

Consolidated Financial Statements of



And Independent Auditors' Report thereon

Year ended March 31, 2019



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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Takla Nation (the "Nation") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

John H.
Chief

John H.
General Manager Operations



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INDEPENDENT AUDITORS' REPORT

To the Members of Takla Nation

Opinion

We have audited the consolidated financial statements of Takla Nation (the "Nation"), which comprise:

the consolidated statement of financial position as at March 31, 2019

the consolidated statement of operations for the year then ended

the consolidated statement of changes in net financial assets 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, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2019 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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 Nation 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 opinion.

Other Matter - Comparative Information

The consolidated financial statements for the year ended March 31, 2018 was audited by another auditor who expressed an unmodified opinion on those financial statements on November 8, 2018.

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 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 Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Nation'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 auditors' 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 Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 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 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 Nation 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a stylized, cursive font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Prince George, Canada

October 8, 2019



Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Financial assets:		
Cash	\$ 899,077	\$ 4,705,326
Accounts receivable (note 2)	3,542,627	1,081,592
Restricted cash (note 3)	180,800	117,623
Deposit (note 4)	352,058	352,239
Investments in government business entities (note 5)	2,437,616	2,824,401
Ottawa Trust Fund (note 6)	30,063	27,543
	<hr/> \$ 7,442,241	<hr/> \$ 9,108,724
Liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 2,261,811	\$ 1,082,396
Deferred revenue (note 8)	1,179,361	4,357,099
Long-term debt (note 9)	3,604,517	3,799,981
Obligations under capital lease	125,674	173,329
Replacement reserves	172,483	147,382
	<hr/> 7,343,846	<hr/> 9,560,187
Net financial assets (debt)	98,395	(451,463)
Non-financial assets:		
Prepaid expenses	64,954	21,915
Tangible capital assets (note 10)	<hr/> 20,988,402	<hr/> 17,709,215
	<hr/> 21,053,356	<hr/> 17,731,130
Accumulated surplus	<hr/> \$ 21,151,751	<hr/> \$ 17,279,667

See accompanying notes to consolidated financial statements.

On behalf of Chief and Council:

J. D. H.
S. H.
C. H.

Sandra Tseer
Sandra Tseer



Consolidated Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
Revenue:			
Indigenous Services Canada	\$ 8,311,006	\$ 5,282,137	\$ 4,832,885
First Nations Health Authority	184,534	167,252	77,342
Canada Mortgage and Housing Corporation	403,872	381,932	180,564
Province of British Columbia	279,166	320,066	546,827
Interest income	-	181,790	1,092,056
Ottawa Trust Funds	-	2,520	2,474
Income from investments in government business entities (note 5)	-	832,087	-
Carrier Sekani Family Services	363,547	354,997	299,197
Carrier Sekani Tribal Council	2,660,143	1,574,446	4,144,001
First Nations Education Steering Committee	304,816	302,356	156,038
Own source	6,967,015	6,815,434	1,195,192
<u>Change in deferred revenue</u>	<u>939,154</u>	<u>3,177,738</u>	<u>(850,436)</u>
	20,413,253	19,392,755	11,676,140
Expenses:			
Administration	3,084,333	3,637,829	1,461,350
Community infrastructure	1,578,378	1,825,891	1,285,642
Economic development	6,010,218	3,035,307	2,827,215
Education and training	1,663,705	2,027,092	1,656,566
Health services	805,195	588,001	543,837
Social development	608,057	434,056	622,635
Loss from investments in government business entities	-	-	34,168
<u>Amortization</u>	<u>-</u>	<u>739,777</u>	<u>605,896</u>
	13,749,886	12,287,953	9,037,309
Surplus	6,663,367	7,104,802	2,638,831
Recoveries by Government of Canada	-	(45,218)	(18,071)
Distributions to members	-	(3,187,500)	-
Annual surplus	6,663,367	3,872,084	2,620,760
Accumulated surplus, beginning of year	17,279,667	17,279,667	14,658,907
Accumulated surplus, end of year	\$ 23,943,034	\$ 21,151,751	\$ 17,279,667

See accompanying notes to consolidated financial statements.



Consolidated Statement of Changes In Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	Budget	Total 2019	Total 2018
Annual surplus	\$ 6,663,367	\$ 3,872,084	\$ 2,620,760
Acquisition of tangible capital assets	(4,859,809)	(4,018,964)	(2,707,178)
Amortization	-	739,777	605,896
	(4,859,809)	(3,279,187)	(2,101,282)
Acquisition of prepaid expenses	-	(64,954)	(21,915)
Use of prepaid expenses	-	21,915	5,171
Decrease in net debt	1,803,558	549,858	502,734
<u>Net debt, beginning of year</u>	<u>(451,463)</u>	<u>(451,463)</u>	<u>(954,197)</u>
<u>Net financial assets (debt), end of year</u>	<u>\$ 1,352,095</u>	<u>\$ 98,395</u>	<u>\$ (451,463)</u>

See accompanying notes to consolidated financial statements.



Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 3,872,084	\$ 2,620,760
Items not involving cash:		
Amortization	739,777	605,896
Allocation to operations reserve	-	14,935
Allocation to replacement reserve	17,760	17,760
(Income) loss from investments in government business entities	(661,962)	34,168
<u>Ottawa Trust Funds</u>	<u>(2,520)</u>	<u>(2,474)</u>
	3,965,139	3,291,045
Changes in non-cash operating working capital:		
Accounts receivable	(2,461,035)	799,342
Restricted cash	(63,177)	(117,623)
Deposit	181	2,351
Accounts payable and accrued liabilities	1,179,416	337,398
Deferred revenue	(3,177,738)	850,437
<u>Prepaid expenses</u>	<u>(43,039)</u>	<u>(16,744)</u>
	(600,253)	5,146,206
Financing:		
Repayment of long-term debt	(195,464)	(192,240)
<u>Repayment of obligations under capital lease</u>	<u>(47,655)</u>	<u>(17,119)</u>
	(243,119)	(209,359)
Investing:		
Purchase of tangible capital assets	(4,018,964)	(2,550,578)
Advances (to) from government business entities	(325,354)	317,390
Distribution from government business entities	1,500,000	-
Investment in government business entities	(125,900)	(1,150,000)
Allocation to replacement reserve	7,341	(2,609)
Withdrawal from Ottawa Trust Funds	-	85,000
	(2,962,877)	(3,300,797)
(Decrease) increase in cash	(3,806,249)	1,636,050
Cash, beginning of year	4,705,326	3,069,276
Cash, end of year	\$ 899,077	\$ 4,705,326

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements

Year ended March 31, 2019

Nature of operations:

Takla Nation (the "Nation") provides local government, education and training, health services and social development services to its members and was established under the Indian Act (Canada).

1. Significant accounting policies:

These consolidated financial statements include the assets, liabilities, and results of operations of the Nation and all related entities and organizations subject to control by or responsibility of Chief and Council. No inclusion has been made of assets, liabilities, revenues or expenses of Nation members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting Board ("PSAB"). The Nation's significant accounting policies are as follows:

(a) Reporting entity and principles of consolidation:

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

All controlled entities are fully consolidated except for the commercial enterprises which meet the definition of a government business enterprise or government business partnership, which are included in these consolidated financial statements on a modified equity basis. Inter-entity balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Nation's investment in the government business enterprise or government business partnership and their share of the entities net income and other changes in equity are recorded. No adjustments are made for accounting policies of the entities that are different from those of the Nation.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(a) Reporting entity and principles of consolidation (continued):

Government business entities which are partially or wholly-owned by the Nation and which are not dependent on the Nation for their continuing operations, included in the consolidated financial statements using the modified equity method are as follows:

- Takla Development Corporation
- Sasuchan Development Corporation
- Takla Lake Limited Partnership
- Jaboon Holdings Ltd.
- Sustut Holdings Ltd.
- Tse Keh Nay LLP

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash, bank overdrafts and investments in money market or other short-term instruments or investments with a maturity of less than 90 days.

(c) Financial instruments:

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



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

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

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

(d) Non-financial assets:

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



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are stated at cost, less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available for use.

Amortization is provided using the declining balance method and following annual rates:

Asset	Rate
Assets under capital lease	30%
Automotive equipment	30%
Buildings and infrastructure	4%
Computer equipment	30%
Equipment	20%
Housing	4%
Water Plant	4%
Waste disposal system	4%

When management determines that a tangible capital asset no longer contributes to the Nation's ability to provide goods and services or that the value of the future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down.

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.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(f) Revenue recognition:

Government transfers and grant revenue are recognized as the Nation becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Other revenue, including interest, rent and own source are recognized in the period the services are provided and the related proceeds are received or receivable.

(g) Funding recoveries and reimbursements:

Funding received from government sources in the form of conditional transfer payments are subject to recovery, by the Crown, of unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specific purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

(h) Allocation of expenses:

Management records a number of its expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program.

Management allocates certain of its general support expenses by identifying the appropriate basis of allocating each expenses.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(i) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (a) an environmental standard exists,
- (b) contamination exceeds the environmental standard,
- (c) the organization is directly responsible or accepts responsibility for the liability,
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

(j) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying amounts of tangible capital assets; provisions for impairment of accounts receivable; and accrued liabilities. Actual results could differ from those estimates.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

2. Accounts receivable:

	2019	2018
Indigenous Services Canada	\$ 459,850	\$ 232,589
Canada Mortgage and Housing Corporation	15,082	18,670
Carrier Sekani Tribal Council	1,294,232	-
Sales taxes	-	52,610
Province of British Columbia	122,500	44,416
Trade receivables	1,638,263	708,991
Employee receivables	12,700	59,576
	3,542,627	1,116,852
Allowance for doubtful accounts	-	(35,260)
	<hr/>	<hr/>
	\$ 3,542,627	\$ 1,081,592

3. Restricted cash:

	2019	2018
Funded replacement reserve	\$ 89,455	\$ 56,535
Funded operations reserve	91,345	61,088
	<hr/>	<hr/>
	\$ 180,800	\$ 117,623

Replacement reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the Nation must set aside funds in the amount of \$17,760 annually plus interest; \$5,920 for Phase I operations, and \$11,840 for Phase II operations. These funds, along with accumulated interest, must be held in a separate bank account and/or invested on in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

3. Restricted cash (continued):

Operations reserve:

Under the terms of the agreement with CMHC, after the payment of all costs and expenditures, including the allocation to the replacement reserve, any surplus revenue from Phase I and/or Phase II will be retained by the program within an operations reserve fund. The program's operations reserve fund may only be used for the on-going operating costs of Phase I and Phase II as committed under the 1997 On-Reserve program. Accordingly, future years' deficits may be recovered from the operations reserve bank. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be mutually agreed to by the Nation and CMHC.

4. Deposit:

The Nation has a deposit in the amount of \$352,058 (2018 - \$352,239) which consists of a Special Trust Guaranteed Investment Certificate due to mature April 2019 and is held in a pooled trust account. Stewardship of the deposit rests with Woodward & Co. Lawyers LLP.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

5. Investments in government business entities:

	Investments	Advances	2019	2018
Takla Development Corporation	\$ (1,873,263)	\$ 2,437,411	\$ 564,148	\$ 1,401,683
Takla Lake Limited Partnership	1,831,521	(53,252)	1,778,269	1,369,052
Sasuchan Development Corporation	(134,882)	-	(134,882)	(136,218)
Tse Keh Nay LLP	230,081	-	230,081	32,117
Sustut Holdings Ltd.	-	-	-	149,853
Jaboon Holdings Ltd.	-	-	-	7,914
	\$ 53,457	\$ 2,384,159	\$ 2,437,616	\$ 2,824,401

The Nation's share of the gain (loss) in its equity accounted investees for the year was:

	2019
Takla Development Corporation	\$ (1,227,745)
Takla Lake Limited Partnership	1,848,174
Sasuchan Development Corporation	1,336
Tse Keh Nay LLP	197,964
Sustut Holdings Ltd.	(8,834)
Jaboon Holdings Ltd.	21,192
	\$ 832,087



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

5. Investments in government business entities (continued):

	2019	2018
Jaboon Holdings Ltd. (dissolved in the year):		
Financial position:		
Assets	\$ -	\$ 129,615
Liabilities	-	(97,960)
Equity	-	(31,655)
Results of operations:		
Revenues	-	5,683
Expenses	-	(11,297)
Profit and comprehensive income	-	(5,614)
Nation portion	-	(1,403)
Sustut Holdings Ltd. (dissolved in the year):		
Financial position:		
Assets	\$ -	\$ 509,183
Liabilities	-	(58,677)
Equity	-	(450,506)
Results of operation:		
Expenses	-	(948)
Profit and comprehensive income	-	(948)
Nation portion	-	(315)
Tse Keh Nay LLP:		
Financial position:		
Assets	\$ 689,474	\$ 138,350
Liabilities	(1,047)	(42,002)
Equity	(688,427)	(93,348)
Results of operations:		
Revenues	601,595	2,853
Expenses	(7,643)	(45,514)
Profit and comprehensive income	593,962	(42,931)
Nation portion	197,964	14,310



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

5. Investments in government business entities (continued):

	2019	2018
Takla Development Corporation:		
Financial position:		
Assets	\$ 1,280,113	\$ 1,731,829
Liabilities	(4,652,316)	(3,876,286)
Equity	3,372,203	2,144,457
Results of operations:		
Revenues	44,384	474,122
Expenses	(1,067,930)	(536,824)
Profit and comprehensive income	(1,227,745)	(62,702)
Sasuchan Development Corporation:		
Financial position:		
Assets	\$ 841	\$ 554
Liabilities	(135,722)	(136,771)
Equity	134,881	136,217
Results of operations:		
Revenues	1,502	51
Expenses	(166)	(6,135)
Profit and comprehensive income	1,336	(6,084)
Takla Lake Limited Partnership:		
Financial position:		
Assets	\$ 3,348,114	\$ 2,506,417
Liabilities	(1,407,851)	(1,148,909)
Equity	(1,940,263)	(1,357,508)
Results of operation:		
Revenues	8,987,730	3,737,977
Expenses	(7,139,372)	(3,687,280)
Profit and comprehensive income	1,848,358	50,697
Nation portion	1,848,174	50,646



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

5. Investments in government business entities (continued):

Shares and partnership units are held by the Nation, as represented by Chief and Council, on behalf of and for the benefit of the Takla Nation membership.

Takla Development Corporation was actively involved in logging and is therefore performing silviculture responsibilities and employs members of the Nation on a regular basis. Advances due from Takla Development Corporations are unsecured, non-interest bearing and with no scheduled terms of repayment.

6. Ottawa Trust Fund:

	Revenue	Capital	2019	2018
Balance, beginning of year	\$ 24,926	\$ 2,617	\$ 27,543	\$ 110,069
Interest	2,520	-	2,520	2,474
Withdrawal	-	-	-	(85,000)
	\$ 27,446	\$ 2,617	\$ 30,063	\$ 27,543

The Ottawa Trust Funds arise from monies 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 and 69 of the "Indian Act".



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

7. Accounts payable and accrued liabilities:

	2019	2018
Trade payables	\$ 633,918	\$ 599,845
Accrued wages and payroll deductions payable	475,596	229,109
Pension plan contributions payable	42,007	10,402
Worksafe British Columbia	4,012	7,133
Indigenous Services Canada	-	178,282
Sales taxes payable	149,826	-
Dividends payable - minors	876,000	-
Other accrued liabilities	80,452	57,625
	<hr/> \$ 2,261,811	<hr/> \$ 1,082,396

The Nation has a defined contribution pension plan for eligible members of its staff. Members can contribute up to a maximum of 5.5% of their salary and the Nation matches the member's contributions. The amount of retirement benefits to be received by the members will be the amount of retirement annuity that could be purchased base on the member's share of the pension plan at the time of the member's withdrawal from the plan. During the year the Nation contributed \$62,366 (2018 - \$42,739) for retirement benefits.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

8. Deferred revenue:

	2019	2018
Indigenous Services Canada - multi-unit construction	\$ -	\$ 392,178
Indigenous Services Canada - social housing	238,323	-
Indigenous Services Canada - capacity development	-	47,769
Indigenous Services Canada - emergency preparedness	10,000	-
Indigenous Services Canada - solid waste management	638,119	1,054,334
Carrier Sekani Tribal Council - forestry service agreement	-	2,312,619
First Nations Health Authority	-	4,999
Prince George Nechako Aboriginal Employment and Training Association	-	8,224
Province of British Columbia	-	242,746
Insurance proceeds	292,096	294,230
Teacherages	823	-
	<hr/> \$ 1,179,361	<hr/> \$ 4,357,099



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

9. Long-term debt:

	2019	2018
Treaty negotiation loan repayable upon settlement of land claim, non-interest bearing and secured by promissory notes and First Nation Negotiation Support Agreement.	\$ 1,575,579	\$ 1,575,579
Mortgage repayable in monthly instalments of \$4,193 including interest at 2.21% per annum, secured by a Government of Canada ministerial guarantee, due February 2039.	810,662	843,187
Mortgage repayable in monthly instalments of \$3,228 including interest at 2.21% per annum, secured by a Government of Canada ministerial guarantee, due February 2039.	628,426	649,233
Term demand loan repayable in monthly instalments of \$3,864 including interest at 3.31% per annum, secured by a Government of Canada ministerial guarantee, due January 2021.	82,431	123,271
Term demand loan repayable in monthly instalments of \$4,800 including interest at 3.57% per annum, secured by a Government of Canada ministerial guarantee, due August 2023.	235,204	282,541
Term demand loan repayable in monthly instalments of \$4,912 including interest at 3.57% per annum, secured by a Government of Canada ministerial guarantee, due August 2023.	240,732	289,181
Term demand loan repayable in monthly instalments of \$552 including interest at 3.57% per annum, secured by tangible capital assets with a net book value of \$44,809, due September 2020.	31,483	36,989
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	\$ 3,604,517	\$ 3,799,981



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

9. Long-term debt (continued):

Provided the lenders do not demand repayment of the loans in full, principal repayments are due as follows:

2020	\$ 209,920
2021	208,038
2022	175,305
2023	180,801
2024	117,894
Thereafter	2,712,559
	<hr/>
	\$ 3,604,517



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

10. Tangible capital assets:

	2019								
	Automotive equipment	Buildings and infrastructure	Capital leases	Computer equipment	Equipment	Housing	Water plant	Waste disposal system	Total
Cost:									
Balance, beginning of year	133,288	9,875,205	205,800	31,158	315,121	10,718,443	4,297,464	3,762,902	29,339,381
Additions	427,486	2,384,602	-	-	102,628	1,104,248	-	-	4,018,964
Balance, end of year	560,774	12,259,807	205,800	31,158	417,749	11,822,691	4,297,464	3,762,902	33,358,345
Accumulated amortization:									
Balance, beginning of year	109,752	4,255,135	28,708	30,917	268,679	4,173,032	1,659,879	1,104,064	11,630,166
Amortization expenses	67,323	193,029	12,412	133	21,694	233,329	105,503	106,354	739,777
Balance, end of year	177,075	4,448,164	41,120	31,050	290,373	4,406,361	1,765,382	1,210,418	12,369,943
Net book value, end of year	\$ 383,699	\$ 7,811,643	\$ 164,680	\$ 108	\$ 127,376	\$ 7,416,330	\$ 2,532,082	\$ 2,552,484	\$ 20,988,402



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

10. Tangible capital assets (continued):

	2018								
	Automotive equipment	Buildings and infrastructure	Capital leases	Computer equipment	Equipment	Housing	Water plant	Waste disposal system	Total
Cost:									
Balance, beginning of year	123,288	8,762,465	49,200	31,158	315,121	9,290,605	4,297,464	3,762,902	26,632,203
Additions	10,000	1,112,740	156,600	-	-	1,427,838	-	-	2,707,178
Balance, end of year	133,288	9,875,205	205,800	31,158	315,121	10,718,443	4,297,464	3,762,902	29,339,381
Accumulated amortization:									
Balance, beginning of year	101,808	4,087,402	19,926	30,623	253,498	3,987,755	1,549,980	993,278	11,024,270
Amortization expenses	7,944	167,733	8,782	294	15,181	185,277	109,899	110,786	605,896
Balance, end of year	109,752	4,255,135	28,708	30,917	268,679	4,173,032	1,659,879	1,104,064	11,630,166
Net book value, end of year	\$ 23,536	\$ 5,620,070	\$ 177,092	\$ 241	\$ 46,442	\$ 6,545,411	\$ 2,637,585	\$ 2,658,838	\$ 17,709,215



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

11. Related party transactions:

In the normal course of operations, the Nation participated in transactions with related parties measured at the exchange amount as determined and agreed to by the related parties.

12. Segmented information:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function and department. For each segment separately reported, the segment revenue and expenditure represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies in note 1. The segments and services provided are as follows:

Administration - provides governance initiatives and training through the activities of Chief and Council and administration of other activities relating to program delivery, membership and finance;

Community infrastructure - manages community and facilities operations and maintenance including capital projects, municipal services, water and waste water operations, roads, fire protection, housing and maintenance of community buildings;

Economic development - manages the development of economic opportunities from the land and natural resources for the Nation and its entities;

Education and training - provides elementary and secondary education instructional services and provides financial support to post secondary students as well provides training and work opportunities for Nation members to improve their job skills and participate effectively in the labour market;

Health services - provides a variety of health care programs, services and support to Nation members;

Social development - provides programs and services for the social benefit and welfare of Nation members. The previous year's financial statements were prepared by another chartered accountant under a Notice to Reader engagement. We have not attempted to verify the accuracy or completeness of this information and certain of the prior year's amounts have been reclassified to conform with the current year's presentation. The changes do not affect prior year earnings.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

12. Segmented information (continued):

	2019								
	Administration	Community infrastructure	Economic development	Education and training	Health service	Social development	Investment in government business entities	Amortization	Total
Revenue:									
Indigenous Service Canada	\$ 654,601	\$ 2,813,474	\$ -	\$ 1,206,005	\$ -	\$ 608,057	\$ -	\$ -	\$ 5,282,137
First Nations Health Authority	13,218	18,834	-	-	135,200	-	-	-	167,252
CMHC	-	381,932	-	-	-	-	-	-	381,932
Province of British Columbia	-	-	277,566	-	42,500	-	-	-	320,066
Interest, rent and other	46,500	130,790	-	-	4,500	-	-	-	181,790
Ottawa trust funds	2,520	-	-	-	-	-	-	-	2,520
Income from investments in government business entities	-	-	-	-	-	-	832,087	-	832,087
Carrier Sekani Family Services	-	-	-	-	354,997	-	-	-	354,997
Carrier Sekani Tribal Council	-	-	1,574,446	-	-	-	-	-	1,574,446
First Nations Education Steering Committee	-	-	83,376	218,980	-	-	-	-	302,356
Own Source	94,031	80,102	6,462,834	158,182	12,785	7,500	-	-	6,815,434
Change in deferred revenue	(5,001)	47,769	2,396,865	8,224	729,881	-	-	-	3,177,738
Total revenue	805,869	3,472,901	10,795,087	1,591,391	1,279,863	615,557	832,087	-	19,392,755



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

12. Segmented information (continued):

	2019								
	Administration	Community infrastructure	Economic development	Education and training	Health service	Social development	Investment in government business entities	Amortization	Total
Expenses:									
Amortization	-	-	-	-	-	-	-	739,777	739,777
Consulting and contract	3,491	36,421	97,299	1,400	56,253	-	-	-	194,864
Equipment purchases	168	10,252	7,386	-	-	-	-	-	17,806
Honoraria	-	-	-	350	1,500	-	-	-	1,850
Materials and supplies	261,268	116,072	215,201	118,238	31,743	19,753	-	-	762,275
Meetings	40,683	590	77,710	8,103	3,365	-	-	-	130,451
Professional fees	371,461	7,962	999,635	46,020	35,438	1,500	-	-	1,462,016
Rent	115,313	-	72,838	4,376	-	-	-	-	192,527
Telephone and utilities	47,100	71,131	12,567	87,744	454	-	-	-	218,996
Travel and accommodations	312,671	58,809	139,901	611,444	42,271	27,171	-	-	1,192,267
Wages and benefits	1,916,015	506,183	687,090	835,435	255,920	97,038	-	-	4,297,681
Workshops and training	24,928	1,305	239,180	70,240	20,727	6,217	-	-	362,597
Other	544,731	1,017,166	486,500	243,742	140,330	282,377	-	-	2,714,846
Total expenses	3,637,829	1,825,891	3,035,307	2,027,092	588,001	434,056	-	739,777	12,287,953
Revenue over expenditures	(2,831,960)	1,647,010	7,759,780	(435,701)	691,862	181,501	832,087	(739,777)	7,104,802
Surplus (deficit)	\$ (2,831,960)	\$ 1,647,010	\$ 7,759,780	\$ (435,701)	\$ 691,862	\$ 181,501	\$ 832,087	\$ (739,777)	\$ 7,104,802



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

12. Segmented information (continued):

	2018								
	Administration	Community infrastructure	Economic development	Education and training	Health service	Social development	Investment in government business entities	Amortization	Total
Revenue:									
Indigenous Service Canada	\$ 668,425	\$ 2,363,219	\$ 43,838	\$ 1,169,321	\$ -	\$ 588,082	\$ -	\$ -	\$ 4,832,885
First Nations Health Authority	-	-	-	-	77,342	-	-	-	77,342
CMHC	-	180,564	-	-	-	-	-	-	180,564
Province of British Columbia	183,085	-	315,992	-	47,750	-	-	-	546,827
Interest, rent and other	736,513	184,039	31,063	131,927	5,000	3,514	-	-	1,092,056
Ottawa trust funds	2,474	-	-	-	-	-	-	-	2,474
Income from investments in government business entities	-	-	-	-	-	-	(34,168)	-	(34,168)
Carrier Sekani Family Services	-	-	-	-	299,197	-	-	-	299,197
Carrier Sekani Tribal Council	13,500	-	4,130,501	-	-	-	-	-	4,144,001
First Nations Education									
Steering Committee	-	-	-	156,038	-	-	-	-	156,038
Own Source	-	-	1,195,192	-	-	-	-	-	1,195,192
Change in deferred revenue	(158,501)	371,198	(1,066,492)	5,358	(1,999)	-	-	-	(850,436)
Total revenue	1,445,496	3,099,020	4,650,094	1,462,644	427,290	591,596	(34,168)	-	11,641,972



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

12. Segmented information (continued):

	2018								
	Administration	Community infrastructure	Economic development	Education and training	Health service	Social development	Investment in government business entities	Amortization	Total
Expenses:									
Amortization	-	-	-	-	-	-	-	605,896	605,896
Consulting and contract	-	161,157	92,547	-	8,002	8,395	-	-	270,101
Honoraria	4,521	-	4,300	4,525	1,305	-	-	-	14,651
Materials and supplies	174,047	56,038	129,716	103,354	54,537	34,188	-	-	551,880
Meetings	45,014	-	67,408	2,459	4,730	-	-	-	119,611
Professional fees	260,494	5,200	860,685	20,883	9,225	5,900	-	-	1,162,387
Rent	51,339	8,364	13,922	4,131	-	25,962	-	-	103,718
Telephone and utilities	38,685	78,430	9,162	79,451	2,100	-	-	-	207,828
Travel and accommodations	63,745	63,696	203,881	103,367	68,170	8,207	-	-	511,066
Wages and benefits	698,636	373,325	678,556	691,687	333,606	139,405	-	-	2,915,215
Workshops and training	40,283	-	4,647	63,466	8,105	3,231	-	-	119,732
Other	84,586	539,432	762,391	583,243	54,057	397,347	-	-	2,421,056
Total expenses	1,461,350	1,285,642	2,827,215	1,656,566	543,837	622,635	-	605,896	9,003,141
Revenue over expenditures	(15,854)	1,813,378	1,822,879	(193,922)	(116,547)	(31,039)	(34,168)	(605,896)	2,638,831
Surplus (deficit)	\$ (15,854)	\$ 1,813,378	\$ 1,822,879	\$ (193,922)	\$ (116,547)	\$ (31,039)	\$ (34,168)	\$ (605,896)	\$ 2,638,831



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

13. Contingent liabilities:

The Nation has entered into contribution agreements with various government agencies. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

The Nation is contingently liable for a Nation member mortgage secured by a Government of Canada Ministerial guarantee. As at March 31, 2019, the maximum liability would be \$51,494.

The Carrier Sekani Tribal Council has signed an agreement on behalf of its member First Nations with Canada and British Columbia. The Nation has signed a treaty loan agreement with the Carrier Sekani Tribal Council (note 9). The treaty loan to the Nation shall accrue interest at a rate established pursuant to the First Nation loan agreement between the Carrier Sekani Tribal Council and British Columbia. The amount of the liability for interest, if any, of the Nation is not determinable at this time.

In addition, in the normal course of operations, the Nation may become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future event occur or fail to occur. To the extent that the future event is likely to occur and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

14. Budget data:

Budgeted figures, which are unaudited, have been provided for comparison purposes and have been approved by the Chief and Council.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

15. Financial risks and concentration of risk:

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest rate, currency or credit risks unless otherwise noted.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Nation is mainly exposed to credit risk with respect to its accounts receivable and advances receivable from government business entities. The Nation assesses on a continuous basis accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Nation at March 31, 2019 is the carrying value of accounts receivable. The carrying amount of accounts receivable is valued with consideration for allowance for doubtful accounts. The amount of any related impairment loss is recognized in the consolidated statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the consolidated statement of operations.

(b) Liquidity risk:

Liquidity risk is the risk that the Nation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Nation manages its liquidity risk by monitoring its operating requirements.

(c) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Financial assets and financial liabilities with variable interest rates expose the Nation to cash flow interest rate risk. The First Nation is exposed to this risk through its interest on the long-term debt.

There has been no change to the Nation's risk exposures from 2018.

16. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year annual surplus.