

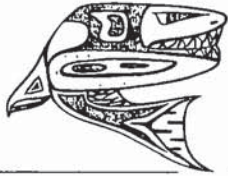
STELLAT'EN FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2014



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Year Ended March 31, 2014

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STELLAT'EN FIRST NATION

BOX 760, FRASER LAKE, B.C. V0J 1S0 – PHONE (250) 699-8747 – FAX (250) 699-6430
www.stellaten.com

Management's Responsibility for the Consolidated Financial Reporting

The accompanying consolidated financial statements of Stellat'en First Nation are the responsibility of management and have been approved by the Chief and Council of the Nation.

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

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

The external auditors, Tiani Adams & Company Inc., 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 Stellat'en First Nation and meet when required.

On behalf of Stellat'en First Nation


Chief


Councillor


Councillor

Fraser Lake, BC
July 08, 2014

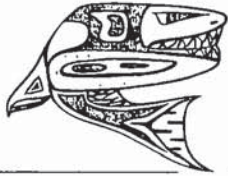
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The external auditors, Tiani Adams & Company Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Stellat'en First Nation and meet when required.

On behalf of Stellat'en First Nation


Chief


Councillor


Councillor

Fraser Lake, BC
July 08, 2014



TIANI ADAMS & COMPANY INC.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Chief and Council of Stellat'en First Nation

We have audited the accompanying consolidated financial statements of Stellat'en First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of revenues and expenditures, changes in net 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.

Auditor's 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 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 auditor's judgment, including the assessment of the risks 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 qualified audit opinion.

Basis for Qualified Opinion

The Nation derives revenue from the Slenyah Store, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues is limited to the amounts recorded in the records of the Nation and we were not able to determine whether any adjustments might be necessary to related revenues and cash provided from operations.

(continues)



TIANI ADAMS & COMPANY INC.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Chief and Council of Stellat'en First Nation

We have audited the accompanying consolidated financial statements of Stellat'en First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of revenues and expenditures, changes in net 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.

Auditor's 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 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 auditor's judgment, including the assessment of the risks 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 qualified audit opinion.

Basis for Qualified Opinion

The Nation derives revenue from the Slenyah Store, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues is limited to the amounts recorded in the records of the Nation and we were not able to determine whether any adjustments might be necessary to related revenues and cash provided from operations.

(continues)

Independent Auditor's Report to the Chief and Council of Stelat'en First Nation (continued)

We draw attention to Note 7 to the financial statements, which provides details regarding tangible capital assets. The Nation was unable to provide a detailed tangible capital asset listing at historical cost. We were unable to verify the completeness of the valuation of the tangible capital assets included in management's summary financial statements. We were also unable to restate the prior period assets and surplus to reflect the standards required by PS 3150 of the Canadian Institute of Chartered Accountants Handbook.

The consolidated financial statements for the year ended March 31, 2013 were audited by another accounting firm and are presented for comparative purposes only.

Qualified Opinion

In our opinion, except for the effects of the revenue from the Slenyah Store and from the tangible capital assets, as described in the preceding paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Stelat'en First Nation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Prince George, British Columbia
July 8, 2014

TIAN ADAMS + Company Inc.

CHARTERED ACCOUNTANTS


STELLAT'EN FIRST NATION
Consolidated Statement of Financial Position
March 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	94,903	430,013
Restricted cash (Note 3)	1,026,888	1,019,182
Accounts receivable (Note 4)	537,676	513,340
Inventories	50,678	92,151
Trust assets (Note 5)	71,899	69,752
	<u>1,782,044</u>	<u>2,124,438</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	565,250	821,511
Deposits payable	18,750	-
Deferred income	49,254	203,888
Debt (Note 7)	1,119,353	1,128,925
	<u>1,752,607</u>	<u>2,154,324</u>
NET ASSETS	<u>29,437</u>	<u>(29,886)</u>
NON FINANCIAL ASSETS		
Prepaid expenses	108,560	57,296
Tangible capital assets (Note 8)	4,065,571	4,232,167
	<u>4,174,131</u>	<u>4,289,463</u>
ACCUMULATED SURPLUS	<u>\$ 4,203,568</u>	<u>\$ 4,259,577</u>

ON BEHALF OF THE NATION

 _____ Chief

_____ Councillor

 _____ Councillor

See notes to financial statements



STELLAT'EN FIRST NATION
Consolidated Statement of Revenues and Expenditures
Year Ended March 31, 2014

	Budget 2014	2014	2013
REVENUE			
Aboriginal Affairs and Northern Development Canada	\$ 1,883,551	\$ 1,795,804	\$ 1,600,124
Admin Fee Revenue	297,728	373,261	194,278
Carrier Sekani Family Services	150,259	130,053	140,729
Health Canada	73,090	73,090	73,815
Other Revenue	419,699	220,535	108,048
Ottawa trust funds	-	2,147	3,587
Prince George Aboriginal Employment and Training	70,192	69,731	74,688
Province of British Columbia	86,640	140,414	160,935
Resource industry revenue	1,549,249	1,401,524	812,844
Slenyah store sales	3,396,931	3,211,128	3,380,615
	<u>7,927,339</u>	<u>7,417,687</u>	<u>6,549,663</u>
EXPENSES			
Allowances	693,805	298,846	370,778
Amortization	-	199,204	208,316
Bad debts	600	40,990	11,618
Business taxes, licenses and memberships	23,275	18,827	23,496
Contract services	737,069	636,177	666,851
General and administrative expenses	412,636	396,525	194,278
Honoraria	145,716	137,356	114,745
Insurance	35,773	25,907	36,269
Interest and bank charges	16,355	8,139	10,141
Office	1,061,426	612,604	465,999
Professional fees	274,348	474,561	264,516
Repairs and maintenance	123,168	100,724	33,754
Slenyah store cost of sales	2,827,677	2,965,270	2,829,075
Supplies	103,238	112,495	30,686
Telephone	24,993	40,432	45,660
Travel and Training	128,159	85,898	102,586
Utilities	76,503	76,990	62,449
Wages and benefits	1,253,822	1,244,140	1,079,676
	<u>7,938,563</u>	<u>7,475,085</u>	<u>6,550,893</u>
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>(11,224)</u>	<u>(57,398)</u>	<u>(1,230)</u>

(continues)

See notes to financial statements



STELLAT'EN FIRST NATION
Consolidated Statement of Revenues and Expenditures *(continued)*
Year Ended March 31, 2014

	Budget 2014	2014	2013
OTHER INCOME			
Loss on disposal of assets	-	(1,820)	-
Expense reimbursement	-	3,209	-
	-	1,389	-
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (11,224)	\$ (56,009)	\$ (1,230)

See notes to financial statements



STELLAT'EN FIRST NATION
Consolidated Statement of Changes in Net Assets
Year Ended March 31, 2014

	General Fund	Restricted Fund	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 3,598,365	\$ 661,212	\$ 4,259,577	\$ 4,260,807
Deficiency of revenue over expenses	(56,009)	-	(56,009)	(1,230)
NET ASSETS - END OF YEAR	\$ 3,542,356	\$ 661,212	\$ 4,203,568	\$ 4,259,577

See notes to financial statements



STELLAT'EN FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (56,009)	\$ (1,230)
Items not affecting cash:		
Amortization of property, plant and equipment	199,204	208,316
Loss on disposal of assets	1,820	-
Ottawa Trust Funds	(2,147)	(3,587)
	<u>142,868</u>	<u>203,499</u>
Changes in non-cash working capital:		
Accounts receivable	(24,336)	(219,822)
Inventory	41,473	9,289
Accounts payable and accrued liabilities	(256,261)	(13,243)
Deferred income	(154,634)	203,888
Prepaid expenses	(51,264)	(44,923)
Deposits payable	18,750	-
	<u>(426,272)</u>	<u>(64,811)</u>
Cash flow from (used by) operating activities	<u>(283,404)</u>	<u>138,688</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(34,428)</u>	<u>(19,868)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(9,572)</u>	<u>(12,801)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(327,404)</u>	<u>106,019</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,449,195</u>	<u>1,343,176</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,121,791</u>	<u>\$ 1,449,195</u>
CASH CONSISTS OF:		
Cash	\$ 94,903	\$ 430,013
Restricted cash	1,026,888	1,019,182
	<u>\$ 1,121,791</u>	<u>\$ 1,449,195</u>

See notes to financial statements



STELLAT'EN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Consolidated Financial Statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations

Reporting Entity

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

Basis of consolidation

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

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

Subsidiary	Ownership %	Year end
0987339 B.C. Ltd.	100.00	March 31, 2014
Slenyah Store Ltd.	100.00	March 31, 2014
Slenyah Store Limited Partnership	100.00	March 31, 2014
Stellako Custom Wood Ltd.	100.00	March 31, 2014
Stellat'en Duchun Forestry Inc.	100.00	March 31, 2014
Stellat'en Duchun Forestry Limited Partnership	100.00	March 31, 2014
Stellat'en Holdings Inc.	100.00	March 31, 2014
Stellat'en Holdings Limited Partnership	100.00	March 31, 2014

Cash and cash equivalents

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

Inventory

Inventory is recorded at the lower of cost and market.

(continues)

STELLAT'EN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated 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.

Tangible assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Building & infrastructure	4%	declining balance method
Computer equipment	30%-55%	declining balance method
Equipment	30%	declining balance method
Furniture and fixtures	30%	declining balance method
Motor vehicles	30%	declining balance method

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

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

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

Funding recoveries and reimbursements

Funding received from federal government sources in the form of conditional transfer payments are subject to recovery by the Crown for 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 determined to payable or receivable.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(continues)

STELLAT'EN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

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

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

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

2. CASH AND CASH EQUIVALENTS

	<u>2014</u>	<u>2013</u>
Bank in overdraft position (Slenyah Store)	\$ (126,018)	\$ 38,991
Cash	<u>220,921</u>	<u>391,022</u>
	<u>\$ 94,903</u>	<u>\$ 430,013</u>

Bank in overdraft position consists of an operating line of credit for the Slenyah Store authorized to \$150,000 bearing interest at Prime plus 1.5% per annum (March 31, 2014 - 4.5%). The line of credit is secured by a pledge of a GIC with a value of \$205,000.

Stellat'en First Nation has access to an operating line of credit, that is not in use at March 31, 2014, of \$50,000 bearing interest at Prime plus 1.5% per annum (March 31, 2014 - 4.5%). The line of credit is secured by a pledge of a GIC with a value of \$205,000.

3. RESTRICTED CASH

Restricted cash consists of restricted term deposits which are available for expenditure upon approval of the members at a general assembly of the Nation's membership.

STELLAT'EN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

4. ACCOUNTS RECEIVABLE

	2014	2013
Band receivables	\$ 526,542	\$ 375,529
Stellat'en First Nation members	11,356	15,391
Store receivables	12,415	109,047
Other	12,456	13,373
Subtotal	562,769	513,340
Allowance for doubtful accounts	(25,093)	-
	<u>\$ 537,676</u>	<u>\$ 513,340</u>

Included in Band receivables is an amount owing from a related party (Slenyah Store) in the amount of \$353,605 (March 31, 2012 - \$Nil).

5. TRUST ASSETS

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	Capital	Revenue	2014 Total	2013 Total
Balance, beginning of year	\$ 2,202	\$ 67,551	\$ 69,753	\$ 66,166
Interest	-	949	949	3,587
British Columbia special	-	1,197	1,197	-
Balance, end of year	<u>\$ 2,202</u>	<u>\$ 69,697</u>	<u>\$ 71,899</u>	<u>\$ 69,753</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade payables	\$ 479,824	\$ 728,863
Accrued wages and benefits	57,816	76,571
Government remittances	27,610	16,077
	<u>\$ 565,250</u>	<u>\$ 821,511</u>

Included in trade payables is an amount owing from a related party (Slenyah Store) to the Stellat'en First nation in the amount of \$353,605 (March 31, 2012 - \$Nil)

7. DEBT

	2014	2013
Carrier Sekani Tribal Council Treaty Negotiation Loan (<i>see below for details</i>).	\$ 1,097,273	\$ 1,097,273

(continues)

STELLAT'EN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

7. DEBT (continued)

	2014	2013
Loan bearing interest at 5.89% per annum, repayable in monthly blended payments of \$690. The loan matures November 2016 and is secured by specific equipment with a net book value of \$17,724.	22,080	30,360
Loan	-	1,292
	<u>\$ 1,119,353</u>	<u>\$ 1,128,925</u>

Principal repayment terms are approximately:

2015	\$ 8,280
2016	8,280
2017	<u>1,102,793</u>
	<u>\$ 1,119,353</u>

Carrier Sekani Tribal Council Treaty Negotiation Loan

Stellat'en First Nation has signed a loan agreement representing advances made by Carrier Sekani Tribal Council for negotiation.

The loan is due and payable by Stellat'en First Nation on the earliest of the following dates:

1. The date that the loan becomes repayable by the Carrier Sekani Tribal Council, pursuant to the First Nation Loan Agreement between the Tribal Council and Canada;
2. November 3, 2016;
3. The seventh anniversary of the date of signing of an Agreement-In-Principle by the Carrier Sekani Tribal Council;
4. The date on which a treaty is signed by the Carrier Sekani Tribal Council;
5. The date on which the First Nation Loan Agreement between the Carrier Sekani Tribal Council and Canada is terminated;
6. The date on which the Carrier Sekani Tribal Council becomes insolvent or commits an act of bankruptcy; or
7. The date on which the Tribal Council winds up.

STELLAT'EN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

8. TANGIBLE CAPITAL ASSETS

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Buildings & infrastructure	\$ 7,054,499	\$ 3,068,476	\$ 7,030,389	\$ 2,902,894
Computer software	28,055	26,510	28,055	26,510
Equipment	590,995	562,223	594,414	551,248
Furniture and fixtures	283,310	262,093	280,101	254,902
Motor vehicles	137,276	109,262	133,595	98,833
	\$ 8,094,135	\$ 4,028,564	\$ 8,066,554	\$ 3,834,387
Net book value	\$ 4,065,571		\$ 4,232,167	

9. CONTINGENT LIABILITIES

a) Under the terms of agreements with Aboriginal Affairs and Northern Development Canada and other government agencies, certain surpluses may be recoverable and so repayable to the government. The amount of the liability for the current year, if any, of the Stellat'en First Nation is not determinable at this time.

Stellat'en First Nation is currently before the Court of Appeal for a dispute with Rio Tinto Alcan. The British Columbia Supreme Court awarded costs to Rio Tinto Alcan and if the appeal fails, there could be additional costs owing from the appellate court process. It is estimated that the sum of the costs would be less than \$25,000.

10. RECONCILIATION OF AANDC FUNDING AGREEMENT REVENUE

Pursuant to the instructions provided by Aboriginal Affairs and Northern Development Canada Year-end Reporting Handbook for First Nations, Tribal Councils and First Nation Political Organizations covering 2013 - 2014, the following reconciliation has been prepared:

Recipient total as per 2013/2014 funding confirmation	\$1,795,804
AANDC revenue per summary financial statements	\$1,795,804

11. ADJUSTMENT TO SURPLUS

In the current year, an adjustment to surplus was used to recognize the assets in Stellat'en First Nation under the Tangible Capital Asset Fund method.

12. ECONOMIC DEPENDENCE

Stellat'en First Nation receives a major portion of its revenues pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada.

STELLAT'EN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

13. FINANCIAL INSTRUMENTS

Stellat'en First Nation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Nation is exposed to credit risk from customers. In order to reduce its credit risk, the Nation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

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. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The Nation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

14. COMPARATIVE FIGURES

Some of the comparative figures, which have been audited by another firm of Chartered Accountants, have been reclassified to conform to the current year's presentation.
