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TL'AZT'EN NATION

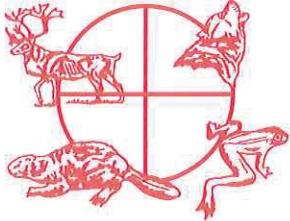
FINANCIAL STATEMENTS

March 31, 2015

TL'AZT'EN NATION
FINANCIAL STATEMENTS
March 31, 2015

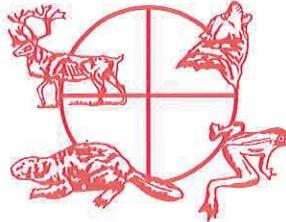
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TL'AZT'EN NATION

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TL'AZT'EN NATION
March 31, 2015

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 judgements. 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, 2015, 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 financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 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.

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, 2015, 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.

Deloitte LLP

Chartered Professional Accountants

Prince George, British Columbia
July 21, 2015

TL'AZT'EN NATION
STATEMENT OF FINANCIAL ACTIVITY
year ended March 31, 2015

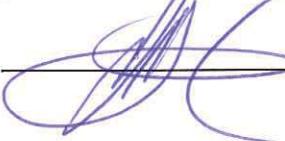
	2015 Budget	2015 Actual	2014 Actual
	\$	\$	\$
Revenues			
Operations Fund			
Aboriginal Affairs and Northern Development Canada	4,306,682	4,929,864	5,127,776
First Nation Health Authority	1,611,461	1,650,660	1,573,259
Canada Mortgage and Housing Corporation	-	100,840	124,599
Other federal government funding	216,000	219,912	274,697
Provincial government funding	-	677,512	709,110
Prince George Nchako Aboriginal Employment and Training Association	575,135	469,971	451,528
First Nations Associations	-	236,749	258,803
Private funding agencies	-	315,779	384,279
Interest	-	286,114	241,474
Rentals and user fees	-	594,773	628,599
Services and product sales	-	193,297	190,611
Miscellaneous income	619,667	1,682,083	1,629,198
Equity earnings from business enterprises	-	1,474,490	401,404
Ottawa Trust earnings	-	121,984	138,865
	7,328,945	12,954,028	12,134,202
Expenditure			
Administration	536,282	1,634,728	1,192,832
Housing operations	-	1,031,302	922,474
Health services	1,525,221	2,004,644	1,776,787
Natural resources	376,614	1,084,652	1,440,129
Economic development	-	148,033	121,332
Education	2,567,698	2,759,152	3,053,062
Social development	1,292,613	1,174,135	1,205,823
Infrastructure	1,013,627	1,922,153	1,972,039
Capital projects	-	138,552	188,557
	7,312,055	11,897,351	11,873,035
Annual surplus	16,890	1,056,677	261,167
Accumulated surplus, beginning of year	8,912,043	8,912,043	8,565,769
Program (recovery) reimbursement, net	-	(69,741)	85,107
Accumulated surplus, end of year (Note 15)	8,928,933	9,898,979	8,912,043

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

TL'AZT'EN NATION
STATEMENT OF FINANCIAL POSITION
as at March 31, 2015

	2015 Actual	2014 Actual
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 4,484,792	\$ 3,908,756
Accounts receivable (Note 4)	408,858	1,486,003
Investment and advances (Note 5)	407,386	334,365
	5,301,036	5,729,124
LIABILITIES		
Bank indebtedness (Note 8)	-	560,020
Accounts payable and accrued liabilities (Note 9)	891,155	999,963
Deferred revenue (Note 10)	991,259	991,259
Long-term debt (Note 11)	4,868,990	5,278,063
Reserves (Note 12)	325,506	316,652
Investment and advances (Note 5)	-	1,401,469
	7,076,910	9,547,426
NET DEBT	(1,775,874)	(3,818,302)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	11,571,130	12,622,074
Prepaid expenses	103,723	108,271
	11,674,853	12,730,345
ACCUMULATED SURPLUS (Note 15)	\$ 9,898,979	\$ 8,912,043
COMMITMENTS AND CONTINGENCIES (Note 16)		

APPROVED BY THE COUNCIL

 CHIEF
 COUNCILLOR

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

TL'AZT'EN NATION
STATEMENT OF CHANGES IN NET DEBT
year ended March 31, 2015

	2015 Budget	2015 Actual	2014 Actual
	\$	\$	\$
Annual surplus	16,890	1,056,677	261,167
Acquisition of tangible capital assets	-	(169,237)	(245,898)
Amortization of tangible capital assets	-	1,220,181	1,645,187
Proceeds on disposal of tangible capital assets	-	-	86,049
Gain on sale of tangible capital assets	-	-	(19,582)
Program reimbursement, net	-	(69,741)	85,107
Use of prepaid expense	-	4,548	7,687
Decrease in net debt	16,890	2,042,428	1,819,717
Net debt, beginning of year	(3,818,302)	(3,818,302)	(5,638,019)
Net debt, end of year	(3,801,412)	(1,775,874)	(3,818,302)

TL'AZT'EN NATION
STATEMENT OF CASH FLOWS
year ended March 31, 2015

	2015 Actual	2014 Actual
	\$	\$
Cash flows from operating activities		
Annual surplus	1,056,677	261,167
Net program reimbursement	(69,741)	85,107
Items not involving the outlay of funds		
Amortization	1,220,181	1,645,187
Gain on sale of tangible capital assets	-	(19,582)
Equity in earnings of incorporated entities	(1,474,490)	(401,404)
Provision for replacement and operating reserve - net	8,854	989
	741,481	1,571,464
Net change in operating working capital		
Decrease (increase) in accounts receivable	1,077,145	(657,807)
Decrease in prepaid expenses	4,548	7,686
Decrease in accounts payable and accrued liabilities	(108,808)	(170,866)
Decrease in deferred revenue	-	(186,441)
	1,714,366	564,036
Financing activities		
Proceeds of long-term debt	-	440,312
Repayment of long-term debt	(409,073)	(381,435)
	(409,073)	58,877
Capital activities		
Acquisition of tangible capital assets	(169,237)	(245,898)
Proceeds on disposal of tangible capital assets	-	86,049
	(169,237)	(159,849)
Net cash inflow	1,136,056	463,064
Cash position, beginning of year	3,348,736	2,885,672
Cash position, end of year	4,484,792	3,348,736
Cash is comprised of		
Cash and cash equivalents	4,484,792	3,908,756
Bank indebtedness	-	(560,020)
	4,484,792	3,348,736

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

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 and government business partnerships, 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, whereby the investment was initially recorded at cost and adjusted to recognize the Nation's share of earnings 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 and government business partnerships included in the financial statements are:

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

Investments in and advances to these companies and partnerships, 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.

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

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.

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

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 or amortized cost less any valuation of 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, 2015

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

h) Budget information

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

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 5	2 0 1 4
Unrestricted		
Operations Fund	\$ 243,257	\$ -
	<hr/>	<hr/>
Restricted		
Operations Fund		
Trust funds	1,651,195	1,458,544
Insurance claim fund	117,380	115,932
	<hr/>	<hr/>
	1,768,575	1,574,476
	<hr/>	<hr/>
Social Housing		
CMHC replacement reserve	473,320	555,615
CMHC operating reserve	292,404	193,413
	<hr/>	<hr/>
	765,724	749,028
	<hr/>	<hr/>
Ottawa Trust Fund		
Ottawa Trust capital account	154,536	154,536
Ottawa Trust revenue account	1,552,700	1,430,716
	<hr/>	<hr/>
	1,707,236	1,585,252
	<hr/>	<hr/>
Total cash and cash equivalents	\$ 4,484,792	\$ 3,908,756

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

4. ACCOUNTS RECEIVABLE

	2 0 1 5	2 0 1 4
Operations Fund		
Canada Revenue Agency - HST / GST	\$ 11,556	\$ 28,104
Aboriginal Affairs and Northern Development Canada	45,115	167,634
Department of Fisheries and Oceans	21,600	21,600
First Nations Funding Agencies	64,014	44,804
Prince George Nechako Aboriginal Employment and Training Association	24,638	60,309
Province of British Columbia	-	417,974
Miscellaneous receivables	255,733	575,513
Rent receivable - band owned housing	481,922	463,903
Rent receivable - social housing	356,178	330,939
Due from Nation members and employees	<u>238,677</u>	<u>250,052</u>
	1,499,433	2,360,832
Less: Allowance for doubtful accounts	<u>1,098,788</u>	<u>918,788</u>
	400,645	1,442,044
Social Housing Fund		
Canada Mortgage and Housing Corporation	<u>8,213</u>	<u>43,959</u>
Total accounts receivable	<u>\$ 408,858</u>	<u>\$ 1,486,003</u>

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

	2 0 1 5	2 0 1 4
Rent receivable – band owned housing	\$ 481,922	\$ 463,903
Rent receivable – social housing	356,178	330,939
Due from Nation members and employees	<u>238,677</u>	<u>250,052</u>
	1,076,777	1,044,894
Less: Allowance for doubtful accounts	<u>1,005,613</u>	<u>825,613</u>
	<u>\$ 71,164</u>	<u>\$ 219,281</u>

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

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 5	2 0 1 4
Ownership %		
Tanizul Timber Ltd.	100	\$ 67,690
N&T Lakes Contracting Ltd.	50	\$ (788)
Sustut Holdings Ltd.	33.33	\$ 4,799
NTT Nations Limited Partnership units	33.33	\$ 1,000
NTT Holdings Ltd.	33.33	\$ (1,832)
Teeslee Forest Products Ltd.	80	\$ 6
Jaboon Holdings Ltd.	25	<u>\$ 7,951</u>
		<u>\$ 78,826</u>
		<u>\$ (1,067,130)</u>

The Nation has made investment and advances to entities that are not accountable to and neither owned nor controlled by the Nation as follows:

	2 0 1 5	2 0 1 4
Investment in Conifex Inc., at cost	\$ 328,534	\$ -
Integris Credit Union	<u>26</u>	<u>26</u>
	<u>328,560</u>	<u>26</u>
Total Investment and advances	<u>407,386</u>	<u>(1,067,104)</u>

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

	2 0 1 5	2 0 1 4
Ownership %		
N&T Lakes Contracting Ltd.	50	
Investment in shares, at cost	\$ 2	\$ 2
Share of loss		
Balance, beginning of year	(2)	(2)
Loss	<u>(788)</u>	<u>-</u>
Balance, end of year	<u>(790)</u>	<u>(2)</u>
	<u>\$ (788)</u>	<u>\$ -</u>

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

5. INVESTMENTS AND ADVANCES (continued)

	Ownership %	2 0 1 5	2 0 1 4
Jaboon Holdings Ltd.	25		
Investment in shares, at cost		\$ 32,107	\$ 1
Share of loss			
Balance, beginning of year		(84,458)	(94,002)
Adjustment		61,869	-
Earnings (loss)		(1,567)	9,543
Balance, end of year		(24,156)	(84,459)
		\$ 7,951	\$ (84,458)
NTT Holdings Ltd.	33.33	2 0 1 5	2 0 1 4
Investment in shares, at cost		\$ 2	\$ 2
Share of loss			
Balance, beginning of year		(1,204)	(786)
Loss		(630)	(418)
Balance, end of year		(1,834)	(1,204)
		\$ (1,832)	\$ (1,202)
Tanizul Timber Ltd.	100	2 0 1 5	2 0 1 4
Investment in shares, at cost		\$ 7	\$ 7
Share of loss			
Balance, beginning of year		(1,315,816)	(1,708,095)
Reversal of impairment allowance		469,849	-
Earnings		913,650	392,279
Balance, end of year		67,683	(1,315,816)
		\$ 67,690	\$ (1,315,809)

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

5. INVESTMENTS AND ADVANCES (continued)

Combined financial information for incorporated entities is summarized as follows:

	2 0 1 5	2 0 1 4
Balance sheet information		
Assets	\$ 2,287,971	\$ 857,522
Liabilities	<u>2,828,337</u>	2,392,614
Deficit	<u>(540,366)</u>	(1,535,092)
Results of operations		
Revenues	1,198,667	447,626
Expenses	<u>197,923</u>	179,036
Net earnings	<u>1,000,744</u>	268,590

The amount recorded for Teeslee Forest Products Ltd. is net of an allowance for \$469,856 related to promissory notes and advances made by the Nation to Teeslee Forest Products Ltd and the investment in Sustut Holdings Ltd. in the amount of \$26,833 has been written down to reflect its expected realizable value.

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. During the year the Nation received the shares of Conifex directly.

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 Ti'azt'en Nation, paid the Nation \$17,500 in rent and \$113,936 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, 2015

8. BANK INDEBTEDNESS

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, 2015 – 3.35%), prime lending rate (March 31, 2015 – 2.85%) and prime plus 1.85% (March 31, 2015 – 4.70%) and each is secured by a registered general security agreement. As at March 31, 2015, the bank indebtedness was not being utilized.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 5	2 0 1 4
Trade accounts payable	\$ 606,644	\$ 700,703
Accrued severance costs	-	50,000
Payroll and benefits	282,383	245,960
Accrued interest payable – Social Housing	2,128	3,300
	<hr/>	<hr/>
	\$ 891,155	\$ 999,963

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 5	2 0 1 4
Ottawa Trust – Binchi Community Hall	\$ 991,259	\$ 991,259

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, 2015

11. LONG-TERM DEBT (continued)

	2 0 1 5	2 0 1 4
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.	182,740	207,288
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.	238,002	312,384
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.	662,052	722,947
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.	25,191	28,523
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.	48,134	54,058
Integris demand loan - repayable at \$7,306 per month including interest at 3.55% per annum, secured by GICs. Due November 2018.	300,669	376,279
	<hr/>	<hr/>
	\$ 3,501,371	\$ 3,746,062

Social Housing Fund

All Nations Trust Co. – repayable at \$2,769 per month including interest at 1.87% per annum, secured by mortgage on buildings and a ministerial guarantee. Matures June 2018.	\$ 104,687	\$ 135,436
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.	116,195	147,404
Balance carried forward	\$ 220,882	\$ 282,840

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

11. LONG-TERM DEBT (continued)

	2 0 1 5	2 0 1 4
Balance brought forward	\$ 220,882	\$ 282,840
All Nations Trust Co. - repayable at \$4,286 per month including interest at 1.85% per annum, secured by mortgage on buildings and a ministerial guarantee. Renewal August 2019, matures July 2034.	835,775	870,055
All Nations Trust Co. - repayable at \$2,387 per month including interest at 1.83% per annum, secured by mortgage on buildings and a ministerial guarantee. Renewal matures August 2019.	119,906	145,354
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.	92,244	108,664
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.	<u>98,812</u>	<u>125,088</u>
	<u>1,367,619</u>	<u>1,532,001</u>
	<u><u>\$ 4,868,990</u></u>	<u><u>\$ 5,278,063</u></u>

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 6	2 0 1 7	2 0 1 8	2 0 1 9	2 0 2 0
	\$ 401,110	\$ 405,699	\$ 416,035	\$ 288,159	\$ 194,170

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

12. RESERVES

	2 0 1 5	2 0 1 4
Medical Services Branch – Moveable Capital Asset	\$ 183,006	\$ 183,007
Fire loss	124,944	116,089
Band owned housing replacement reserve	<u>17,556</u>	17,556
 Total unfunded reserves	 <u>\$ 325,506</u>	 \$ 316,652

13. TANGIBLE CAPITAL ASSETS

	2 0 1 5	2 0 1 4
	Net Book Value	
Operations		
Buildings	\$ 2,258,332	\$ 2,489,985
Equipment	13,174	15,603
Computers and software	3,434	-
Office equipment	-	-
Water and sewer systems	4,262,079	4,761,375
Roads and electrification	1,094,936	1,327,498
Lot development	2,172,852	2,172,852
Investment property	255,296	255,296
Vehicles	<u>135,152</u>	59,208
	 10,195,255	 11,081,817
Social Housing		
Buildings	<u>1,375,875</u>	1,540,257
	 \$ 11,571,130	 12,622,074

For additional information, see the Schedule of Tangible Capital Assets (Schedule B).

14. REPLACEMENT RESERVES

Under the terms of agreements with Canada Mortgage and Housing Corporation ("CMHC"), the Nation is required to make yearly deposits equal to required contributions to a replacement reserve account for each housing phase. Contributions are based on a percentage of total asset costs. The use of these funds is subject to approval by CMHC. 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 be otherwise approved by CMHC. Withdrawals are credited to interest first and then principal.

Under the terms of agreements with CMHC – Full Subsidy Program, after the payment of all costs and expenses including the allocation to the Replacement Reserve fund, any surplus will be retained by the Nation within an Operating Reserve fund. These funds, along with accumulated interest, must be held in a separate bank account. These funds may only be used for the ongoing operating costs of the housing projects committed under the Full Subsidy Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund.

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

14. REPLACEMENT RESERVES (continued)

Under agreements with CMHC, the Nation may also establish a subsidy surplus reserve where any operating surplus can be retained to a maximum of \$500 per housing unit plus interest earned within the reserve. An additional operating surplus, within the CMHC Housing Programs, is subject to recovery by Canada Mortgage and Housing Corporation.

	2 0 1 5	2 0 1 4
Replacement reserves	\$ 442,584	\$ 450,609
Operating reserve	<u>292,404</u>	254,952
	<u><u>\$ 734,988</u></u>	\$ 705,561

a) Replacement reserves

	Pre-1997	Full Subsidy	2 0 1 5	2 0 1 4
Replacement reserve, beg. of year	\$ 266,832	\$ 183,777	\$ 450,609	\$ 444,461
Contributions	32,507	20,000	52,507	55,867
Interest earned	9,891	2,256	12,147	3,781
Expenditures	(1,292)	(400)	(1,692)	(53,500)
Adjustment due to matured units (PY)	(19,897)		(19,897)	
Adjustment due to matured units	(51,090)	-	(51,090)	-
Replacement reserve, end of year	<u>\$ 236,951</u>	<u>\$ 205,633</u>	<u>\$ 442,584</u>	<u>\$ 450,609</u>

As at March 31, 2015, the replacement reserve cash account was over funded by \$30,737.

b) Operating reserve

	2 0 1 5	2 0 1 4
Operating reserve, beg. of year	\$ 254,952	\$ 199,785
Allocation for the year	34,323	53,039
Interest earned	3,129	2,128
Operating reserve, end of year	<u>\$ 292,404</u>	<u>\$ 254,952</u>

As at March 31, 2015, the operating reserve cash account was fully funded.

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

15. ACCUMULATED SURPLUS

The combined accumulated surplus consists of the following balances:

	2 0 1 5	2 0 1 4
Operations fund surplus	\$ 7,814,784	\$ 8,546,782
Social housing deficit	<u>(430,998)</u>	<u>(524,031)</u>
	7,383,786	8,022,751
Replacement reserves (Note 14)	734,988	705,561
Enterprise fund	72,969	(1,401,521)
Ottawa Trust revenue trust surplus	1,552,700	1,430,716
Ottawa Trust capital trust surplus	<u>154,536</u>	<u>154,536</u>
	<u>\$ 9,898,979</u>	<u>\$ 8,912,043</u>

16. COMMITMENTS AND CONTINGENCIES

(a) Guarantees:

- (i) The Nation has a contingent liability related to Aboriginal Affairs and Northern Development Canada's ministerial loan guarantees on mortgages for certain Nation members. The outstanding balance of these mortgages at March 31, 2015 was approximately \$2,421,040
- (ii) The Nation is contingently liable as guarantor of Jaboon Holdings Ltd. for a demand loan in the amount of \$43,748
- (iii) NTT Holdings Ltd., a company in which Tl'azt'en Nation owns 33.33%, is liable for one half the liabilities incurred by the joint venture entered into for the purpose of completion of a surface drilling contract. The liabilities of the joint venture were \$277,995 as at March 31, 2015. The joint venturers also agreed to equally advance sufficient funds to enable the joint venture to meet its obligations (other than indebtedness to the venturers).

(b) Separation of Yekooche Indian Band:

Effective on April 1, 1995, under authority of Aboriginal Affairs and Northern Development Canada, the village of Portage within Tl'azt'en Nation separated to form a new First Nation, known as Yekooche Indian Band. Funding allocations for the years ended subsequent to March 31, 1998 were divided between Tl'azt'en Nation and Yekooche Indian Band, however allocation of assets, liabilities, accumulated surpluses (deficits) and equity in capital assets is still the subject of negotiations involving Tl'azt'en Nation, Yekooche Indian Band and Aboriginal Affairs and Northern Development Canada. Allocation of assets, liabilities, accumulated surpluses (deficits) and equity in capital assets will be recorded in the financial statements of Tl'azt'en Nation in the year a settlement is reached.

- (c) Surpluses related to projects funded by Aboriginal Affairs and Northern Development Canada and Health Canada are subject to possible recovery by those agencies. No provision has been made in these statements for potential recovery for the 2015 year end.

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

17. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 5	2 0 1 4
Administration fees	\$ 461,242	\$ 561,465
Amortization	1,220,181	1,645,184
Bad debt	180,000	103,733
Bank charges and interest	114,627	115,597
Building (utilities and repair & maintenance)	685,966	616,770
Contract fees	212,428	76,309
Education	565,088	781,120
Equipment costs	422,333	338,271
Health and welfare	1,214,879	1,479,742
Honorarium	110,771	162,723
Materials and supplies	242,177	188,218
Miscellaneous	286,354	266,926
Office	234,516	206,249
Other	788,711	341,849
Professional fees	443,356	508,537
Training and workshops	284,927	279,055
Travel	343,595	318,481
Wages and benefits	4,086,200	3,873,806
	<hr/>	<hr/>
	\$ 11,897,351	\$ 11,864,035

18. INCOME AND EXPENDITURES BY SEGMENT

The Nation has presented income and expenditures by segment in Schedule A. The segments presented are as follows:

Operations Fund:

Administration – this segment discloses general activities of the Nation's administration

Housing Operations – this segment reflects income and expenditures associated with the operation and maintenance of Nation owned housing occupied by members.

Health Services – this segment discloses program activities funded by First Nations Health Authority (formerly funded by Health Canada) that related to the provision of health related services to the Nation's members.

Natural Resources – this segment discloses income and expenditures associated with developing and maintaining the natural resources of Nation's traditional territory. Economic Development – this segment reflects income and expenditures associated with the sustained, concerted actions of the Nation that promote the standard of living and economic health of Nation members.

Education – this segment discloses program activities primarily funded by Aboriginal Affairs and Northern Development Canada ("AANDC") and Prince George Native Education and Training Association. These programs relate to elementary, secondary and post-secondary education and training services.

TL'AZT'EN NATION
NOTES TO THE FINANCIAL STATEMENTS
year ended March 31, 2015

18. INCOME AND EXPENDITURES BY SEGMENT (continued)

Operations Fund (continued):

Social Development – this segment includes programs and services related to the social benefit and welfare of Nation members, which is funded by AANDC.

Infrastructure – this segment reflects maintenance costs of various Nation owned buildings and infrastructure.

Capital projects – this segment discloses income and expenditures related to acquiring new capital projects and is funded by AANDC.

Schedule A also discloses activities related to funds operated by the Nation including the Social Housing Fund, the Ottawa Trust Fund, and the Enterprise Fund, as disclosed in Note 1.

19. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

TL'AZTEN NATION
INCOME AND EXPENDITURES BY SEGMENT
year ended March 31, 2015

SCHEDULE A

	AANDC Revenue	Other Revenue	Total Revenue	Total Expenditure	Net (Expenditure) Revenue Before Adjustments	Net Transfers/ Recovery of Prior Year Surplus	Net (Expenditure) Revenue After Adjustments	Net (Expenditure) Revenue After Adjustments	2014 Opening Surplus (Deficit)	2015 Closing Surplus (Deficit)
Operations Fund:										
Administration	677,179	986,894	1,664,073	1,634,728	29,345	(113,241)	(83,896)	714,084	630,188	
Housing Operations	82,607	466,446	549,053	734,642	(185,599)	(94,228)	(279,817)	2,338,681	2,058,864	
Health Services	-	1,854,739	1,854,739	2,004,644	(149,905)	(19,610)	(169,515)	402,134	232,619	
Natural Resources	125,000	1,692,398	1,817,398	1,084,652	732,746	22,803	755,549	(314,757)	440,792	
Economic Development	92,254	56,589	148,843	148,033	810	-	810	198,221	199,031	
Education	1,821,700	846,869	2,668,569	2,759,152	(90,583)	(197,873)	(288,456)	66,669	(221,787)	
Social Development	1,295,945	4,052	1,299,997	1,174,135	125,862	(76,247)	49,615	160,222	209,837	
Infrastructure	687,632	179,977	857,609	1,922,153	(1,054,544)	373,117	(681,427)	5,105,604	4,424,177	
Capital Projects	147,547	-	147,547	138,552	8,995	(14,431)	(5,436)	58,1485	57,049	
Social Housing Fund	-	339,726	339,726	296,660	43,066	49,969	93,035	(524,031)	(430,996)	
Ottawa Trust Fund	-	121,984	121,984	-	121,984	-	121,984	1,585,252	1,707,236	
Enterprise Fund	-	1,474,490	1,474,490	-	1,474,490	-	1,474,490	(1,401,521)	72,969	
	4,929,864	8,024,164	12,954,028	11,897,351	1,056,677	(69,741)	986,936	8,912,043	9,898,979	
Operations Fund:										
Administration	542,328	1,164,018	1,706,346	1,192,832	513,514	4,848	518,362	195,721	714,084	
Housing Operations	32,225	263,984	286,189	607,102	(310,913)	50,039	(260,874)	2,599,555	2,338,681	
Health Services	-	1,775,839	1,775,839	1,776,787	(948)	(35,000)	(35,948)	438,082	402,134	
Natural Resources	75,000	1,772,549	1,847,549	1,440,129	407,420	61,000	468,420	(783,177)	(314,757)	
Economic Development	86,275	37,033	123,308	121,332	1,976	-	1,976	196,245	198,221	
Education	2,159,257	826,476	2,985,733	3,053,062	(67,329)	(76,048)	(143,377)	210,046	66,669	
Social Development	1,356,317	14,800	1,371,117	1,205,823	165,294	19,608	184,902	(24,680)	160,222	
Infrastructure	703,405	232,655	936,100	1,972,039	(1,035,939)	120,303	(915,636)	6,021,240	5,105,604	
Capital Projects	172,969	-	172,969	188,557	(15,588)	(6,604)	(22,192)	603,677	581,485	
Social Housing Fund	-	378,782	378,782	315,372	63,410	(53,039)	10,371	(534,402)	(524,031)	
Ottawa Trust Fund	-	138,865	138,865	-	138,865	-	138,865	1,446,387	1,585,252	
Enterprise Fund	-	401,404	401,404	-	401,404	-	401,404	(1,802,925)	(1,401,521)	
	5,127,776	7,006,455	12,134,201	11,873,035	261,166	85,107	346,273	8,565,769	8,912,043	

TL'AZTEN NATION
TANGIBLE CAPITAL ASSETS
year ended March 31, 2015

SCHEDULE B

	Buildings	Equipment	Computers and software	Office equipment	Water and sewer systems	Roads and electrification	Lot development	Investment property	Vehicles	Social housing buildings	Total 2015
Cost											\$
Balance, beginning of the year	19,743,077	1,144,326	138,144	19,886	15,004,367	4,827,209	2,172,852	255,296	621,954	4,659,046	48,585,657
Add: Additions	22,896	-	5,148	-	-	-	-	-	141,193	-	165,237
Less: Transfers	508,511	-	-	-	-	-	-	-	-	(508,511)	-
Balance: end of year	20,274,484	1,144,326	143,292	19,886	15,004,367	4,827,209	2,172,852	255,296	762,847	4,150,535	48,755,094
Accumulated amortization											\$
Balance: beginning of year	17,253,092	1,128,723	138,144	19,886	10,242,992	3,499,711	-	-	562,446	3,118,789	35,963,783
Add: amortization	254,549	2,429	1,714	-	499,296	232,562	-	-	65,249	164,382	1,220,181
Less: Accumulated Amortization on disposals/Transfers	508,511	-	-	-	-	-	-	-	-	(508,511)	-
Balance, end of year	18,016,152	1,131,152	139,858	19,886	10,742,288	3,732,273	-	-	627,695	2,774,660	37,183,964
Net book value	2,258,332	13,174	3,434	-	4,262,079	1,094,936	2,172,852	255,296	135,152	1,375,875	11,571,130
Cost											\$
Balance, beginning of the year	19,966,363	1,144,326	138,144	19,886	15,004,367	4,827,209	2,172,852	255,296	621,654	4,659,046	48,809,143
Add: Additions	245,898	-	-	-	-	-	-	-	-	-	245,898
Less: Disposals	(469,184)	-	-	-	-	-	-	-	-	-	(469,184)
Balance: end of year	19,743,077	1,144,326	138,144	19,886	15,004,367	4,827,209	2,172,852	255,296	621,654	4,659,046	48,585,657
Accumulated amortization											\$
Balance: beginning of year	17,068,165	1,126,294	134,301	19,886	9,642,816	3,267,149	-	-	515,104	2,947,595	34,721,310
Add: amortization	587,641	2,429	3,843	-	600,176	232,562	-	-	47,342	171,194	1,645,157
Less: Accumulated Amortization on disposals	(402,714)	-	-	-	-	-	-	-	-	-	(402,714)
Balance, end of year	17,253,092	1,128,723	138,144	19,886	10,242,992	3,499,711	-	-	562,446	3,118,789	35,963,783
Net book value	2,489,985	15,603	-	-	4,761,375	1,327,498	2,172,852	255,296	59,208	1,540,257	12,622,074