

Consolidated Financial Statements of



And Independent Auditors' Report thereon  
Year ended March 31, 2020



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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of 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.

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Chief

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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, 2020

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, 2020 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.

### ***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.
- 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.



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- 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'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Prince George, Canada

December 3, 2020



# Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
<b>Financial assets:</b>		
Cash	\$ 612,794	\$ 899,077
Accounts receivable (note 2)	7,715,325	3,542,627
Restricted cash (note 3)	182,169	180,800
Deposit	-	352,058
Investments in government business entities (note 4)	3,268,855	2,437,616
Ottawa Trust Fund (note 5)	32,419	30,063
	<u>\$ 11,811,562</u>	<u>\$ 7,442,241</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities (note 6)	\$ 2,549,310	\$ 2,261,811
Deferred revenue (note 7)	838,332	1,179,361
Long-term debt (note 8)	2,415,715	3,604,517
Obligations under capital lease	92,686	125,674
Replacement reserves	187,813	172,483
	<u>6,083,856</u>	<u>7,343,846</u>
Net financial assets	5,727,706	98,395
<b>Non-financial assets:</b>		
Prepaid expenses	130,369	64,954
Tangible capital assets (note 9)	22,824,452	20,988,402
	<u>22,954,821</u>	<u>21,053,356</u>
Contingent liabilities (note 12)		
Subsequent event (note 14)		
<b>Accumulated surplus</b>	<u>\$ 28,682,527</u>	<u>\$ 21,151,751</u>

See accompanying notes to consolidated financial statements.

On behalf of Chief and Council:

Deputy Chief Sandra Teegee

Councillor William Korolyk



## Consolidated Statement of Operations

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

	2020 Budget	2020 Actual	2019 Actual
Revenue (note 11):			
Indigenous Services Canada	\$ 6,592,544	\$ 3,990,698	\$ 5,282,137
First Nations Health Authority	900,134	900,134	167,252
Canada Mortgage and Housing Corporation	122,626	122,626	381,932
Province of British Columbia	746,050	1,518,108	320,066
Other	171,748	200,765	181,790
Ottawa Trust Funds (note 5)	-	2,356	2,520
Income from investments in government business entities (note 4)	-	1,205,538	832,087
Carrier Sekani Family Services	453,380	493,812	354,997
Carrier Sekani Tribal Council	6,635,075	8,678,592	1,574,446
First Nations Education Steering Committee	327,806	344,007	302,356
Own source	5,147,321	3,927,916	6,815,434
Change in deferred revenue	169,324	341,029	3,177,738
	21,266,008	21,725,581	19,392,755
Expenses (note 11):			
Administration	4,752,524	4,630,390	3,637,829
Community infrastructure	1,768,193	2,039,854	1,825,891
Economic development	2,569,864	2,844,037	3,035,307
Education and training	1,945,027	2,126,702	2,027,092
Health services	982,175	791,268	588,001
Social development	570,370	572,634	434,056
Capital	4,896,896	1,280,416	739,777
	17,485,049	14,285,301	12,287,953
Surplus	3,780,959	7,440,280	7,104,802
Recoveries from (repayments to) Indigenous Services Canada	-	90,496	(45,218)
Distributions to members	-	-	(3,187,500)
Annual surplus	3,780,959	7,530,776	3,872,084
Accumulated surplus, beginning of year	21,151,751	21,151,751	17,279,667
Accumulated surplus, end of year	\$ 24,932,710	\$ 28,682,527	\$ 21,151,751

See accompanying notes to consolidated financial statements.





# Consolidated Statement of Changes in Net Financial Assets

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

	Budget	Total 2020	Total 2019
Annual surplus	\$ 3,780,959	\$ 7,530,776	\$ 3,872,084
Acquisition of tangible capital assets	(953,026)	(2,776,657)	(4,018,964)
Amortization	-	940,607	739,777
	(953,026)	(1,836,050)	(3,279,187)
Acquisition of prepaid expenses	-	(130,369)	(64,954)
Use of prepaid expenses	-	64,954	21,915
Increase in net financial assets	2,827,933	5,629,311	549,858
Net financial assets (debt), beginning of year	98,395	98,395	(451,463)
Net financial assets, end of year	\$ 2,926,328	\$ 5,727,706	\$ 98,395

See accompanying notes to consolidated financial statements.



## Consolidated Statement of Cash Flows

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

	2020	2019
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 7,530,776	\$ 3,872,084
Items not involving cash:		
Amortization	940,607	739,777
Allocation to replacement reserve	17,760	17,760
Income from investments in government business entities	(1,205,538)	(661,962)
Forgiveness of treaty negotiations loan	(1,575,579)	-
Ottawa Trust Funds	(2,356)	(2,520)
	5,705,670	3,965,139
Changes in non-cash operating working capital:		
Accounts receivable	(4,172,698)	(2,461,035)
Restricted cash	(1,369)	(63,177)
Deposit	352,058	181
Accounts payable and accrued liabilities	287,499	1,179,416
Deferred revenue	(341,029)	(3,177,738)
Prepaid expenses	(65,415)	(43,039)
	1,764,716	(600,253)
Financing:		
Repayment of long-term debt	(213,463)	(195,464)
Repayment of obligations under capital lease	(32,988)	(47,655)
Proceeds on long-term debt	600,240	-
	353,789	(243,119)
Investing:		
Purchase of tangible capital assets	(2,776,657)	(4,018,964)
Advances (to) from government business entities	374,299	(325,354)
Distribution from government business entities	-	1,500,000
Investment in government business entities	-	(125,900)
Replacement reserves	(2,430)	7,341
	(2,404,788)	(2,962,877)
Decrease in cash	(286,283)	(3,806,249)
Cash, beginning of year	899,077	4,705,326
Cash, end of year	\$ 612,794	\$ 899,077

See accompanying notes to consolidated financial statements.



## Notes to Consolidated Financial Statements

Year ended March 31, 2020

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### **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, 2020

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**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
- 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, 2020

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**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, 2020

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**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, 2020

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**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 pursuant to agreements in which the specific project or program is not yet completed are reported as deferred revenue until the resources are used for the purpose or purposes specified.

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, 2020

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**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, 2020

**2. Accounts receivable:**

	2020	2019
Indigenous Services Canada	\$ 177,374	\$ 459,850
Canada Mortgage and Housing Corporation	398,148	15,082
Carrier Sekani Tribal Council	6,073,072	1,294,232
Province of British Columbia	120,426	122,500
Trade receivables	882,665	1,638,263
Employee receivables	11,798	12,700
Prince George Nechako Aboriginal Employment & Training Association	51,842	-
	<b>\$ 7,715,325</b>	<b>\$ 3,542,627</b>

**3. Restricted cash:**

	2020	2019
Funded replacement reserve	\$ 90,090	\$ 89,455
Funded operations reserve	92,079	91,345
	<b>\$ 182,169</b>	<b>\$ 180,800</b>



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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**3. Restricted cash (continued):**

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; consisting of \$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.

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.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

**4. Investments in government business entities:**

	Investments	Advances	2020	2019
Takla Development Corporation	\$ (1,199,273)	\$ 1,601,762	\$ 402,489	\$ 564,148
Takla Lake Limited Partnership	3,377,829	(390,970)	2,986,859	1,778,269
Sasuchan Development Corporation	(208,200)	-	(208,200)	(134,882)
Tse Keh Nay LLP	87,707	-	87,707	230,081
	\$ 2,058,063	\$ 1,210,792	\$ 3,268,855	\$ 2,437,616

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

	2020
Takla Development Corporation	\$ (495,562)
Takla Lake Limited Partnership	1,546,307
Sasuchan Development Corporation	(73,318)
Tse Keh Nay LLP	228,111
	\$ 1,205,538



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

**4. Investments in government business entities (continued):**

	2020	2019
<b>Takla Development Corporation (100%):</b>		
Financial position:		
Assets	\$ 1,118,338	\$ 1,276,142
Liabilities	(5,013,877)	(4,676,119)
Equity	3,895,539	3,399,977
Results of operation:		
Revenues	61,402	44,384
Expenses	(556,964)	(1,272,129)
Profit and comprehensive income	(495,562)	(1,227,745)
<b>Tse Keh Nay LLP (33.33%):</b>		
Financial position:		
Assets	\$ 293,035	\$ 794,146
Liabilities	(29,913)	(4,053)
Equity	(263,122)	(790,093)
Results of operations:		
Revenues	593,490	706,266
Expenses	(9,207)	(10,648)
Profit and comprehensive income	584,283	695,618
Nation portion	194,761	231,873



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

**4. Investments in government business entities (continued):**

	2020	2019
<b>Sasuchan Development Corporation (100%):</b>		
Financial position:		
Assets	\$ 5,264	\$ 841
Liabilities	(213,233)	(135,722)
Equity	207,969	134,881
Results of operations:		
Revenues	1,730	1,502
Expenses	(75,048)	(166)
Profit and comprehensive income	(73,318)	1,336
<b>Takla Lake Limited Partnership (99.90%):</b>		
Financial position:		
Assets	\$ 4,311,563	\$ 3,348,114
Liabilities	(818,358)	(1,407,851)
Equity	(3,493,205)	(1,940,263)
Results of operation:		
Revenues	8,477,176	8,987,730
Expenses	(6,930,714)	(7,139,372)
Profit and comprehensive income	1,546,462	1,848,358
Nation portion	1,546,307	1,848,174



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

**4. 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. Advances due from Takla Development Corporation are unsecured, non-interest bearing and with no scheduled terms of repayment.

**5. Ottawa Trust Fund:**

	Revenue	Capital	2020	2019
Balance, beginning of year	\$ 27,446	\$ 2,617	\$ 30,063	\$ 27,543
Interest	2,356	-	2,356	2,520
	\$ 29,802	\$ 2,617	\$ 32,419	\$ 30,063

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, 2020

**6. Accounts payable and accrued liabilities:**

	2020	2019
Trade payables	\$ 675,864	\$ 633,918
Accrued wages and payroll deductions payable	442,048	475,596
Pension plan contributions payable	37,833	42,007
Worksafe British Columbia	14,045	4,012
Sales taxes payable	208,316	149,826
Dividends payable - minors	848,000	876,000
Other accrued liabilities	323,204	80,452
	<b>\$ 2,549,310</b>	<b>\$ 2,261,811</b>

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 (2019 - \$62,366) for retirement benefits.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

**7. Deferred revenue:**

	2020	2019
Heart & Stroke Foundation - garden	\$ 9,548	\$ -
Indigenous Services Canada - ACRS ICM#9	140,275	-
Indigenous Services Canada - forestry stewardship	89,954	-
Indigenous Services Canada - social housing	-	238,323
Indigenous Services Canada - community plan	40,151	-
Indigenous Services Canada - emergency preparedness	-	10,000
Indigenous Services Canada - solid waste management	187,107	638,119
Indigenous Services Canada - systems and data MMP	27,359	-
Prince George Nechako Aboriginal Employment and Training Association	51,842	-
Insurance proceeds	292,096	292,096
Teacherages	-	823
	\$ 838,332	\$ 1,179,361





Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

**8. Long-term debt:**

	2020	2019
Treaty negotiations loan forgiven during the year.	\$ -	\$ 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, renewal due February 2024.	777,896	810,662
Mortgage repayable in monthly instalments of \$3,228 including interest at 2.21% per annum, secured by a Government of Canada ministerial guarantee, renewal due February 2024.	598,961	628,426
Mortgage repayable in monthly instalments of \$2,208 including interest at 0.80% per annum, secured by a Government of Canada ministerial guarantee, renewal due May 2025.	600,240	-
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.	38,122	82,431
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.	185,173	235,204
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.	189,545	240,732
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.	25,799	31,483
	<b>\$ 2,415,715</b>	<b>\$ 3,604,517</b>



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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**8. Long-term debt (continued):**

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

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2021	\$	239,521
2022		208,114
2023		209,196
2024		117,894
2025		64,707
Thereafter		1,576,283
	\$	2,415,715

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

**9. Tangible capital assets:**

	2020								
	Automotive equipment	Buildings and infrastructure	Capital leases	Computer equipment	Equipment	Housing	Water plant	Waste disposal system	Total
<b>Cost:</b>									
Balance, beginning 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
Additions	144,087	1,129,927	-	9,880	146,285	1,346,478	-	-	2,776,657
Balance, end of year	704,861	13,389,734	205,800	41,038	564,034	13,169,169	4,297,464	3,762,902	36,135,002
<b>Accumulated amortization:</b>									
Balance, beginning 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
Amortization expenses	149,062	261,854	-	60	33,675	292,574	101,283	102,099	940,607
Balance, end of year	326,137	4,710,018	41,120	31,110	324,048	4,698,935	1,866,665	1,312,517	13,310,550
Net book value, end of year	\$ 378,724	\$ 8,679,716	\$ 164,680	\$ 9,928	\$ 239,986	\$ 8,470,234	\$ 2,430,799	\$ 2,450,385	\$ 22,824,452



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

9. Tangible capital assets (continued):

	2019								
	Automotive equipment	Buildings and infrastructure	Capital leases	Computer equipment	Equipment	Housing	Water plant	Waste disposal system	Total
<b>Cost:</b>									
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
<b>Accumulated amortization:</b>									
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, 2020

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**10. 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.

**11. 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.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

**11. Segmented information (continued):**

	2020								
	Administration	Community infrastructure	Economic development	Education and training	Health services	Social development	Investment in government business entities	Capital	Total
<b>Revenue:</b>									
Indigenous Service Canada	\$ 966,718	\$ 554,542	\$ 42,309	\$ 1,459,521	\$ -	\$ 554,757	\$ -	\$ 412,851	\$ 3,990,698
First Nations Health Authority	-	23,834	-	-	276,300	-	-	600,000	900,134
CMHC	-	122,626	-	-	-	-	-	-	122,626
Province of British Columbia	658,947	-	645,000	85,399	128,762	-	-	-	1,518,108
Interest, rent and other	26,646	169,189	-	4,930	-	-	-	-	200,765
Ottawa trust funds	2,356	-	-	-	-	-	-	-	2,356
Income from investments in government business entities	-	-	-	-	-	-	1,205,538	-	1,205,538
Carrier Sekani Family Services	95,909	-	-	-	397,903	-	-	-	493,812
Carrier Sekani Tribal Council	7,536,123	-	1,142,469	-	-	-	-	-	8,678,592
First Nations Education Steering Committee	400	-	-	343,607	-	-	-	-	344,007
Own Source	182,702	96,687	3,358,597	256,117	31,600	2,213	-	-	3,927,916
Change in deferred revenue	(129,653)	-	-	(51,842)	-	-	-	522,524	341,029
Total revenue	9,340,148	966,878	5,188,375	2,097,732	834,565	556,970	1,205,538	1,535,375	21,725,581



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

**11. Segmented information (continued):**

	2020								
	Administration	Community infrastructure	Economic development	Education and training	Health services	Social development	Investment in government business entities	Capital	Total
<b>Expenses:</b>									
Administration fees	82,620	18,683	442,524	61,091	65,155	3,000	-	-	673,073
Administration recovery	(673,073)	-	-	-	-	-	-	-	(673,073)
Amortization	-	-	-	-	-	-	-	940,607	940,607
Consulting and contract	8,627	59,327	464,767	-	110,614	-	-	1,517,513	2,160,848
Equipment purchases	-	9,165	10,000	-	-	-	-	292,043	311,208
Honoraria	270	-	2,050	-	3,499	-	-	-	5,819
Materials and supplies	214,510	104,923	87,498	100,652	34,975	8,991	-	71,329	622,878
Meetings	26,566	16,261	68,234	171	14,948	-	-	-	126,180
Professional fees	422,168	11,031	668,986	58,865	21,698	-	-	239,404	1,422,152
Rent	104,033	-	67,192	6,000	27,000	-	-	-	204,225
Telephone and utilities	51,753	71,681	16,593	74,654	-	-	-	10,552	225,233
Travel and accommodations	339,740	134,285	233,293	602,632	62,049	8,295	-	2,943	1,383,237
Wages and benefits	2,811,551	543,469	873,882	842,289	311,194	79,430	-	843	5,462,658
Workshops and training	94,887	7,821	14,266	191,259	59,935	525	-	4,718	373,411
Other	651,570	1,080,191	347,278	251,880	145,356	476,477	-	870,750	3,823,502
<b>Total expenses</b>	<b>4,135,222</b>	<b>2,056,837</b>	<b>3,296,563</b>	<b>2,189,493</b>	<b>856,423</b>	<b>576,718</b>	<b>-</b>	<b>3,950,702</b>	<b>17,061,958</b>
Revenue over expenditures	5,204,926	(1,089,959)	1,891,812	(91,761)	(21,858)	(19,748)	1,205,538	(2,415,327)	4,663,623
Transfers	(72,517)	90,596	1,900,080	(50,830)	1,003	(100)	-	(4,644,889)	(2,776,657)
<b>Surplus (deficit)</b>	<b>\$ 5,277,443</b>	<b>\$ (1,180,555)</b>	<b>\$ (8,268)</b>	<b>\$ (40,931)</b>	<b>\$ (22,861)</b>	<b>\$ (19,648)</b>	<b>\$ 1,205,538</b>	<b>\$ 2,229,562</b>	<b>\$ 7,440,280</b>



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

**11. Segmented information (continued):**

	2019								
	Administration	Community infrastructure	Economic development	Education and training	Health services	Social development	Investment in government business entities	Capital	Total
<b>Revenue:</b>									
Indigenous Service Canada	\$ 654,601	\$ 952,996	\$ 44,718	\$ 1,206,005	\$ -	\$ 608,057	\$ -	\$ 1,815,760	\$ 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	158,501	-	-	571,380	3,177,738
<b>Total revenue</b>	<b>805,869</b>	<b>1,612,423</b>	<b>10,839,805</b>	<b>1,591,391</b>	<b>708,483</b>	<b>615,557</b>	<b>832,087</b>	<b>2,387,140</b>	<b>19,392,755</b>





Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. Segmented information (continued):

	2019								
	Administration	Community infrastructure	Economic development	Education and training	Health services	Social development	Investment in government business entities	Capital	Total
<b>Expenses:</b>									
Administration fees	-	10,763	941,307	45,435	50,410	3,330	-	8,686	1,059,931
Administration recovery	(1,059,931)	-	-	-	-	-	-	-	(1,059,931)
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	-	68,337	4,376	4,500	-	-	-	192,526
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	563,158	1,219,444	156,321	243,742	135,830	396,352	-	-	2,714,847
<b>Total expenses</b>	<b>2,596,325</b>	<b>2,038,932</b>	<b>3,641,934</b>	<b>2,072,527</b>	<b>638,411</b>	<b>551,361</b>	<b>-</b>	<b>748,463</b>	<b>12,287,953</b>
Revenue over expenditures	(1,790,456)	(426,509)	7,197,871	(481,136)	70,072	64,196	832,087	1,638,677	7,104,802
Transfers	(19,167)	(202,281)	334,682	-	-	(113,234)	-	-	-
<b>Surplus (deficit)</b>	<b>\$ (1,771,289)</b>	<b>\$ (224,228)</b>	<b>\$ 6,863,189</b>	<b>\$ (481,136)</b>	<b>\$ 70,072</b>	<b>\$ 177,430</b>	<b>\$ 832,087</b>	<b>\$ 1,638,677</b>	<b>\$ 7,104,802</b>



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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**12. 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, 2020, the maximum liability would be \$54,000.

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. As at March 31, 2020, there are no claims outstanding.



Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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**13. 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 currency or credit risks unless otherwise noted.

(a) Market risk:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Nation is not known at this time. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the operating results and financial position of the Nation in the future.

(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. There has been no change to the Nation's liquidity risk exposure from 2019.

(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 Nation is exposed to this risk through its interest on the long-term debt. There has been no change to the Nation's interest rate risk exposure from 2019.

**14. Subsequent event:**

Subsequent to the year end, in response to the COVID-19 pandemic, the Nation approved a total distribution of \$900,000 to be issued amongst their members.

**15. 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.