

**LHEIDLIT'ENNEH BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

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CONSOLIDATED FINANCIAL STATEMENTS  
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## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of Lheidli T'enneh Band are the responsibility of management and have been approved by the Chief and Council.

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

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

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

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

The external auditors, Bursey Buryn, Chartered Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Lheidli T'enneh Band and meet when required.

On behalf of Lheidli T'enneh Band:

D. Redowl  
Chief

Daleen Logan  
Councillor

Vanessa West  
Councillor

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Lheidli T'enneh Band:

We have audited the accompanying consolidated financial statements of Lheidli T'enneh Band, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

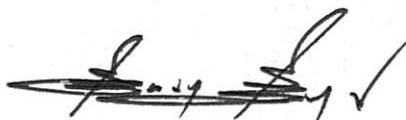
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

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

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

### **Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Lheidli T'enneh Band as at March 31, 2015 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants  
September 25, 2015  
Prince George, British Columbia

**LHEIDLIT'ENNEH BAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2015**

	(Note 18)	2015	2014
<b>FINANCIAL ASSETS</b>			
Cash (Note 2)	\$ 996,634	\$ 1,255,532	
Accounts receivable (Note 3)	299,386	265,949	
Inventory (Note 4)	29,237	17,125	
Restricted cash (Note 5)	605,300	483,780	
Investments in government business enterprises (Note 6)	7,764,365	6,306,656	
Ottawa trust assets (Note 7)	<u>2,108</u>	2,086	
	<u><b>9,697,030</b></u>	<u><b>8,331,128</b></u>	
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities (Note 8)	437,681	280,866	
Loan payable (Note 9)	227,544	228,024	
Long-term debt (Note 10)	837,854	1,003,839	
Treaty loan (Note 11)	6,343,525	6,343,525	
Replacement reserves (Note 5)	<u>381,357</u>	362,166	
	<u><b>8,227,961</b></u>	<u><b>8,218,420</b></u>	
<b>NET FINANCIAL ASSETS</b>		<u><b>1,469,069</b></u>	112,708
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets (Note 12)	3,784,660	3,988,171	
Prepaid assets	<u>75,009</u>	67,736	
	<u><b>3,859,669</b></u>	<u><b>4,055,907</b></u>	
<b>ACCUMULATED SURPLUS</b>		<u><b>\$ 5,328,738</b></u>	<u><b>\$ 4,168,615</b></u>
<b>CONTINGENCIES (Note 13)</b>			

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of Lheidli T'enneh Band:

D. T. Redowl Chief

Dolleen Logan Councillor

Vanessa West Councillor

**LHEIDLIT'ENNEH BAND**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2015**

	Budget 2015	2015	(Note 18) 2014
<b>REVENUE</b>			
Aboriginal Affairs and Northern Development Canada	\$ 978,612	\$ 1,084,957	\$ 1,161,104
First Nations Health Authority	172,746	172,746	157,529
Canada Mortgage and Housing Corporation	62,797	62,449	66,975
Department of Fisheries and Oceans	161,100	124,500	154,280
Province of British Columbia	246,725	1,040,748	648,069
Aboriginal organizations	131,395	135,463	101,710
Interest, rent and other	351,436	1,375,124	2,498,732
Income from investments in government business enterprises	-	1,429,125	1,620,643
Own source	560,000	807,724	548,245
Donations	20,000	442,795	413,906
Administration fees	-	50,218	76,495
Ottawa trust funds	-	993	80
	<b>2,684,811</b>	<b>6,726,842</b>	<b>7,447,768</b>
<b>EXPENDITURE</b>			
Administration and government development	1,059,160	1,366,845	1,688,328
Economic development	687,143	2,336,607	1,366,942
Education	213,959	306,786	330,024
Employment and training	72,017	71,861	80,803
Health services	172,746	173,396	144,205
Housing	182,076	243,276	231,750
Public works operations and maintenance	151,828	169,289	220,308
Social and community services	412,464	449,606	400,281
Treaty claims and negotiations	192,276	47,713	120,309
Ottawa trust funds	-	971	986
Loss from investments in government business enterprises	-	6,156	36,439
Interest	16,382	17,647	14,439
Amortization	84,124	274,785	220,292
	<b>3,244,175</b>	<b>5,464,938</b>	<b>4,855,106</b>
<b>OTHER GAIN</b>			
Gain on disposal of tangible capital assets	-	-	134,117
<b>ANNUAL SURPLUS</b>	<b>\$ (559,364)</b>	<b>1,261,904</b>	<b>2,726,779</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b>4,168,615</b>	<b>1,504,956</b>
<b>RECOVERIES BY GOVERNMENT OF CANADA</b>		<b>(101,781)</b>	<b>(63,120)</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<b>\$ 5,328,738</b>	<b>\$ 4,168,615</b>

The accompanying notes are an integral part of these consolidated financial statements.

**LHEIDLIT'ENNEH BAND**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED MARCH 31, 2015**

	(Note 18)	2015	2014
Annual surplus	\$ 1,261,904	\$ 2,726,779	
Recoveries by Government of Canada	<u>(101,781)</u>	<u>(63,120)</u>	
	<u><b>1,160,123</b></u>	<u><b>2,663,659</b></u>	
Acquisitions of tangible capital assets	(71,274)	(214,071)	
Amortization	<u>274,785</u>	<u>220,292</u>	
Gain on disposal of tangible capital assets	-	(134,117)	
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>148,236</u>	
	<u><b>203,511</b></u>	<u>20,340</u>	
Acquisition of prepaid assets	(7,273)	(41,526)	
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>1,356,361</b>	2,642,473	
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<b><u>112,708</u></b>	<b><u>(2,529,765)</u></b>	
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b><u>\$ 1,469,069</u></b>	<b><u>\$ 112,708</u></b>	

The accompanying notes are an integral part of these consolidated financial statements.

**LHEIDL T'ENNEH BAND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2015**

	(Note 18)	2015	2014
<b>OPERATING TRANSACTIONS</b>			
Annual surplus	\$ 1,261,904	\$ 2,726,779	
Recoveries by Government of Canada	(101,781)	(63,120)	
Items not involving cash			
Gain on disposal of tangible capital assets	-	(134,117)	
Amortization	274,785	220,292	
Income - investments in government business enterprises	(1,429,125)	(1,620,643)	
Loss - investments in government business enterprises	6,156	36,439	
Ottawa trust assets	<u>(22)</u>	<u>906</u>	
	11,917	1,166,536	
Cash provided by (used in) operating activities			
Accounts receivable	(33,437)	(49,015)	
Inventory	(12,112)	(3,910)	
Prepaid assets	(7,273)	(41,526)	
Accounts payable and accrued liabilities	<u>156,815</u>	<u>(210,390)</u>	
	<u>115,910</u>	<u>861,695</u>	
<b>CAPITAL TRANSACTIONS</b>			
Purchase of tangible capital assets	(71,274)	(214,071)	
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>148,236</u>	
	<u>(71,274)</u>	<u>(65,835)</u>	
<b>FINANCING TRANSACTIONS</b>			
Proceeds of long-term debt	-	12,045	
Repayment of loan payable	(480)	-	
Repayment of long-term debt	<u>(165,985)</u>	<u>(103,733)</u>	
	<u>(166,465)</u>	<u>(91,688)</u>	
<b>INVESTING TRANSACTIONS</b>			
Advances to government business enterprises	(34,740)	(279,641)	
Advances from government business enterprises	<u>-</u>	<u>360,490</u>	
Allocations to replacement reserve	22,926	22,926	
Drawings from reserves	<u>(3,735)</u>	<u>(15,060)</u>	
	<u>(15,549)</u>	<u>88,715</u>	
<b>(DECREASE) INCREASE DURING YEAR</b>	<b>(137,378)</b>	<b>792,887</b>	
<b>CASH, BEGINNING OF YEAR</b>	<b><u>1,739,312</u></b>	<b><u>946,425</u></b>	
<b>CASH, END OF YEAR</b>	<b><u>\$ 1,601,934</u></b>	<b><u>\$ 1,739,312</u></b>	
Cash is comprised as follows:			
Cash	\$ 996,634	\$ 1,255,532	
Restricted cash	<u>605,300</u>	<u>483,780</u>	
	<b><u>\$ 1,601,934</u></b>	<b><u>\$ 1,739,312</u></b>	

The accompanying notes are an integral part of these consolidated financial statements.

**LHEIDLIT'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity and Principles of Financial Reporting**

The Lheidli T'enneh Band reporting entity includes the Lheidli T'enneh Band government and all related entities which are either owned or controlled by the Lheidli T'enneh Band.

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

Under the modified equity method of accounting, only Lheidli T'enneh Band's investment in the government business enterprises and their share of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises that are different from those of Lheidli T'enneh Band.

The consolidated financial statements include the following controlled entities:

- Lheidli T'enneh Band CMHC Social Housing Program
- Lheidli T'enneh First Nation Negotiation Support Agreement

Government business enterprises, which are wholly-owned by Lheidli T'enneh Band and which are not dependent on the Band for their continuing operations, included in the consolidated financial statements using the modified equity method are as follows:

- Lheit Lit'en Development Corporation
- Tano T'enneh General Partner Corporation

Government business partnerships, which Lheidli T'enneh Band holds a limited partnership interest 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:

- Tano T'enneh Limited Partnership (99.99% interest)
- FN (PTP) Group Limited Partnership (0.06% interest)

**LHEIDLIT'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

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**Cash and Restricted Cash**

Cash and cash equivalents include cash on hand, cash on deposit net of cheques issued and outstanding at the reporting date, and short-term deposits with maturity dates of less than 90 days.

**Inventory**

Inventory consists of tobacco products available for sale and is valued at the lower of cost and net realizable value using the average cost method.

**Tangible Capital Assets and Amortization**

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

Tangible capital assets are amortized using the straight-line method over the estimated useful life of the asset as follows:

Automotive equipment	5 years
Boats and fisheries equipment	10 years
Buildings	30 years
Computer equipment	3 years
Fuel Tanks	20 years
Furniture and office equipment	8 years
Heavy duty equipment	10 years
Housing	30 years
Infrastructure	10-50 years
Land improvements	50 years
Signage	25 years
Website	10 years

**LHEIDLIT'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

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**Tangible Capital Assets and Amortization, continued**

In the year of acquisition, 50% of the annual amortization is expensed. Assets under construction are not amortized until the asset is available to be put into service.

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.

**Amortization - Social Housing**

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for CMHC reporting purposes.

**Revenue and Expenditure**

Revenue and expenditure are recorded using the accrual basis of accounting. Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. Gains are recognized when realized. Items not practically measurable until cash is received are accounted for at that time.

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

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

**Funding Recoveries and Reimbursements**

Funding received from federal 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 specified purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

**LHEIDLIT'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 expenditure during the reporting period. Significant areas requiring the use of administration estimates relate to the impairment of assets, rates for amortization, collectability of accounts receivable, and valuation of inventory. Actual results could differ from these estimates.

**Liability for Contaminated Sites**

During the year the Band adopted new accounting standard PS 3260 - Liability for Contaminated Sites, effective for years beginning on or after April 1, 2014. The standard requires the Band to identify contaminated sites which meet the requirements of the standard, specifically those sites where:

- i. An environmental standard exists
- ii. Contamination exceeds the environmental standards
- iii. The Band is directly responsible or accepts responsibility
- iv. It is expected that future economic benefits will be given up and
- v. A reasonable estimate of the amount of those benefits can be made

The Band has elected to apply this standard prospectively. As at the date of these financial statements no contaminated sites have been identified that meet the criteria outline in the standard.

**2. CASH**

Lheidli T'enneh Band has a demand revolving credit facility agreement with the Royal Bank of Canada for \$300,000 bearing interest at prime plus 1.5% per annum. This facility revolves in increments of \$25,000 and is secured by a general security agreement with a fixed charge over tangible capital assets. At March 31, 2015 the full \$300,000 was available.

**LHEIDLIT'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**3. ACCOUNTS RECEIVABLE**

	(Note 18)	
	2015	2014
Government:		
Aboriginal Affairs and Northern Development Canada	\$ 43,191	\$ -
Canada Mortgage and Housing Corporation	5,416	5,234
First Nations Health Authority	6,000	-
Federal Government	4,320	57,422
Canada Revenue Agency - GST	<u>13,270</u>	<u>49,585</u>
	72,197	112,241
Trade	227,189	156,535
Lheidli T'enneh Band members	-	2,962
Other	<u>-</u>	<u>11,419</u>
	299,386	283,157
Less: allowance for doubtful accounts	<u>-</u>	<u>(17,208)</u>
	<u>\$ 299,386</u>	<u>\$ 265,949</u>

**4. INVENTORY**

	(Note 18)	
	2015	2014
Tobacco products	<u>\$ 29,237</u>	<u>\$ 17,125</u>

**5. RESTRICTED CASH AND REPLACEMENT RESERVES**

	(Note 18)	
	2015	2014
Restricted cash consists of:		
Replacement reserve 19-359-983	\$ 201,849	\$ 191,012
Replacement reserve 17-496-258	179,508	171,154
Treaty Negotiations	<u>223,943</u>	<u>121,614</u>
	<u>\$ 605,300</u>	<u>\$ 483,780</u>

**LHEIDLIT'ENNEH BAND  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2015**

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**5. RESTRICTED CASH AND REPLACEMENT RESERVE, continued**

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**Replacement Reserve 19-359-983**

Under the terms of the Agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$15,000 annually plus interest; \$6,000 for Account 19-359-983-001, \$6,000 for Account 19-359-983-002, and \$3,000 for Account 19-359-983-003. 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 approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At year end the program has fully funded reserves of \$201,849 (2014 - \$191,012).

**Replacement Reserve 17-496-258**

Under the terms of the Agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$7,926 annually plus interest. 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 approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At year end the program has fully funded reserves of \$179,508 (2014 - \$171,154).

**Treaty Negotiations**

Treaty Negotiations cash is restricted for expenditures as related to Lheidli T'enneh Band First Nation Negotiations Support Agreement for carrying out treaty negotiations with Canada and British Columbia.

**6. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (Appendix A)**

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(Note 18)

**2015**

**2014**

Lheit Lit'en Development Corporation		
Shares	\$ 3	\$ 3
Advances to	2,125,858	2,109,152
Deficit	(744,716)	(785,817)
	<u>1,381,145</u>	<u>1,323,338</u>
Balance forward	<u>\$ 1,381,145</u>	<u>\$ 1,323,338</u>

**LHEIDL T'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**6. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (Appendix A)**

	(Note 18)	
	2015	2014
Balance forward	<u>\$ 1,381,145</u>	\$ 1,323,338
Tano T'enneh General Partner Corporation		
Shares	20	20
Deficit	<u>(6,156)</u>	-
	<u>(6,136)</u>	20
Tano T'enneh Limited Partnership		
Partnership units	2,229,142	2,229,142
Advances to	184,162	166,128
Surplus	<u>3,976,051</u>	<u>2,588,027</u>
	<u>6,389,355</u>	4,983,297
FN (PTP) Group Limited Partnership.		
Shares	1	1
	<u>\$ 7,764,365</u>	<u>\$ 6,306,656</u>

Investments are held on behalf of the Band's membership by specified band members under a trust agreement. Condensed financial information for the government business enterprises is presented in Appendix A to the financial statements.

**7. OTTAWA TRUST ASSETS**

	Revenue	Capital	Total 2015	Total 2014
<u>Ottawa Trust</u>				
Balance, beginning of year	\$ -	\$ 2,086	\$ 2,086	\$ 2,992
Interest	62	-	62	80
B.C. Special	931	-	931	-
Transfer to Lheidli T'enneh Band	<u>(971)</u>	-	<u>(971)</u>	(986)
Balance, end of year	<u>\$ 22</u>	<u>\$ 2,086</u>	<u>\$ 2,108</u>	<u>\$ 2,086</u>

The Ottawa Trust Accounts arise from monies from capital or revenue sources outlined in Section 62 of the "Indian Act". These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the "Indian Act".

**LHEIDLIT'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	(Note 18)	
	2015	2014
Trade payables and accrued liabilities	\$ 367,762	\$ 204,220
Wages and government remittances payable	64,607	73,491
Other	<u>5,312</u>	<u>3,155</u>
	<u><u>\$ 437,681</u></u>	<u><u>\$ 280,866</u></u>

**9. LOAN PAYABLE**

Loan payable from Chunzoolh Forest Products Ltd., a company owned 100% by government business enterprise Lheit Lit'en Development Corporation, is non-interest bearing, unsecured with no specific terms of repayment.

**10. LONG-TERM DEBT**

	(Note 18)	
	2015	2014
Mortgage, repayable in monthly instalments of \$2,567 including interest at 2.57% per annum, secured by a Government of Canada ministerial guarantee, due to mature August 1, 2024	\$ 257,294	\$ 282,002
Mortgage repayable in monthly instalments of \$1,054 including interest at 1.39% per annum, secured by a Government of Canada ministerial guarantee, maturing August 1, 2027	144,147	154,896
Mortgage repayable in monthly instalments of \$2,080 including interest at 1.65% per annum, secured by a Government of Canada ministerial guarantee, maturing May 1, 2017	53,100	77,086
Mortgage repayable in monthly instalments of \$1,124 including interest at 2.90% per annum secured by a Government of Canada ministerial guarantee, maturing on November 2, 2019	<u>44,776</u>	<u>56,684</u>
Balance forward	<u><u>\$ 499,317</u></u>	<u><u>\$ 570,668</u></u>

**LHEIDLIT'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**10. LONG-TERM DEBT, continued**

	2015	(Note 18) 2014
Balance forward	\$ 499,317	\$ 570,668
Mortgage repayable in monthly instalments of \$1,934 including interest at 3.24% per annum, secured by a Government of Canada ministerial guarantee, maturing April 1, 2016	24,768	46,597
Mortgage repayable in monthly instalments of \$2,554 including interest at 2.54% per annum, secured by a Government of Canada ministerial guarantee, maturing on December 1, 2023	236,100	260,890
Loan repayable in monthly instalments of \$975 including interest at 3.50% per annum, secured by a vehicle with a net book value of \$35,822, maturing on January 9, 2019	17,072	50,568
Loan repayable in monthly instalments of \$1,410 including interest at 3.50% per annum, secured by a vehicle with a net book value of \$58,726, maturing on January 9, 2019	<u>60,597</u>	<u>75,116</u>
	<u><u>\$ 837,854</u></u>	<u><u>\$ 1,003,839</u></u>

Principal repayments due in each of the next five years are scheduled as follows:

2016	\$ 146,470
2017	122,709
2018	96,466
2019	84,858
2020	<u>65,504</u>
	<u><u>\$ 516,007</u></u>

**LHEIDL T'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**11. TREATY LOAN**

Treaty loan is an Aboriginal Affairs and Northern Development Canada promissory note representing advances for negotiations with the British Columbia Treaty Commission. Repayment provisions for these loans are outlined in Sections 13.0 and 14.0 of the Negotiation Support Agreement. The loan is a non-interest bearing and will be repayable over a 10 year period after the signing of the Final Agreement between Lheidli T'enneh Band, the Government of Canada and the Government of British Columbia.

**12. TANGIBLE CAPITAL ASSETS (Appendix B)**

			2015	(Note 18)	2014
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive equipment	\$ 162,953	\$ 58,645	\$ 104,308	\$ 126,262	
Boats and fisheries equipment	106,372	80,272	26,100	33,127	
Buildings	245,614	144,433	101,181	109,368	
Computer equipment	96,181	83,244	12,937	8,751	
Fuel tanks	207,268	119,179	88,089	98,452	
Furniture and office equipment	70,531	45,715	24,816	38,607	
Heavy duty equipment	130,551	107,658	22,893	5,733	
Housing	2,364,434	1,672,556	691,878	786,606	
Infrastructure	2,495,312	1,383,662	1,111,650	1,189,353	
Land improvements	271,310	86,557	184,753	170,311	
Signage	40,724	17,919	22,805	26,878	
Website	14,718	6,476	8,242	9,715	
	<b>6,205,968</b>	<b>3,806,316</b>	<b>2,399,652</b>	<b>2,603,163</b>	
Capital projects in progress	<b>1,385,008</b>	-	<b>1,385,008</b>	<b>1,385,008</b>	
	<b><u>\$ 7,590,976</u></b>	<b><u>\$ 3,806,316</u></b>	<b><u>\$ 3,784,660</u></b>	<b><u>\$ 3,988,171</u></b>	

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

	2015	(Note 18)	2014
Interest paid	\$ 17,647	\$ 14,439	

**LHEIDL T'ENNEH BAND  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2015**

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**14. CONTINGENCIES**

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Lheidli T'enneh Band has entered into contribution agreements with various government agencies. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

The Band may have future silviculture commitments on government business enterprises owned forest licenses if future costs exceed current estimates. The amount of the liability, if any, is not determinable at this time.

In addition, in the normal course of its operations, Lheidli T'enneh Band becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events 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.

**15. RECONCILIATION OF AANDC FUNDING AGREEMENT REVENUE**

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Pursuant to the guidelines required by the Aboriginal Affairs and Northern Development Canada 2014 - 2015 Financial Reporting Requirements, the following reconciliation has been prepared:

Recipient total as per 2014/2015 AANDC funding confirmation	\$ 1,084,957
Variance	_____
AANDC revenue as per consolidated statement of operations	<u>\$ 1,084,957</u>

**LHEIDLIT'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

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**16. GOVERNMENT TRANSFERS**

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	2015			(Note 18) 2014		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers:						
Aboriginal Affairs and Northern Development Canada	\$ 1,084,957	\$ -	\$ 1,084,957	\$ 1,161,104	\$ -	\$ 1,161,104
First Nations Health Authority						
Health Canada	172,746	-	172,746	157,529	-	157,529
Other	229,249	-	229,249	221,255	-	221,255
	<u>1,486,952</u>	<u>-</u>	<u>1,486,952</u>	<u>1,539,888</u>	<u>-</u>	<u>1,539,888</u>
Provincial government transfers	<u>1,040,748</u>	<u>-</u>	<u>1,040,748</u>	<u>648,069</u>	<u>-</u>	<u>648,069</u>
	<u><u>\$ 2,527,700</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,527,700</u></u>	<u><u>\$ 2,187,957</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,187,957</u></u>

**17. RISK MANAGEMENT**

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The Band has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include the following:

**Credit Risk**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Band has a history of dealing with its funding agencies and customer base and does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable.

The Band maintains its cash and deposits with a federally regulated Canadian financial institution and a Credit Union, and thus has not experienced any change in risk exposure.

**Interest Rate Risk**

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Band's long-term debt is at fixed rates of interest therefore, a change in market interest rates has no impact to cash flows required to service this debt. The Band maintains an operating line of credit subject to floating rates of interest, a change in the variable rate can impact cash flow to service the debt when such debt is outstanding. There has been no change to the risk exposure from 2014 and there is expected to be no substantive change in the next fiscal period.

**LHEIDL T'ENNEH BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

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**18. COMPARATIVE FIGURES**

The prior year's comparative figures were audited by another firm of Chartered Professional Accountants. The prior year figures have been reclassified for the current year presentation and are presented for comparative purposes only.

**19. SEGMENT DISCLOSURE**

Lheidli T'enneh Band 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 expenditures 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 and Government Development - provides governance initiatives and training through the activities of Chief and Council and administration of other activities relating to program delivery, membership and finance;

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

Education - provides elementary and secondary education instructional services and provides financial support to post secondary students;

Employment and Training - provides training and work opportunities for Band 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 Band members;

Housing - provides housing and services to Band members;

Public Works Operations and Maintenance - manages community and facilities operations and maintenance including capital projects, municipal services, water and waste water operations, roads, fire protection, and maintenance of community buildings;

Social and Community Services - provides programs and services for the social benefit and welfare of Band members;

Treaty Claims and Negotiations - manages the land claim and negotiation process with Canada and the Province of British Columbia;

Trust Funds - provides programs and services for the social, economic and capital needs of Band members;

Government Business Enterprises - economic development for benefit of Band members;

Tangible Capital Assets - provides for capital infrastructure development for Band members.



LHEIDLIT'ENNEH BAND  
SEGMENT DISCLOSURE  
YEAR ENDED MARCH 31, 2015

REVENUE	HOUSING				PUBLIC WORKS				SOCIAL AND COMMUNITY SERVICES				TREATY CLAIMS AND NEGOTIATIONS				TRUST FUNDS					
	Budget		2015		2014		Budget		2015		2014		Budget		2015		2014		Budget			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
AANDC																						
First Nations Health Authority	62,797	62,449	66,975																			
Canada Mortgage and Housing Corporation																						
Department of Fisheries and Oceans																						
Province of British Columbia																						
Aboriginal organizations																						
Donations																						
Administration fees																						
Interest, rent and other																						
Ottawa trust funds																						
Income from government business enterprises																						
<b>TOTAL REVENUE</b>	<b>210,697</b>	<b>225,795</b>	<b>470,195</b>		<b>151,828</b>	<b>153,944</b>	<b>165,645</b>		<b>332,289</b>	<b>330,242</b>	<b>481,229</b>		<b>150,000</b>	<b>150,000</b>	<b>150,000</b>		<b>135,620</b>		<b>993</b>	<b>80</b>		
<b>EXPENDITURE</b>																						
Administration and government development																						
Amortization and interest																						
Contract	100,170	100,249	125,952																		<b>971</b>	
Honoraria		1,238	4,700																			
Professional fees																						
Rent																						
Repairs and maintenance																						
Supplies																						
Telephone and utilities																						
Travel and accommodations																						
Wages and benefits																						
Workshops and training																						
Other																						
Loss from government business enterprises																						
	<b>282,246</b>	<b>343,575</b>	<b>357,702</b>		<b>151,828</b>	<b>169,298</b>	<b>220,308</b>		<b>412,464</b>	<b>449,606</b>	<b>400,281</b>		<b>192,276</b>	<b>47,713</b>	<b>120,309</b>		<b>971</b>	<b>986</b>				
<b>EXCESS REVENUE OVER EXPENDITURE</b>																						
<b>(EXPENDITURE OVER REVENUE)</b>	<b>(71,549)</b>	<b>(117,730)</b>	<b>112,493</b>		<b>(15,345)</b>	<b>(54,663)</b>	<b>(80,175)</b>		<b>(119,364)</b>	<b>80,948</b>	<b>(42,276)</b>		<b>102,287</b>	<b>15,311</b>			<b>22</b>	<b>(906)</b>				
<b>TRANSFER TO TANGIBLE CAPITAL</b>																						
<b>ASSETS</b>																						
	<b>\$ (71,549)</b>	<b>\$ (117,730)</b>	<b>\$ 112,493</b>		<b>\$ (17,127)</b>	<b>\$ (54,663)</b>	<b>\$ (80,175)</b>		<b>\$ (119,364)</b>	<b>\$ 80,948</b>	<b>\$ (42,276)</b>		<b>\$ 102,287</b>	<b>\$ 15,311</b>			<b>\$ 22</b>	<b>\$ (906)</b>				

**LHEIDL T'ENNEH BAND  
SEGMENT DISCLOSURE  
YEAR ENDED MARCH 31, 2015**

**LHEIDLIT'ENNEH BAND**  
**GOVERNMENT BUSINESS ENTERPRISES**  
**CONDENSED FINANCIAL INFORMATION**  
**YEAR ENDED MARCH 31, 2015**

	<b>Lheit Lit'en Development Corporation</b>	<b>Tano T'enneh General Partner Corporation</b>	<b>Tano T'enneh Limited Partnership</b>	<b>FN (PTP) Group Limited Partnership</b>	<b>Total 2015</b>	<b>Total 2014</b>	<b>(Note 18)</b>
<b>Assets</b>							
Financial Assets	\$ 264,935	\$ 1,364	\$ 3,140,080	\$ 550,737	\$ 3,957,116	\$ 2,216,170	
Tangible Capital Assets	3,144	-	41,546	-	44,690		
Other Assets	2,092,653	-	376,845	-	2,469,498	2,336,397	
<b>Total Assets</b>	<b>\$ 2,360,732</b>	<b>\$ 1,364</b>	<b>\$ 3,558,471</b>	<b>\$ 550,737</b>	<b>\$ 6,471,304</b>	<b>\$ 4,552,567</b>	
<b>Liabilities</b>							
Debt	\$ 357,606	\$ 2,000	\$ 24,836	\$ 608,174	\$ 992,616	\$ 1,110,359	
Equity (Deficit)	(744,713)	(6,136)	310,318	1	310,319	145,808	
<b>Total Liabilities and Equity</b>	<b>\$ (387,107)</b>	<b>\$ (4,136)</b>	<b>\$ 6,540,746</b>	<b>\$ (57,438)</b>	<b>\$ 5,397,305</b>	<b>4,031,328</b>	
<b>Related Party Loans</b>	<b>\$ 2,747,839</b>	<b>\$ 5,500</b>	<b>\$ (2,982,275)</b>	<b>\$ -</b>	<b>\$ (228,936)</b>	<b>\$ (734,928)</b>	
<b>Intercompany Loans</b>							
Lheidli T'enneh Band Advances	\$ 621,981	\$ 5,500	\$ (3,088,769)	\$ -	\$ (2,461,288)	\$ (2,849,551)	
Related Party Loans	2,125,858	-	106,494	-	2,232,352	2,160,661	
<b>Revenue</b>	<b>\$ 51,045</b>	<b>\$ 55</b>	<b>\$ 1,616,800</b>	<b>\$ 1,537,522</b>	<b>\$ 3,205,422</b>	<b>\$ 8,448,206</b>	
Expenses	8,597	6,211	228,637	1,320,910	1,564,355	912,817	
Amortization	1,347	-	-	-	1,347	43,925	
Interest	-	-	-	-	-	103,733	
<b>Total Expenses</b>	<b>\$ 9,944</b>	<b>\$ 6,211</b>	<b>\$ 228,637</b>	<b>\$ 1,320,910</b>	<b>\$ 1,565,702</b>	<b>\$ 1,060,475</b>	
<b>Income (Loss)</b>	<b>\$ 41,101</b>	<b>\$ (6,156)</b>	<b>\$ 1,388,163</b>	<b>\$ 216,612</b>	<b>\$ 1,639,720</b>	<b>\$ 7,387,731</b>	
<b>Lheidli T'enneh Band's Share</b>	<b>\$ 41,101</b>	<b>\$ (6,156)</b>	<b>\$ 1,388,024</b>	<b>\$ -</b>	<b>\$ 1,422,969</b>	<b>\$ 1,994,669</b>	

LHEDDLI T'ENNEH BAND  
TANGIBLE CAPITAL ASSETS  
YEAR ENDED MARCH 31, 2015

APPENDIX B

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE			
	Opening Balance	Additions	Disposals	Balance End of Year	Opening Balance	Amortization	Disposals	Balance End of Year	2015	(Note 18) 2014
Automotive equipment	\$ 155,953	\$ 7,000	\$ -	\$ 162,953	\$ 29,691	\$ 28,954	\$ -	\$ 58,645	\$ 104,308	\$ 126,262
Boats and fisheries equipment	106,372	-	-	106,372	73,245	7,027	-	80,272	26,100	33,127
Buildings	245,614	-	-	245,614	136,246	8,187	-	144,433	101,181	109,368
Computer equipment	80,176	16,005	-	96,181	71,425	11,819	-	83,244	12,937	8,751
Fuel tanks	207,268	-	-	207,268	108,816	10,363	-	119,179	88,089	98,452
Furniture and office equipment	61,932	8,599	-	70,531	23,325	22,390	-	45,715	24,816	38,607
Heavy duty equipment	110,749	19,802	-	130,551	105,016	2,642	-	107,638	22,893	5,733
Housing	2,364,434	-	-	2,364,434	1,577,828	94,728	-	1,672,556	691,878	786,606
Infrastructure	2,495,312	-	-	2,495,312	1,305,959	77,703	-	1,383,662	1,111,650	1,189,353
Land improvements	251,442	19,868	-	271,310	81,131	5,426	-	86,557	184,753	170,311
Signage	40,724	-	-	40,724	13,846	4,073	-	17,919	22,805	26,878
Website development	14,718	-	-	14,718	5,003	1,473	-	6,476	8,242	9,715
	6,134,694	71,274	-	6,205,968	3,531,531	274,785	-	3,806,316	2,399,652	2,603,163
Capital projects in progress	1,385,008	-	-	1,385,008	-	-	-	1,385,008	1,385,008	
	<b>\$ 7,519,702</b>	<b>\$ 71,274</b>	<b>\$ -</b>	<b>\$ 7,590,976</b>	<b>\$ 3,531,531</b>	<b>\$ 274,785</b>	<b>\$ -</b>	<b>\$ 3,806,316</b>	<b>\$ 3,784,660</b>	<b>\$ 3,988,171</b>