

**TL'AZT'EN NATION**

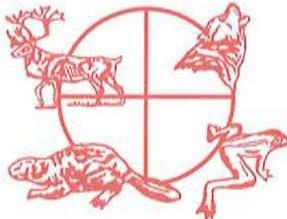
**FINANCIAL STATEMENTS**

**March 31, 2016**

TL'AZT'EN NATION  
FINANCIAL STATEMENTS  
March 31, 2016

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# TL'AZT'EN NATION

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TL'AZT'EN NATION  
March 31, 2016

## 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.

Justus Mael Chief

Tom Brown 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, 2016, and the statements of operations and accumulated surplus and 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.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tl'azt'en Nation at March 31, 2016, 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.



Chartered Professional Accountants

Prince George, British Columbia  
July 28, 2016

**TL'AZT'EN NATION**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
year ended March 31, 2016

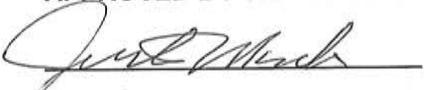
	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
<b>Revenues</b>			
Operations Fund			
Indigenous and Northern Affairs Canada	3,929,005	5,057,858	4,929,864
First Nation Health Authority	1,747,538	1,788,338	1,650,660
Canada Mortgage and Housing Corporation	-	98,562	100,840
Other federal government funding	216,000	374,865	219,912
Provincial government funding	-	939,864	677,512
Prince George Nechako Aboriginal Employment and Training Association	365,796	477,548	469,971
First Nations Associations	-	245,698	236,749
Private funding agencies	-	58,367	315,779
Interest	-	6,146	286,114
Rentals and user fees	-	604,143	594,773
Services and product sales	-	137,320	193,297
Miscellaneous income	997,547	1,748,807	1,682,083
Equity earnings from business enterprises	-	1,124,414	1,474,490
Ottawa Trust earnings	-	131,746	121,984
	7,255,886	12,793,676	12,954,028
<b>Expenditure</b>			
Administration	535,308	1,517,692	1,645,389
Housing operations	-	650,752	1,031,302
Health services	2,010,739	2,130,799	2,004,644
Natural resources	377,714	1,147,102	1,073,991
Economic development	-	92,068	148,033
Education	2,205,210	2,619,530	2,759,152
Social development	1,175,459	1,178,388	1,174,135
Infrastructure	1,022,084	2,067,817	1,922,153
Capital projects	-	356,833	138,552
	7,326,514	11,760,981	11,897,351
<b>Annual surplus</b>	(70,628)	1,032,695	1,056,677
<b>Accumulated surplus, beginning of year</b>	9,898,979	9,898,979	8,912,043
<b>Program recovery (reimbursement), net</b>	-	846,642	(69,741)
<b>Accumulated surplus, end of year (Note 15)</b>	9,828,351	11,778,316	9,898,979

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, 2016

	<b>2016</b> <b>Actual</b>	<b>2015</b> <b>Actual</b>
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	4,055,774	4,484,792
Accounts receivable (Note 4)	798,299	408,858
Investment and advances (Note 5)	1,534,620	407,386
	<b>6,388,693</b>	<b>5,301,036</b>
<b>Liabilities</b>		
Bank indebtedness (Note 8)	-	-
Accounts payable and accrued liabilities (Note 9)	881,646	891,155
Deferred revenue (Note 10)	1,331,490	991,259
Long-term debt (Note 11)	4,452,897	4,868,990
Reserves (Note 12)	200,562	325,506
	<b>6,866,595</b>	<b>7,076,910</b>
<b>Net debt</b>	<b>(477,902)</b>	<b>(1,775,874)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 13)	12,123,663	11,571,130
Prepaid expenses	132,555	103,723
	<b>12,256,218</b>	<b>11,674,853</b>
<b>Accumulated surplus (Note 15)</b>	<b>11,778,316</b>	<b>9,898,979</b>
<b>Commitments and contingencies (Note 16)</b>		

**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, 2016

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
Annual surplus	(70,628)	<b>1,032,695</b>	1,056,677
Acquisition of tangible capital assets	-	<b>(1,772,685)</b>	(169,237)
Amortization of tangible capital assets	-	<b>1,220,152</b>	1,220,181
Proceeds on disposal of tangible capital assets	-	<b>4,215</b>	-
Gain on sale of tangible capital assets	-	<b>(4,215)</b>	-
Program reimbursement, net	-	<b>846,642</b>	(69,741)
Use of prepaid expense	-	<b>(28,832)</b>	4,548
<b>Decrease in net debt</b>	<b>(70,628)</b>	<b>1,297,972</b>	2,042,428
<b>Net debt, beginning of year</b>	<b>(1,775,874)</b>	<b>(1,775,874)</b>	(3,818,302)
<b>Net debt, end of year</b>	<b>(1,846,502)</b>	<b>(477,902)</b>	<b>(1,775,874)</b>

**TL'AZT'EN NATION**  
**STATEMENT OF CASH FLOWS**  
year ended March 31, 2016

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Annual surplus	1,032,695	1,056,677
Net program reimbursement	846,642	(69,741)
Items not involving the outlay of funds		
Amortization	1,220,152	1,220,181
Gain on sale of tangible capital assets	(4,215)	-
Equity in earnings of incorporated entities	(1,124,414)	(1,474,490)
Provision for replacement and operating reserve - net	(124,944)	8,854
Unrealized gain on Gwaii Trust investment	(2,820)	-
	1,843,096	741,481
Net change in operating working capital		
(Increase) decrease in accounts receivable	(389,441)	1,077,145
(Increase) decrease in prepaid expenses	(28,832)	4,548
Decrease in accounts payable and accrued liabilities	(9,509)	(108,808)
Increase in deferred revenue	340,231	-
	1,755,545	1,714,366
<b>Financing activities</b>		
Repayment of long-term debt	(416,093)	(409,073)
	(416,093)	(409,073)
<b>Capital activities</b>		
Acquisition of tangible capital assets	(1,772,685)	(169,237)
Proceeds on disposal of tangible capital assets	4,215	-
	(1,768,470)	(169,237)
<b>Net cash (outflow) inflow</b>	<b>(429,018)</b>	<b>1,136,056</b>
<b>Cash position, beginning of year</b>	<b>4,484,792</b>	<b>3,348,736</b>
<b>Cash position, end of year</b>	<b>4,055,774</b>	<b>4,484,792</b>
Cash is comprised of		
Cash and cash equivalents	4,055,774	4,484,792
Bank indebtedness	-	-
	4,055,774	4,484,792

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

**TL'AZT'EN NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended March 31, 2016

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**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, where by 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.  
Teeslee Forest Products Ltd.  
Sustut Holdings Ltd.  
NTT Nations Limited Partnership

Jaboon Holdings Ltd.  
N&T Lakes Contracting Ltd.  
NTT Holdings Ltd.

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, 2016

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**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, 2016

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**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, 2016

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**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 Indigenous Affairs and Northern Canada. The Nation's ability to operate certain programs depends on continuation of this funding.

**3. CASH AND CASH EQUIVALENTS**

	2 0 1 6	2 0 1 5
Unrestricted		
Operations Fund	\$ 986,276	\$ 243,257
Restricted		
Operations Fund	329,249	1,651,195
Trust funds	-	117,380
Insurance claim fund		
	329,249	1,768,575
Social Housing		
CMHC replacement reserve	559,784	473,320
CMHC operating reserve	341,483	292,404
	901,267	765,724
Ottawa Trust Fund		
Ottawa Trust capital account	154,536	154,536
Ottawa Trust revenue account	1,684,446	1,552,700
	1,838,982	1,707,236
Total cash and cash equivalents	<u>\$ 4,055,774</u>	<u>\$ 4,484,792</u>

**TL'AZT'EN NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended March 31, 2016

**4. ACCOUNTS RECEIVABLE**

	2 0 1 6	2 0 1 5
Operations Fund		
Canada Revenue Agency - GST	\$ 4,161	\$ 11,556
Indigenous Affairs and Northern Canada	151,370	45,115
Department of Fisheries and Oceans	35,000	21,600
First Nations Funding Agencies	67,015	64,014
Prince George Nchako Aboriginal Employment and Training Association	78,028	24,638
Province of British Columbia	-	-
Miscellaneous receivables	477,880	255,733
Rent receivable - band owned housing	558,495	481,922
Rent receivable - social housing	401,360	356,178
Due from Nation members and employees	<u>240,935</u>	<u>238,677</u>
	2,014,244	1,499,433
Less: Allowance for doubtful accounts	<u>1,224,158</u>	<u>1,098,788</u>
	790,086	400,645
Social Housing Fund		
Canada Mortgage and Housing Corporation	8,213	8,213
Total accounts receivable	<u>\$ 798,299</u>	<u>\$ 408,858</u>

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

	2 0 1 6	2 0 1 5
Rent receivable – band owned housing	\$ 558,495	\$ 481,922
Rent receivable – social housing	401,360	356,178
Due from Nation members and employees	<u>240,935</u>	<u>238,677</u>
	1,200,790	1,076,777
Less: Allowance for doubtful accounts	<u>1,130,983</u>	<u>1,005,613</u>
	<u>\$ 69,807</u>	<u>\$ 71,164</u>

**TL'AZT'EN NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended March 31, 2016

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**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 6	2 0 1 5
	Ownership %	
Tanizul Timber Ltd.	100	\$ 1,194,411
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>5,644</u>
		<u>7,951</u>
		<u>\$ 1,203,240</u>
		<u>\$ 78,826</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 6	2 0 1 5
Investment - Gwaii Trust Society	\$ 331,354	\$ 328,534
Integris Credit Union	<u>26</u>	<u>26</u>
	<u>331,380</u>	<u>328,560</u>
Total investment and advances	<u>1,534,620</u>	<u>407,386</u>

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

	2 0 1 6	2 0 1 5
	Ownership %	
N&T Lakes Contracting Ltd.	50	
Investment in shares, at cost	\$ 2	\$ 2
Share of loss		
Balance, beginning of year	(790)	(2)
Loss	-	(788)
Balance, end of year	<u>(790)</u>	<u>(790)</u>
	<u>\$ (788)</u>	<u>\$ (788)</u>

**TL'AZT'EN NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended March 31, 2016

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**5. INVESTMENTS AND ADVANCES (continued)**

	Ownership %	2 0 1 6	2 0 1 5
Jaboon Holdings Ltd.	25		
Investment in shares, at cost		\$ 32,197	\$ 32,107
Share of loss			
Balance, beginning of year		(24,156)	(84,458)
Adjustment		(30)	61,869
Earnings (loss)		(2,367)	(1,567)
Balance, end of year		(26,553)	(24,156)
		\$ 5,644	\$ 7,951
NTT Holdings Ltd.	33.33	2 0 1 6	2 0 1 5
Investment in shares, at cost		\$ 2	\$ 2
Share of loss			
Balance, beginning of year		(1,834)	(1,204)
Loss		-	(630)
Balance, end of year		(1,834)	(1,834)
		\$ (1,832)	\$ (1,832)
Tanizul Timber Ltd.	100	2 0 1 6	2 0 1 5
Investment in shares, at cost		\$ 7	\$ 7
Share of loss			
Balance, beginning of year		67,683	(1,315,816)
Reversal of impairment allowance		-	469,849
Earnings		1,126,721	913,650
Balance, end of year		1,194,404	67,683
		\$ 1,194,411	\$ 67,690

**TL'AZT'EN NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended March 31, 2016

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**5. INVESTMENTS AND ADVANCES (continued)**

Combined financial information for incorporated entities is summarized as follows:

	<b>2 0 1 6</b>	<b>2 0 1 5</b>
Balance sheet information		
Assets	\$ 3,290,764	\$ 2,287,971
Liabilities	3,002,683	2,828,337
Deficit	288,081	(540,366)
Results of operations		
Revenues	1,061,445	1,198,667
Expenses	178,547	197,923
Net earnings	882,898	1,000,744

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.

**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 \$4,000 in rent during the year and \$123,509 in other miscellaneous revenue.

**7. FUNDS ON DEPOSIT – INDIGENOUS AND NORTHERN AFFAIRS CANADA (OTTAWA TRUST FUND)**

Funds on deposit with Indigenous and Northern Affairs 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.

**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, 2016 – 3.80%), prime lending rate (March 31, 2016 – 3.30%) and prime plus 1.85% (March 31, 2016 – 4.55%) and each is secured by a registered general security agreement. As at March 31, 2016, the bank indebtedness was not being utilized.

**TL'AZT'EN NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended March 31, 2016

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**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2 0 1 6</b>	<b>2 0 1 5</b>
Trade accounts payable	\$ 695,071	\$ 606,644
Payroll and benefits	184,715	282,383
Accrued interest payable – Social Housing	1,860	2,128
	<hr/>	<hr/>
	<b>\$ 881,646</b>	<b>\$ 891,155</b>

**10. DEFERRED REVENUE**

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

	<b>2 0 1 6</b>	<b>2 0 1 5</b>
<b>Indigenous and Northern Affairs Canada</b>		
Active Measures	29,105	-
DWS Improvements - Binche	782,354	-
Eugene Joseph School Heating System	414,378	-
Tl'azt'en Solid Waste Management	105,653	-
Ottawa Trust – Binchi Community Hall	<hr/>	<hr/>
	-	991,259
	<hr/>	<hr/>
	<b>\$ 1,331,490</b>	<b>\$ 991,259</b>

**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, 2016

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<b>11. LONG-TERM DEBT (continued)</b>		<b>2 0 1 6</b>	<b>2 0 1 5</b>
Carrier Sekani Tribal Council	\$	<b>2,044,583</b>	\$ 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.		<b>157,501</b>	182,740
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.		<b>165,391</b>	238,002
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 2019.		<b>601,530</b>	662,052
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.		<b>21,775</b>	25,191
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.		<b>42,033</b>	48,134
Integris demand loan - repayable at \$7,306 per month including interest at 3.55% per annum, secured by GICs. Due November 2018.		<b>221,843</b>	300,669
	<b>\$</b>	<b>3,254,656</b>	\$ 3,501,371

**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.	\$	<b>73,151</b>	\$ 104,687
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.		<b>84,465</b>	116,195
Balance carried forward	\$	<b>157,616</b>	220,882

**TL'AZT'EN NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended March 31, 2016

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**11. LONG-TERM DEBT (continued)**

	<b>2 0 1 6</b>	<b>2 0 1 5</b>
Balance brought forward	\$ 157,616	\$ 220,882
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.	799,486	835,775
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.	93,600	119,906
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.	75,556	92,244
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.	71,983	98,812
	<hr/> 1,198,241	<hr/> 1,367,619
	<hr/> \$ 4,452,897	<hr/> \$ 4,868,990

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 7	2 0 1 8	2 0 1 9	2 0 2 0	2 0 2 1
\$ 402,080	\$ 407,178	\$ 385,542	\$ 251,232	\$ 178,417

**TL'AZT'EN NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended March 31, 2016

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**12. RESERVES**

	<b>2 0 1 6</b>	<b>2 0 1 5</b>
Medical Services Branch – Moveable Capital Asset	\$ 183,006	\$ 183,006
Fire loss	-	124,944
Band owned housing replacement reserve	<u>17,556</u>	<u>17,556</u>
 Total unfunded reserves	 <u>\$ 200,562</u>	 <u>\$ 325,506</u>

**13. TANGIBLE CAPITAL ASSETS**

	<b>2 0 1 6</b>	<b>2 0 1 5</b>
	Net Book Value	
Operations		
Buildings	\$ 3,475,189	\$ 2,258,332
Equipment	107,799	13,174
Computers and software	1,720	3,434
Water and sewer systems	3,762,785	4,262,079
Roads and electrification	876,748	1,094,936
Lot development	2,172,852	2,172,852
Investment property	255,296	255,296
Vehicles	<u>264,777</u>	<u>135,152</u>
 Social Housing	 <u>10,917,166</u>	 10,195,255
Buildings	<u>1,206,497</u>	<u>1,375,875</u>
  <b>\$ 12,123,663</b>	  <b>\$ 11,571,130</b>	

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, 2016

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**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 6	2 0 1 5
Replacement reserves	\$ 557,466	\$ 442,584
Operating reserve	<u>319,648</u>	279,098
	<u><u>\$ 877,114</u></u>	\$ 721,682

a) *Replacement reserves*

	Pre-1997	Full Subsidy	2 0 1 6	2 0 1 5
Replacement reserve, beg. of year	\$ 236,952	\$ 205,632	\$ 442,584	\$ 450,609
Contributions	32,507	20,000	52,507	52,507
Interest earned	8,789	4,033	12,822	12,147
Expenditures	(1,537)	-	(1,537)	(1,692)
Adjustment due to matured units (PY)	51,090	-	51,090	(19,897)
Adjustment due to matured units	-	-	-	(51,090)
Replacement reserve, end of year	<u>\$ 327,801</u>	<u>\$ 229,665</u>	<u>\$ 557,466</u>	<u>\$ 442,584</u>

As at March 31, 2016, the replacement reserve cash account was overfunded by \$2,318.

b) *Operating reserve*

	2 0 1 6	2 0 1 5
Operating reserve, beg. of year	\$ 279,098	\$ 241,646
Allocation for the year	37,365	34,323
Interest earned	3,185	3,129
Operating reserve, end of year	<u>\$ 319,648</u>	<u>\$ 279,098</u>

As at March 31, 2016, the operating reserve cash account was overfunded by \$21,835.

**TL'AZT'EN NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended March 31, 2016

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**15. ACCUMULATED SURPLUS**

The combined accumulated surplus consists of the following balances:

	<b>2 0 1 6</b>	<b>2 0 1 5</b>
Operations fund surplus	\$ 8,044,921	\$ 7,814,784
Social housing deficit	(180,084)	(430,998)
	<hr/>	<hr/>
	7,864,837	7,383,786
Replacement reserves (Note 14)	877,114	734,988
Enterprise fund	1,197,383	72,969
Ottawa Trust revenue trust surplus	1,684,446	1,552,700
Ottawa Trust capital trust surplus	154,536	154,536
	<hr/>	<hr/>
	\$ 11,778,316	\$ 9,898,979

**16. COMMITMENTS AND CONTINGENCIES**

(a) *Guarantees:*

- (i) The Nation has a contingent liability related to Indigenous Affairs and Northern Canada's ministerial loan guarantees on mortgages for certain Nation members. The outstanding balance of these mortgages at March 31, 2016 was approximately \$2,228,703
- (ii) The Nation is contingently liable as guarantor of Jaboon Holdings Ltd. for a demand loan in the amount of \$32,678.
- (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 \$282,217 as at March 31, 2016. 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) Surpluses related to projects funded by Indigenous Affairs and Northern 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 2016 year end.

**TL'AZT'EN NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
year ended March 31, 2016

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**17. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	<b>2 0 1 6</b>	<b>2 0 1 5</b>
Administration fees	\$ 464,122	\$ 461,242
Amortization	1,220,152	1,220,181
Bad debt	136,234	180,000
Bank charges and interest	75,717	114,627
Building (utilities and repair & maintenance)	731,467	685,966
Contract fees	79,999	212,428
Education	392,096	565,088
Equipment costs	364,740	422,333
Health and welfare	1,287,680	1,214,879
Honorarium	66,943	110,771
Materials and supplies	243,127	242,177
Miscellaneous	281,469	286,354
Office	275,930	234,516
Other	717,231	788,711
Professional fees	777,375	443,356
Training and workshops	259,422	284,927
Travel	379,950	343,595
Wages and benefits	4,007,327	4,086,200
	<hr/>	<hr/>
	\$ 11,760,981	\$ 11,897,351

**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 Indigenous and Northern Affairs Canada ("INAC") 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, 2016

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**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 INAC.

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 INAC.

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, 2016

SCHEDULE A

	INAC	Other	Total	Total	(Expenditure)	Net	Net	2015
	Revenue	Revenue	Revenue	Expenditure	Revenue Before	Transfers/ Recovery of Prior Year	Revenue After	Opening Surplus (Deficit)
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operations Fund:</b>								
Administration	635,234	802,445	1,437,679	1,517,692	(80,013)	35,806	(44,207)	630,188
Housing Operations	32,767	486,454	519,221	368,714	150,507	117,721	288,228	2,058,864
Health Services	-	2,026,725	2,026,725	2,130,799	(104,074)	(60,965)	(165,039)	232,619
Natural Resources	75,000	1,655,359	1,730,359	1,147,102	583,257	(6,040)	577,217	440,792
Economic Development	91,343	12,480	103,823	92,068	11,755	-	11,755	199,031
Education	1,810,600	1,057,477	2,868,077	2,619,530	248,547	(217,305)	31,242	(221,787)
Social Development	1,153,460	4,541	1,158,001	1,178,388	(20,387)	38,412	18,025	209,837
Infrastructure	683,753	97,248	781,001	2,067,817	(1,286,816)	742,990	(543,826)	4,424,177
Capital Projects	575,701	-	575,701	356,833	218,868	-	218,868	576,049
Social Housing Fund	-	336,929	336,929	282,038	54,891	196,023	250,914	(430,996)
Ottawa Trust Fund	-	131,746	131,746	-	131,746	-	131,746	(180,082)
Enterprise Fund	-	1,124,414	1,124,414	-	1,124,414	-	1,124,414	1,197,383
	<b>5,057,858</b>	<b>7,735,818</b>	<b>12,793,676</b>	<b>11,760,981</b>	<b>1,032,695</b>	<b>846,642</b>	<b>1,879,337</b>	<b>9,898,979</b>
<b>2016</b>								
	INAC	Other	Total	Total	(Expenditure)	Net	Net	2015
	Revenue	Revenue	Revenue	Expenditure	Revenue Before	Transfers/ Recovery of Prior Year	Revenue After	Opening Surplus (Deficit)
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operations Fund:</b>								
Administration	677,179	986,894	1,664,073	1,645,389	18,684	(113,241)	(94,557)	714,084
Housing Operations	82,607	466,446	549,053	734,642	(185,589)	(94,228)	(279,817)	2,338,681
Health Services	-	1,854,739	1,854,739	2,004,644	(149,905)	(19,610)	(169,515)	402,134
Natural Resources	125,000	1,692,396	1,817,398	1,073,991	743,407	22,803	766,210	(314,757)
Economic Development	92,254	56,589	148,843	148,033	810	-	810	198,221
Education	1,821,700	846,869	2,668,569	2,759,152	(90,583)	(197,873)	(288,456)	66,669
Social Development	1,295,945	4,052	1,299,997	1,174,135	125,862	(76,247)	49,615	160,222
Infrastructure	687,632	179,977	867,609	1,922,153	(1,054,544)	373,117	(681,427)	5,105,604
Capital Projects	147,547	-	147,547	138,552	8,995	(14,431)	(5,436)	581,485
Social Housing Fund	-	339,726	339,726	296,660	43,066	49,969	93,035	(524,031)
Ottawa Trust Fund	-	121,984	121,984	-	121,984	-	121,984	1,585,252
Enterprise Fund	-	1,474,490	1,474,490	-	1,474,490	-	1,474,490	(1,401,521)
	<b>4,929,864</b>	<b>8,024,164</b>	<b>12,954,028</b>	<b>11,897,351</b>	<b>1,056,677</b>	<b>(69,741)</b>	<b>986,936</b>	<b>8,912,043</b>
<b>2015</b>								

TLAZTEN NATION  
TANGIBLE CAPITAL ASSETS  
year ended March 31, 2016

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 2016
Cost											\$
Balance, beginning of the 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
Add: Additions	1,479,076	97,870	-	-	(19,886)	-	-	-	195,739	-	1,772,685
Less: disposals	-	-	-	-	-	-	-	-	(29,530)	-	(49,416)
Balance, end of year	21,753,560	1,242,196	143,292	-	15,004,367	4,827,209	2,172,852	255,296	929,056	4,150,535	50,478,363
Accumulated amortization											\$
Balance, beginning of year	18,016,152	1,131,152	139,856	19,886	10,742,288	3,732,273	-	-	627,695	2,774,660	37,183,964
Add: amortization	262,219	3,245	1,714	-	499,294	218,188	-	-	66,114	169,378	1,220,152
Less: Accumulated Amortization on disposals/transfers	-	-	-	(19,886)	-	-	-	-	(29,530)	-	(49,416)
Balance, end of year	18,278,371	1,134,397	141,572	-	11,241,582	3,950,461	-	-	664,279	2,944,038	38,354,700
Net book value	3,475,189	107,799	1,720	-	3,762,785	876,748	2,172,852	255,296	264,777	1,206,497	12,123,663
Accumulated amortization											\$
Balance, beginning 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	48,585,857
Add: Additions	22,896	-	5,148	-	-	-	-	-	141,193	-	169,237
Less: Disposals	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	1,084,936	2,172,852	255,296	135,152	1,375,875	11,571,130