

TL'AZT'EN NATION
FINANCIAL STATEMENTS
March 31, 2014

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TL'AZT'EN NATION
March 31, 2014

**MANAGEMENT'S RESPONSIBILITY FOR
FINANCIAL REPORTING**

The accompanying financial statements of the Tl'azt'en Nation and all the information in this report are the responsibility of the Nation's management and have been approved by Chief and Council on behalf of the Nation.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately accounted for and adequately safeguarded.

The Nation's Council is responsible for ensuring management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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

The financial statements have been audited by Deloitte LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. Deloitte LLP has full and free access to the Nation's Council.

 Chief

 Finance Director

Independent Auditor's Report

To the Chief and Council and Members of
Tl'azt'en Nation

We have audited the accompanying financial statements of Tl'azt'en Nation, which comprise the statement of financial position as at March 31, 2014, and the statements of financial activity, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the summary financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Basis for Qualified Opinion

As explained in Note 16 (b) to the financial statements, the Village of Portage, a community previously a part of the Tl'azt'en Nation, became a separate First Nation known as Yekooche First Nation effective April 1, 1995. Allocation of assets and liabilities to Yekooche First Nation is still subject of negotiations involving Tl'azt'en Nation, Yekooche First Nation and Aboriginal Affairs and Northern Development Canada. Accordingly, we were not able to determine whether any adjustments might be necessary to assets, liabilities, or accumulated surplus (deficit).

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Tl'azt'en Nation at March 31, 2014, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Accountants

Prince George, British Columbia
July 31, 2014

TL'AZT'EN NATION
SUMMARY STATEMENT OF FINANCIAL ACTIVITY
year ended March 31, 2014

	2 0 1 4	2 0 1 3 (restated - Note 18)
Revenues		
Operations Fund		
Aboriginal Affairs and Northern Development Canada	\$ 5,127,776	\$ 4,930,733
First Nation Health Authority	1,573,259	1,565,456
Canada Mortgage and Housing Corporation	124,599	93,246
Other federal government funding	274,697	257,664
Provincial government funding	709,110	894,607
Prince George Nechako Aboriginal Employment and Training Association	451,528	489,079
First Nations Associations	258,803	355,371
Private funding agencies	384,279	119,527
Interest	241,474	135,008
Rentals and user fees	628,599	716,476
Services and product sales	190,611	234,626
Miscellaneous income	1,629,198	878,303
Enterprise fund	401,404	137,903
Ottawa Trust earnings	138,865	111,396
	12,134,202	10,919,395
Expenditures		
Administration	1,192,832	1,564,999
Housing operations	922,474	1,223,921
Health services	1,776,787	1,855,750
Natural resources	1,440,129	771,468
Economic development	121,332	135,876
Education	3,053,062	2,831,822
Social development	1,205,823	1,331,994
Infrastructure	1,972,039	2,392,673
Capital projects	188,557	23,262
	11,873,035	12,131,765
ANNUAL SURPLUS (DEFICIT)	261,167	(1,212,370)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		
As previously reported	8,479,905	9,757,686
Prior period restatement (Note 18)	85,864	-
As restated	8,565,769	9,757,686
Program reimbursement, net	85,107	20,453
ACCUMULATED SURPLUS, END OF YEAR (Note 15)	\$ 8,912,043	\$ 8,565,769

The accompanying notes to the financial statement are an integral part of this financial statement

TL'AZT'EN NATION
SUMMARY STATEMENT OF FINANCIAL POSITION
as at March 31, 2014

	2 0 1 4	2 0 1 3 (restated - Note 18)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 3,908,756	\$ 3,537,599
Accounts receivable (Note 4)	1,486,003	828,196
Investment and advances (Note 5)	334,365	334,365
	<u>5,729,124</u>	<u>4,700,160</u>
LIABILITIES		
Bank indebtedness (Note 8)	560,020	651,927
Accounts payable and accrued liabilities (Note 9)	999,963	1,170,829
Deferred revenue (Note 10)	991,259	1,177,700
Long-term debt (Note 11)	5,278,063	5,219,187
Reserves (Note 12)	316,652	315,663
Investment and advances (Note 5)	1,401,469	1,802,873
	<u>9,547,426</u>	<u>10,338,179</u>
NET DEBT	<u>(3,818,302)</u>	<u>(5,638,019)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	12,622,074	14,087,831
Prepaid expenses	108,271	115,957
	<u>12,730,345</u>	<u>14,203,788</u>
ACCUMULATED SURPLUS (Note 15)	<u>\$ 8,912,043</u>	<u>\$ 8,565,769</u>
COMMITMENTS AND CONTINGENCIES (Note 16)		

APPROVED BY THE COUNCIL

 CHIEF

 COUNCILLOR

TL'AZT'EN NATION
SUMMARY STATEMENT OF CHANGES IN NET DEBT
year ended March 31, 2014

		2 0 1 3 (restated - Note 18)
	2 0 1 4	
Annual surplus (deficit)	\$ 261,167	\$ (1,212,370)
Acquisition of tangible capital assets	(245,898)	(10,348)
Amortization of tangible capital assets	1,645,187	1,773,015
Proceeds on disposal of tangible capital assets	86,049	49,218
Gain on sale of tangible capital assets	(19,582)	-
Program reimbursement, net	85,107	20,453
Use (acquisition) of prepaid expense	7,687	(8,614)
DECREASE IN NET DEBT	1,819,717	611,354
NET DEBT, BEGINNING OF YEAR	(5,638,019)	(6,249,373)
NET DEBT, END OF YEAR	\$ (3,818,302)	\$ (5,638,019)

TL'AZT'EN NATION
SUMMARY STATEMENT OF CASH FLOWS
year ended March 31, 2014

	2 0 1 4	2 0 1 3 (restated - Note 18)
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 261,167	\$ (1,212,370)
Net program reimbursement	85,107	20,453
Items not involving the outlay of funds		
Amortization	1,645,187	1,773,015
Gain on sale of tangible capital assets	(19,582)	-
Equity in earnings of incorporated entities	(401,404)	(137,903)
Provision for replacement and operating reserve - net	989	592
	<u>1,571,464</u>	<u>443,787</u>
Net change in operating working capital		
(Increase) decrease in accounts receivable	(657,807)	86,786
Decrease (increase) in prepaid expenses	7,686	(8,614)
(Decrease) increase in accounts payable and accrued liabilities	(170,866)	163,676
(Decrease) increase in deferred revenue	(186,441)	146,441
	<u>564,036</u>	<u>832,076</u>
FINANCING ACTIVITIES		
Proceeds of long-term debt	440,312	-
Repayment of long-term debt	(381,435)	(360,778)
	<u>58,877</u>	<u>(360,778)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(245,898)	(10,348)
Proceeds on disposal of tangible capital assets	86,049	49,218
	<u>(159,849)</u>	<u>38,870</u>
NET CASH INFLOW	<u>463,064</u>	<u>510,168</u>
CASH POSITION, BEGINNING OF YEAR	<u>2,885,672</u>	<u>2,375,504</u>
CASH POSITION, END OF YEAR	<u>\$ 3,348,736</u>	<u>\$ 2,885,672</u>
Cash is comprised of		
Cash and cash equivalents	\$ 3,908,756	\$ 3,537,599
Bank indebtedness	(560,020)	(651,927)
	<u>\$ 3,348,736</u>	<u>\$ 2,885,672</u>

The accompanying notes to the financial statement are an integral part of this financial statement

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards for local governments as established by the Public Sector Accounting and Auditing Board reporting standards, which encompasses the following principles:

a) Fund accounting

Tl'azt'en Nation (the "Nation") uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Financial Statements. The Nation maintains the following funds:

- The Operations Fund, which reports the general activities of the Nation's administration.
- The Social Housing Fund, which reports the general activities of the Nation's social housing programs.
- The Ottawa Trust Fund, which reports on trust funds owned by the Nation and 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.
- The Enterprise Fund, which includes the Nation's investments in and advances to corporate enterprise activities.

b) Reporting entity and principles of financial reporting

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

Incorporated business entities, which are owned by the Tl'azt'en Nation, or are controlled by the Tl'azt'en Nation Council, and which are not dependent on the Tl'azt'en Nation for their continuing operations, are included in the financial statement using the modified equity method, where by the investment was initially recorded at cost and adjusted to recognize the Nation's share of earning or losses, and reduced by distributions received. The business entity's accounting principles are not adjusted to conform to those of the Nation.

Incorporated business entities included in the financial statements are:

Tanizul Timber Ltd.	Jaboon Holdings Ltd.
Teeslee Forest Products Ltd.	N&T Lakes Contracting Ltd.
Sustut Holding Ltd.	NTT Holdings Ltd.
NTT Nations Limited Partnership	

Investments in and advances to these companies, recorded on the modified equity basis less adjustments for any impairments in value which are considered to be permanent, are reported in the statement of financial position.

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

c) 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. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Tangible capital assets

Capital expenditures are any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery and equipment. They normally confer benefits lasting beyond one year and result in the acquisition of an asset or in the extension of the life of an asset.

Capital expenditures of the Operations Fund, the Social Housing Fund and the Enterprise Fund are recorded at cost in the respective fund.

Assets under construction are not amortized until the asset is available for productive use.

Tangible assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

Amortization is recorded in the financial statements as follows:

Asset	Basis	Years
Buildings, water and sewage and electrification	Straight-line	20 to 25
Housing	Straight-line	25 to 40
Roads	Straight-line	20
Equipment	Straight-line	10
Vehicles	Straight-line	5
Computer equipment and software	Straight-line	3

Assets that no longer contribute to the ability of the Nation to provide services are written down to residual value.

d) Revenue recognition

Government transfers with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when, and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Any such liability is reduced, and an equivalent amount of revenue is recognized as the liability is settled.

Government transfers without stipulations are recognized in the period in which the transfer is authorized, any eligibility criteria have been met and reasonable estimate of the amount to be received can be made.

Certain funding received under the terms of specified use agreements (other than government transfers) is recognized as revenue when the related expenditures are incurred. Such funding received but not yet expended is included in the statement of financial position as deferred revenue.

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

d) Revenue recognition (continued)

Revenue earned on timber sale licences is recognized when wood fibre is delivered and the customer takes ownership and assumes the risk of loss, persuasive evidence of an arrangement exists and collection of the relevant receivables is reasonably assured.

Interest income, rental income, and user fees are recognized when earned and/or the service is provided and collection is reasonably assured.

e) Impairment of long-lived assets

The Nation periodically reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. The Nation reviews for impairment of long-lived assets (or asset groups) to be held and used whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the un-discounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value. When quoted market prices are not available, the Nation uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

f) Financial instruments

The Nation's financial instruments consist of cash and cash equivalents, accounts receivable, and investments and advances.

Financial instruments are recorded at fair value on initial recognition. They are subsequently recorded at cost less any impairment losses if other than temporary.

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 straight-line 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.

(g) Use of estimates

The preparation of 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 revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives for tangible capital assets and valuation allowance for trade receivables and investments, loans and advances. Actual results could differ from those estimates.

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2014

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

h) Budget information

Budget information was approved by Chief and Council; however, this information was not presented in the financial statements.

2. ECONOMIC DEPENDENCE

The Nation receives a major portion of its revenue pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada. The Nation's ability to operate certain programs depends on continuation of this funding.

3. CASH AND CASH EQUIVALENTS

	2 0 1 4	2 0 1 3
Restricted		
Operations Fund		
Trust funds	\$ 1,458,544	\$ 1,244,064
Insurance claim fund	115,932	113,738
	1,574,476	1,357,802
Social Housing		
CMHC replacement reserve	555,615	542,744
CMHC operating reserve	193,413	190,666
	749,028	733,410
Ottawa Trust Fund		
Ottawa Trust capital account	154,536	154,536
Ottawa Trust revenue account	1,430,716	1,291,851
	1,585,252	1,446,387
Total cash and cash equivalents	\$ 3,908,756	\$ 3,537,599

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2014

4. ACCOUNTS RECEIVABLE

	2 0 1 4	2 0 1 3
Operations Fund		
Canada Revenue Agency – HST / GST	\$ 28,104	\$ 70,874
Aboriginal Affairs and Northern Development Canada	167,634	215,018
Department of Fisheries and Oceans	21,600	43,500
First Nations Funding Agencies	44,804	76,826
Prince George Nechako Aboriginal Employment and Training Association	60,309	105,783
Province of British Columbia	417,974	-
Miscellaneous receivables	575,513	167,064
Rent receivable – band owned housing	463,903	362,832
Rent receivable – social housing	330,939	275,044
Due from Nation members and employees	250,052	270,614
	2,360,832	1,587,555
Less: Allowance for doubtful accounts	918,788	766,701
	1,442,044	820,854
Social Housing Fund		
Canada Mortgage and Housing Corporation	43,959	7,342
Total accounts receivable	\$ 1,486,003	\$ 828,196

Amounts due from Nation members (including rent receivable) shown above are unsecured and non-interest bearing and comprise the following:

	2 0 1 4	2 0 1 3
Rent receivable – band owned housing	\$ 463,903	\$ 362,832
Rent receivable – social housing	330,939	275,044
Due from Nation members and employees	250,052	270,614
	1,044,894	908,490
Less: Allowance for doubtful accounts	825,613	682,368
	\$ 219,281	\$ 226,122

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2014

5. INVESTMENTS AND ADVANCES

Investments and advances are recorded on the modified equity basis less adjustments for impairments in value which are considered to be permanent, are summarized as follows:

		2 0 1 4	2 0 1 3
	Ownership %		
N&T Lakes Contracting Ltd.	50	\$ -	\$ -
Sustut Holdings Ltd.	33.33	333,333	333,333
NTT Nations Limited Partnership units	33.33	1,000	1,000
Teeslee Forest Products Ltd.	80	6	6
Integrus Credit Union	-	26	26
		<u>\$ 334,365</u>	<u>\$ 334,365</u>
	Ownership %	2 0 1 4	2 0 1 3 (restated - Note 18)
Tanizul Timber Ltd.	100	\$ (1,315,809)	\$ (1,708,087)
NTT Holdings Ltd.	33.33	(1,202)	(784)
Jaboon Holdings Ltd.	100	(84,458)	(94,002)
		<u>\$ (1,401,469)</u>	<u>\$ (1,802,873)</u>

Supplementary information related to investments recorded using the modified equity method is as follows:

		2 0 1 4	2 0 1 3
	Ownership %		
N&T Lakes Contracting Ltd.	50		
Investment in shares, at cost		\$ 2	\$ 2
Share of loss			
Balance, beginning of year		(2)	40
Loss		-	(42)
		<u>(2)</u>	<u>(2)</u>
Balance, end of year		<u>\$ -</u>	<u>\$ -</u>

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2014

5. INVESTMENTS AND ADVANCES (continued)

	Ownership %	2 0 1 4	2 0 1 3
Jaboon Holdings Ltd.	100		
Investment in shares, at cost		\$ 1	\$ 1
Share of loss			
Balance, beginning of year		(94,002)	(104,821)
Earnings		9,543	10,819
Balance, end of year		(84,459)	(94,002)
		<u>\$ (84,458)</u>	<u>\$ (94,001)</u>
		2 0 1 4	2 0 1 3
			(restated - Note 18)
NTT Holdings Ltd.	33.33		
Investment in shares, at cost		\$ 2	\$ 2
Share of loss			
Balance, beginning of year		(786)	-
Loss		(418)	(786)
Balance, end of year		(1,204)	(786)
		<u>\$ (1,202)</u>	<u>\$ (784)</u>
	%		
Tanizul Timber Ltd.	100		
Investment in shares, at cost		\$ 7	\$ 7
Share of loss			
Balance, beginning of year		(1,708,095)	(1,836,007)
Earnings		392,279	127,912
Balance, end of year		(1,315,816)	(1,708,095)
		<u>\$ (1,315,809)</u>	<u>\$ (1,708,088)</u>

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2014

5. INVESTMENTS AND ADVANCES (continued)

Combined financial information for incorporated entities is summarized as follows:

	2 0 1 4	2 0 1 3
Balance sheet information		
Assets	\$ 857,522	\$ 821,753
Liabilities	2,392,614	2,625,435
Deficit	(1,535,092)	(1,803,682)
Results of operations		
Revenues	447,626	359,772
Expenses	179,036	242,014
Net earnings	268,590	117,758

The amount recorded for Teeslee Forest Products Ltd. is net of an allowance for \$169,856 related to promissory notes and advances made by the Nation to Teeslee Forest Products Ltd. The investment in Jaboon Holdings Ltd. in the amount of \$45,000 and Tanizul Timber Ltd. in the amount of \$469,856 have been written down to reflect its expected realizable value. Previous advances to Sustut Holdings Ltd. in the amount of \$26,833 had been written down to nil.

Due to the limited information available for Sustut Holdings Ltd. this investment was recorded at cost

In 2009, the Nation advanced \$333,333 to Sustut Holdings Ltd. as its one third contribution to the company's subscription of 125,000 shares of DTR Wood Acquisitionco Ltd. ("DTR") at a subscription price of \$1,000,000. DTR is the parent company of Conifex Inc. which operates a forestry and sawmilling business in Fort St. James, BC. DTR is also the parent of 0869550 BC Ltd. which signed an agreement with Abitibi-Consolidated Company of Canada and 1508756 Ontario Inc. in March 2010 to acquire certain sawmill and other assets located in Mackenzie, BC.

6. RELATED PARTY BALANCES AND TRANSACTIONS

Chuzghun Resources Corporation is a society over which the Nation is able to exercise significant influence by way of their representation on the Board of Directors.

Tanizul Timber Ltd., a Company that is owned 100% by Tl'azt'en Nation, paid the Nation \$8,504 in rent and \$49,364 in royalties during the year.

7. FUNDS ON DEPOSIT – ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA (OTTAWA TRUST FUND)

Funds on deposit with Aboriginal Affairs and Northern Development Canada 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. The funds are accessible to the Nation upon the completion of certain prescribed procedures.

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2014

8. BANK INDEBTEDNESS

The bank indebtedness is the result of cheques issued in excess of funds on deposit. The Nation has three authorized overdraft borrowing agreements in the amounts of \$200,000, \$175,000 and \$200,000, bearing interest at prime lending rate plus 0.5% (March 31, 2014 – 3.5%), prime lending rate (March 31, 2014 – 3.0%) and prime plus 1.35% (March 31, 2014 – 4.35%) and each is secured by a registered general security agreement.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 4	2 0 1 3
Trade accounts payable	\$ 700,703	\$ 608,020
Accrued severance costs	50,000	327,369
Payroll and benefits	245,960	231,724
Accrued interest payable – Social Housing	3,300	3,716
	<u>\$ 999,963</u>	<u>\$ 1,170,829</u>

10. DEFERRED REVENUE

Deferred revenue comprises funding received prior to expenditures being made in respect of the following capital and other projects:

	2 0 1 4	2 0 1 3
Ottawa Trust – Binchi Community Hall	\$ 991,259	\$ 991,259
Health Canada – AHTF Transition	-	36,000
BC Union of Municipalities	-	4,000
Cliff Resources	-	113,465
Coastal Gas Link	-	32,976
	<u>\$ 991,259</u>	<u>\$ 1,177,700</u>

11. LONG-TERM DEBT

Operations Fund

Treaty negotiations promissory notes repayable to the Carrier Sekani Tribal Council at the earlier of:

- a) 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;
- b) The year 2016;
- c) The seventh anniversary of the date of signing of an Agreement-in-Principle by the Carrier Sekani Tribal Council;
- d) The date on which a treaty is signed by the Carrier Sekani Tribal Council;
- e) The date on which the First Nation Loan Agreement between the Carrier Sekani Tribal Council and Canada is terminated;
- f) The date on which the Carrier Sekani Tribal Council becomes insolvent or commits an act of bankruptcy; or
- g) The date on which the Carrier Sekani Tribal Council winds-up.

The promissory notes are secured by a first charge against benefits paid by Canada and British Columbia to the First Nation, or to the Tribal Council on behalf of the First Nation, under a treaty, unless otherwise determined on the due date.

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2014

11. LONG-TERM DEBT (continued)

	2 0 1 4	2 0 1 3
Carrier Sekani Tribal Council	\$ 2,044,583	\$ 2,044,583
Royal Bank of Canada – repayable at \$2,510 per month including interest at 2.85% per annum, secured by mortgage on buildings and a ministerial guarantee. Due March 2017.	207,288	231,094
Royal Bank of Canada – repayable at \$5,219 per month including interest at 2.51% per annum, secured by mortgage on buildings and a ministerial guarantee. Due April 2018.	312,384	366,132
Royal Bank of Canada – repayable at \$7,196 per month including interest at 3.51% per annum, secured by mortgage on buildings and a ministerial guarantee. Due November 2014.	722,947	782,626
Royal Bank of Canada – repayable at \$335 per month including interest at 2.56% per annum, secured by mortgage on buildings and a ministerial guarantee. Due November 2017.	28,523	31,771
Royal Bank of Canada – repayable at \$624 per month including interest at 3.05% per annum, secured by mortgage on buildings and a ministerial guarantee. Due May 2017.	54,058	59,786
Integrus demand loan - repayable at \$7,306 per month including interest at 3.55% per annum, secured by GICs. Due November 2018.	376,279	-
	\$ 3,746,062	\$ 3,515,992

Social Housing Fund

All Nations Trust Co. – repayable at \$2,809 per month including interest at 2.63% per annum, secured by mortgage on buildings and a ministerial guarantee. Renewal August 2014; matures June 2018.	\$ 135,436	\$ 165,176
All Nations Trust Co. – repayable at \$2,786 per month including interest at 1.67% per annum, secured by mortgage on buildings and a ministerial guarantee. Renewal April 2017; matures October 2018.	147,404	178,098
Balance carried forward	\$ 282,840	\$ 343,274

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2014

11. LONG-TERM DEBT (continued)

		2 0 1 4	2 0 1 3
Balance brought forward	\$	282,840	\$ 343,274
All Nations Trust Co. – repayable at \$4,733 per month including interest at 2.86% per annum, secured by mortgage on buildings and a ministerial guarantee. Renewal August 2014; matures July 2034.		870,055	901,623
All Nations Trust Co. – repayable at \$2,397 per month including interest at 2.57% per annum, secured by mortgage on buildings and a ministerial guarantee. Renewal December 2014; matures August 2019.		145,354	170,059
All Nations Trust Co. – repayable at \$1,506 per month including interest at 1.64% per annum, secured by mortgage on buildings and a ministerial guarantee. Renewal February 2017; matures July 2020.		108,664	124,819
All Nations Trust Co. – repayable at \$2,388 per month including interest at 2.11% per annum, secured by mortgage on buildings and a ministerial guarantee. Matures October 2018.		125,088	150,413
All Nations Trust Co.		-	13,007
		1,532,001	1,703,195
	\$	5,278,063	\$ 5,219,187

Principal payments due on long-term debt in the next five years on the basis that mortgages are renewed on similar terms and conditions as presently exist, are estimated to be as follows:

	2 0 1 5	2 0 1 6	2 0 1 7	2 0 1 8	2 0 1 9
\$	395,441	\$ 400,054	\$ 411,478	\$ 423,244	\$ 353,544