items not affecting cash				
Amortization of tangible capital assets		623,956		599,445
		628,545		1,558,999
Change in non-cash operating working capital				
Accounts receivable		40,692		30,099
Due from government		3,162		(28,813)
Prepaid expenses		-		11,851
Accounts payable		(166,043)		307,729
Due to government		257,804		63,845
		764,160		1,943,710
CAPITAL ACTIVITIES				
Purchase of tangible capital assets		(951,206)		(1,389,168)
FINANCING ACTIVITIES				
Advances to related parties		(253,011)		(350,225)
Repayment of long term debt		928,911		446,041
Proceeds of short term financing		(253,750)		25,468
		422,150		121,284
INVESTING ACTIVITIES				
Increase in portfolio investments		(426,573)		(504,107)
Increase in Ottawa Trust Revenue		(13,570)		(5,063)
		(440,143)		(509,170)
INCREASE (DECREASE) IN CASH		(205,039)		166,656
CASH, BEGINNING OF YEAR		252,957		86,301
CASH, END OF YEAR	$	47,918	$	252,957

See accompanying notes to these financial statements.

TAKLA LAKE FIRST NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

DESCRIPTION OF OPERATIONS

Takla Lake First Nation is a self-governed First Nations Band and operates on Takla Lake First Nation traditional territory, located at Takla Lake, B.C. Off reserve aboriginal communities are also located throughout Northern B.C. with its head office located in Prince George, B.C.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting entity

These financial statements report only on the activities of the Takla Lake First Nation.

The First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Incorporated business entities, which are owned by the First Nation, or are controlled by the First Nation Council, and which are not dependent on the First Nation for their continued operations, are included in the financial statements using the modified equity method, whereby the investment was initially recorded at cost and adjusted to recognize the Nation's share of earnings or losses, and reduced by distributions received. The business entity's activity principles are not adjusted to conform to those of the Nation.

Incorporated business entities included in the financial statements are:

1. Takla Lake Development Corporation
2. Takla Lake Trading Post

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial Instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash (unrestricted), accounts receivable, advances from related parties, portfolio investments and trust funds.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, reserves, advances to related parties and long term debt.

Fair value is determined by the price that is quoted in an active market. The most recent quote price becomes its new carrying value. When a quoted price in an active market is not available for an equity instrument that is a portfolio investment, it is measured at cost .

The Nation does not currently have any financial instruments that are measured at fair value.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accounts specifically affected by these estimates in these financial statements are allowance for doubtful accounts and accounts receivable impairment. Actual results could differ from those estimates.

(d) Cash

Cash include cash on hand, balances with banks net of bank overdraft 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

(e) Portfolio Investments

Portfolio investments are recorded at amortized cost. The investment is increased by the Nation's contributions and/or the Nation's share of partnership income. The investment is reduced by any draws by the Nation.

(f) Investment government business entities

Government partnerships, which Takla Lake First Nation has an ownership interest in are accounted for in the summary financial statements using the modified equity method, and include Jaboon Investment Trust, Sustut Holdings and Tse Key Nay.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Tangible capital assets

Tangible capital assets are recorded except for reserve lands, natural resources and cultural resources which are not recorded.

Amortization is provided on the declining balance method over the estimated useful life of the asset as follows:

Automotive equipment	30%
Buildings and infrastructure	4-5%
Building improvements	15-30%
Computer equipment	55%
Computer software	100%
Contracting equipment	30%
Furniture and equipment	30%
Waste disposal system	4%
Water plant	4%

CMHC Phase 2 new homes under construction, which are not complete as of the year end, are included in buildings and will not be amortized until they are completed.

(h) Impairment of long-lived asset

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as excess of the carrying value of the asset over its fair value

(i) Trust funds

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

1. **BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

(j) 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.

Rental income from First Nation housing is recognized when received and interest income is recognized as it is earned.

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.

(k) Surplus recoveries and deficit funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

(l) Employee benefit plan

Regular full-time employees and regular part-time employees that meet eligibility requirements have the option to participate in a defined contribution pension and savings plan administered by a third party administrator based on a set percentage of wages earned. These contributions are recognized as expenses in the period wages are earned.

(m) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed, or developed that do not provide resources to discharge existing liabilities, but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, and prepaid expenses

(n) Net debt

The Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

2. **CASH**

Cash is comprised of the following:

	2014	2013
Unrestricted		
Projects	$ 25,205	$ 95,726
Economic Initiative	20,213	157,231
Payroll	2,500	-
	47,918	252,957
	$ 47,918	$ 252,957

3. **ACCOUNTS RECEIVABLE**

	2014	2013
Due from others:		
Services - non-members	$ 206,499	$ 242,210
	206,499	242,210
Allowance for doubtful accounts	(7,010)	(2,029)
	$ 199,489	$ 240,181

4. **MEMBER LOANS RECEIVABLE**

	2014	2013
Loans to band members	$ 80,010	$ 42,487
Less: Allowance for doubtful accounts	(80,010)	(42,487)
	$ -	$ -

5. DUE FROM GOVERNMENT

	2014	2013
Federal government	$ 26,651	$ 28,813

6. PORTFOLIO INVESTMENTS

Portfolio investments consist of a Guaranteed Investment Certificate earning interest at 1.2% per annum, maturing on May 3, 2014.

7. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES

No adjustment has been made for any changes in the value of the investments as the information is not available. The completeness and valuation of the investments in government business entities are not susceptible to satisfactory audit verification and due to this the auditors' report has been qualified for the following investments in the current year.

	2014	2013
Takla Development Corporation - shares (100% interest)	$ 100	$ 100
Sustut Holdings Ltd (33.3% interest)	1	1
Jaboon Investment Trust - trust interest	20,000	20,000
Tse Key Nay (33.3% interest)	39,532	39,532
	$ 59,633	$ 59,633

8. RELATED PARTY TRANSACTIONS

The Nation's policy is to record advances to related parties as non-interest bearing with no specific terms of repayment. Any activity is limited to the amounts recorded by the Nation as the information is not available. The completeness and valuation of the related parties are not susceptible to satisfactory audit verification and due to this the auditors' report has been qualified for the following advances in the current year.

	2014	2013
Takla Development Corporation	$ 2,077,219	$ 1,947,784
Sustut Holdings Ltd	333,333	333,333
Takla Trading Post Ltd	640,911	517,335
	$ 3,051,463	$ 2,798,452

9. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

The Nation's Ottawa Trust Funds represent funds on deposit with Aboriginal Affairs and Northern Development Canada, which are held in trust for the band in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by sections 63 to 69 of the Indian Act.

The Activities of the Nation's Ottawa Trust Funds are as follows:

	March 31, 2014	Additions 2014	March 31, 2013
Revenue funds	$ 203,837	$ 13,570	$ 217,407
Capital funds	87,617	-	87,617
	$ 291,454	$ 13,570	$ 305,024

10. BANK INDEBTEDNESS

	2014	2013
Cheques issued in excess of deposits	$ 67,978	$ 241,728
Line of credit	220,000	300,000
	$ 287,978	$ 541,728

The line of credit is authorized to $300,000 bearing interest at prime plus 1.75% per annum, and is secured by a general security agreement.

11. ACCOUNTS PAYABLE

	2014	2013
Trade payables	$ 349,677	$ 490,096
WCB Payable	22,987	30,998
Pension contributions payable	12,872	30,483
	$ 385,536	$ 551,577

TAKLA LAKE FIRST NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

12. DUE TO GOVERNMENT

	2014	2013
Federal government	$ 321,649	$ 63,845

13. LONG-TERM DEBT

	2014	2013
Treaty Negotiation Loan, repayable upon settlement of land claim, non interest bearing, secured by promissory notes and First Nation Negotiation Support Agreement	$ 1,575,579	$ 1,575,579
Demand loan, repayable in monthly payments of $7,332 including interest at 2.08% per annum, secured by a Government of Canada ministerial agreement.	1,580,494	-
Demand loan, repayable in monthly payments of $4,730 including interest at 3.27% per annum, maturing November 2, 2018, secured by a Government of Canada ministerial agreement.	466,311	505,786
Demand loan, repayable in monthly installments of $4,622 including interest at 3.27% per annum, maturing November 2, 2018, secured by a Government of Canada ministerial agreement.	455,603	493,910
Demand loan, repayable in monthly installments of $3,595 including interest at 3.15% per annum, maturing on November 2, 2018, secured by a Government of Canada ministerial agreement.	270,621	303,615
Loan	-	541,488
	$ 4,348,608	$ 3,420,376

TAKLA LAKE FIRST NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

13. LONG-TERM DEBT, continued

If the bank does not demand repayment, principal repayments in the next five years are estimated to be as follows:

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

2015	$ 118,446
2016	122,335
2017	126,351
2018	130,499
2019 and thereafter	3,850,977
	$ 4,348,608

	2014	2013
Interest expense for the year on long-term debt	$ 51,036	$ 69,586

TAKLA LAKE FIRST NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

14. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2014 net book value
Automotive equipment	$ 104,288	$ -	$ 104,288	$ 77,725	$ 11,021	$ 88,746	$ 15,542
Buildings and infrastructure	14,658,224	951,206	15,609,430	6,649,260	343,699	6,992,959	8,616,471
Building improvements	41,427	-	41,427	16,259	4,400	20,659	20,768
Computer equipment	28,388	-	28,388	13,533	3,578	17,111	11,277
Computer software	20,003	-	20,003	20,003	-	20,003	-
Contracting equipment	50,450	-	50,450	49,849	180	50,029	421
Furniture and equipment	182,133	-	182,133	177,964	1,250	179,214	2,919
Waste disposal system	3,762,902	-	3,762,902	502,015	130,435	632,450	3,130,452
Water plant	4,297,464	-	4,297,464	1,062,643	129,393	1,192,036	3,105,428
	$ 23,145,279	$ 951,206	$ 24,096,485	$ 8,569,251	$ 623,956	$ 9,193,207	$ 14,903,278

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2013 Net book value
Automotive equipment	$ 104,288	$ -	$ 104,288	$ 63,110	$ 14,615	$ 77,725	$ 26,563
Buildings and infrastructure	13,280,211	1,378,013	14,658,224	6,347,378	301,882	6,649,260	8,008,964
Building improvements	41,427	-	41,427	10,768	5,491	16,259	25,168
Computer equipment	17,232	11,156	28,388	8,774	4,759	13,533	14,855
Computer software	20,003	-	20,003	20,003	-	20,003	-
Contracting equipment	50,450	-	50,450	49,592	257	49,849	601
Furniture and equipment	182,133	-	182,133	176,177	1,787	177,964	4,169
Waste disposal system	3,762,902	-	3,782,902	366,145	135,870	502,015	3,260,887
Water plant	4,297,464	-	4,297,464	927,859	134,784	1,062,643	3,234,820
	$ 21,756,110	$ 1,389,169	$ 23,145,279	$ 7,969,808	$ 599,445	$ 8,569,251	$ 14,576,027

CMHC new homes under construction, which are not complete as of the year end, are included in buildings and will not be amortized until they are completed.

TAKLA LAKE FIRST NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

15. CONTINGENT LIABILITIES

Recoveries of Government Funding

Under the terms of agreement with Aboriginal Affairs and Northern Development Canada and other government agencies, certain surplus may be recoverable and so repayable to the government by the First Nation. The amount of the liability, if any, of the First Nation is not determinable at this time.

Carrier Sekani Treaty Funding Loan Agreement

The Carrier Sekani Tribal Council has signed an agreement on behalf of its member First Nations with Canada and British Columbia. The First Nation has signed a treaty loan agreement with the Carrier Sekani Tribal Council. The loan to the First Nation shall accrue interest at a rate established pursuant to the First Nation loan agreement between the Carrier Sekani Tribal Council with Canada and British Columbia. The amount of the liability for interest, if any, of the First Nation is not determinable at this time.

Ministerial Loan Agreement

The Nation is contingently liable for Ministerial Loan Guarantees in the amount of $54,577 for loans to individual First Nation Members.

Legal Action

The Nation may be liable regarding the dismissal or resignation of former employees. It is not possible at this time to predict the ultimate outcome. Accordingly, no provision for liability, if any, has been made in the financial statements.

The Nation has been named as the defendant in a civil claim. These proceedings are being contested and at this time it is not possible to predict the ultimate outcome. Accordingly, no provision for liability, if any, has been made in the financial statements.

16. ECONOMIC DEPENDENCE

Takla Lake First Nation receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada ("AANDC"). The Nation's ability to operate certain programs depends on the continuation of this funding.

TAKLA LAKE FIRST NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

17. PRIOR PERIOD ADJUSTMENT

The comparative figures have been restated due to changes in amounts applicable to 2013 and prior years.

The following table outlines the impact of the changes to the 2013 figures:

	As previously reported	Increase (Decrease)	Restated
Administration Accumulated Surplus	$ (1,893,576)	$ 69,650	$ (1,823,926)
Capital Accumulated Surplus	12,049,308	(1,630,656)	10,418,652
Economic Development Accumulated Surplus	4,558,694	(2,548)	4,556,146
Education Accumulated Surplus	1,730,285	12,322	1,742,607
Housing Accumulated Surplus	(1,872,371)	1,643,388	(228,983)
Social services Accumulated Surplus	(398,244)	(92,156)	(490,400)
2013 Total Accumulated Surplus	14,174,096	-	14,174,096
	$28,348,192	$ -	$28,348,192

TAKLA LAKE FIRST NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

18. GOVERNMENT TRANSFERS

2014	Operating	Capital	Total
Federal government transfers			
Aboriginal Affairs and Northern Development Canada	$ 2,876,092	$ 475,495	$ 3,351,587
Health Canada	7,086	-	7,086
Canada Mortgage and Housing Corporation	2,919	-	2,919
Total	2,886,097	475,495	3,361,592
Provincial government transfers	383,248	-	383,248
	$ 3,269,345	$ 475,495	$ 3,737,754

2013	Operating	Capital	Total
Federal government transfers			
Aboriginal Affairs and Northern Development Canada	$ 2,885,091	$ 664,030	$ 3,549,121
Health Canada	15,732	-	15,732
Canada Mortgage and Housing Corporation	8,000	-	8,000
Total	2,908,823	664,030	3,572,853
Provincial government transfers	398,550	-	398,550
	$ 3,307,373	$ 664,030	$ 3,971,403

TAKLA LAKE FIRST NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

19. SEGMENTED INFORMATION

	Administration 2014 Budget	Administration 2014 Actual	Administration 2013 Actual	Capital 2014 Budget	Capital 2014 Actual	Capital 2013 Actual	Economic Development 2014 Budget	Economic Development 2014 Actual	Economic Development 2013 Actual
Revenues									
Aboriginal Affairs & Northern Development Canada	$ -	$ 428,680 $	492,116 $	-	$ 911,584 $	1,244,024 $	-	$ 170,590 $	38,890
Federal Government	-	-	-	-	8,919	-	-	-	-
Province of BC	-	-	-	-	-	-	-	378,248	314,050
Band Generated Revenue	-	-	-	-	52,756	99,814	-	-	127,814
Other revenue	-	72,028	20,178	-	4,679	3,425	-	1,403,468	854,645
Total revenue	-	500,688	512,294	-	977,918	1,347,263	-	1,952,306	1,335,399
Expenses									
Advertising and communication	-	9,784	13,377	-	-	-	-	-	-
Interest and bank charges	-	32,430	39,892	-	14	564	-	77,882	-
Office expenses	-	49,217	37,019	-	53	1,805	-	586	591
Meeting	-	29,029	1,200	-	-	1,223	-	127,082	8,797
Professional fees	-	88,493	156,836	-	44,442	14,455	-	130,925	16,161
Supplies	-	2,701	817	-	1,593	43,559	-	9,659	6,937
Travel	-	44,182	25,440	-	21,188	6,590	-	78,434	52,241
Wages and benefits	-	563,810	417,140	-	433,378	317,959	-	392,594	218,784
Other expenses	-	63,711	148,163	-	1,080,302	960,362	-	205,397	71,113
Total expenses	-	883,357	839,684	-	1,580,970	1,346,317	-	1,022,539	374,624
Annual surplus (deficit)	$ -	$ (382,669)$	(327,390)$	-	$ (603,052)$	946 $	-	$ 929,767 $	960,775

TAKLA LAKE FIRST NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

19. SEGMENTED INFORMATION, continued

	Education 2014 Budget	Education 2014 Actual	Education 2013 Actual	Housing 2014 Budget	Housing 2014 Actual	Housing 2013 Actual	Social Services 2014 Budget	Social Services 2014 Actual	Social Services 2013 Actual
Revenues									
Aboriginal Affairs & Northern Development Canada	$ -	$ 1,365,897 $	1,220,023 $	-	$ -	$ -	$ -	$ 474,876 $	564,068
Federal Government	-	-	-	-	-	8,000	-	7,086	15,732
Province of BC	-	5,000	60,000	-	-	-	-	6,059	24,500
Other revenue	-	128,839	121,499	-	-	-	-	238,003	221,068
Total revenue	-	1,499,736	1,401,522	-	-	8,000	-	726,024	815,368
Expenses									
Interest and bank charges	-	-	-	-	-	-	-	1,573	967
Office expenses	-	444	3,341	-	-	-	-	5,168	-
Meeting	-	1,170	-	-	-	-	-	3,296	-
Professional fees	-	8,674	3,461	-	-	1,500	-	-	193
Supplies	-	27,035	10,729	-	-	-	-	838	1,722
Travel	-	245,416	54,398	-	-	1,175	-	20,206	40,650
Wages and benefits	-	575,704	477,367	-	-	-	-	305,764	266,254
Other expenses	-	425,288	580,458	-	-	1,344	-	544,839	456,108
Total expenses	-	1,283,733	1,129,754	-	-	4,019	-	881,484	765,894
Annual surplus (deficit)	$ -	$ 216,003 $	271,768 $	-	$ -	$ 3,981 $	-	$ (155,460)$	49,474

20. EXPENDITURES BY OBJECT

	2014 Budget	2014 Actual	2013 Actual Restated
Administration fees	$ -	$ 445	$ 10,442
Advertising and communication	-	9,784	17,009
Amortization	-	623,956	599,445
Bad debts	-	77,587	44,516
Basic Needs	-	357,682	320,161
Building health communities	-	-	700
Child out of parental home	-	9,704	15,628
Contractors	-	-	23,030
Cultural events	-	2,050	4,013
Discretionary funds	-	6,747	4,995
Elders gathering	-	18,470	-
Election	-	8,293	-
Equipment rental	-	37,326	10,250
Funerals	-	52,475	16,400
Graduation allowances	-	3,240	1,481
Health proposal	-	5,000	-
Honorariums	-	-	16,768
Insurance	-	81,604	76,648
Interest and bank charges	-	111,879	41,223
Interest on long term debt	-	51,036	69,586
Lab fees	-	-	2,000
Living out allowance	-	269,135	430,065
Meeting	-	160,577	11,221
Municipal services	-	200	-
National Child Benefit	-	75,261	72,481
Office expenses	-	55,468	58,672
Other expense	-	100	412
Professional development	-	36,560	24,137
Professional fees	-	272,534	192,606
Rent	-	-	35,756
Repairs and maintenance	-	132,705	63,482
Small tools and equipment	-	-	3,669
Supplies	-	41,626	63,763
Teacherages	-	1,198	-
Transportation	-	16,612	7,192
Travel	-	409,427	180,495
Truth and reconciliation	-	17,476	-
Tuition and books	-	160,141	121,738
Utilities and telephone	-	217,372	199,245
Wages and benefits	-	2,271,248	1,718,759
		$ 5,594,918	$ 4,457,988

21. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Interest rate risk

The band is exposed to interest rate risk. Interest rate risk is the risk that the band has interest rate exposure on its bank contingent liabilities, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The band reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are some loans that are at fixed term rates and do not affect interest rate risk. The band does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk to the band is low and is not material.

22. PENSION PLAN

The pension expense of $17,080 represents the First Nation's contribution to the defined contribution plan during the year based on wages paid to eligible employees and is included within wages and benefits on the Schedule of Operating Expenses.

23. SUBSEQUENT EVENTS

Subsequent to year end, the Nation has had decreased funding from Aboriginal Affairs and Northern Development Canada, the Nation's major funder. Continued and resumed funding from AANDC funding is dependent on the review of the audited financial statements.

24. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current period.