

TL'AZT'EN NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash	\$ 3,662,950	\$ 5,870,553
Restricted cash (Note 2)	718,124	668,196
Portfolio Investments (Note 3)	12,023,322	7,347,035
Accounts receivable (Note 4)	2,093,231	3,591,129
Long-term investments (Notes 5 and 6)	12,278,453	3,891,967
Funds held in trust (Note 7)	3,077,600	2,798,567
	<u>33,853,680</u>	<u>24,167,447</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	2,212,438	2,273,718
Deferred revenue (Note 9)	2,182,226	2,470,763
Long-term debt (Note 10)	781,350	972,554
Replacement reserves (Note 15)	4,310	-
	<u>5,180,324</u>	<u>5,717,035</u>
NET FINANCIAL ASSETS	<u>28,673,356</u>	<u>18,450,412</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 11)	16,670,215	15,781,912
Prepaid expenses	148,641	116,804
Inventory (Note 12)	46,216	-
	<u>16,865,072</u>	<u>15,898,716</u>
ACCUMULATED SURPLUS (Note 13)	<u>\$ 45,538,428</u>	<u>\$ 34,349,128</u>

Contingent Liabilities (Note 14)

Approved on behalf of the TL'azt'en Nation

L. L. L., Chief
Chesley L., Councillor

See accompanying notes to these financial statements.

TL'AZT'EN NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED MARCH 31, 2022

	2022 Budget	2022 Actual	2021
EXCESS OF REVENUE OVER EXPENDITURES	\$ 496,209	\$ 11,189,300	\$ 11,388,404
Acquisition of tangible capital assets	-	(2,465,918)	(1,346,300)
Amortization of tangible capital assets	-	1,577,646	1,485,988
Proceeds of disposal of tangible capital assets	-	-	81,000
Gain on sale of tangible capital assets	-	-	(64,534)
	-	(888,303)	156,164
Acquisition of prepaid asset	(31,837)	(31,837)	42,391
Acquisition of inventory	(46,216)	(46,216)	-
Increase in net financial assets	418,156	10,222,944	11,586,958
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	18,450,412	6,863,454
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 28,673,356	\$ 18,450,412

See accompanying notes to these financial statements.

TL'AZT'EN NATION

CONSOLIDATED STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2022

	2022 Budget	2022 Actual	2021 Actual
REVENUE			
Indigenous Services Canada (Notes 16 and 17)	\$ 6,898,250	\$ 8,960,780	\$ 8,555,402
Earnings from investment in Nation business entities	-	8,386,487	2,232,752
Provincial Government (Note 16)	1,138,003	3,742,547	6,184,065
First Nation Health Authority	2,136,302	2,332,158	2,576,652
Other Aboriginal Groups	657,745	1,123,412	684,770
Canada Mortgage and Housing Corporation	1,633,695	1,083,112	524,848
Other income	3,530,210	491,290	573,544
Other federal government funding	-	353,887	414,119
Rentals and user fees	199,300	269,104	316,934
Ottawa Trust (Note 7)	-	258,971	559,534
Service and product sales	-	141,989	76,212
Interest income	55,000	46,107	-
Logging Revenue (recovery)	-	(269,410)	1,557,385
	16,248,505	26,920,434	24,256,217
EXPENDITURES			
Administration	2,088,550	2,505,499	2,124,474
Housing Operations	2,630,787	1,374,544	479,708
Health Services	1,994,838	1,970,520	1,565,131
Economic Development	168,283	254,090	33,724
Natural Resources	853,938	703,840	878,355
Social Development	1,675,168	1,686,547	1,765,269
Infrastructure	1,238,570	1,148,041	927,265
Education	5,102,162	4,324,373	3,541,052
Social Housing	-	112,232	153,736
Self Government	-	73,801	44,102
Tangible Capital Assets	-	1,577,646	1,438,877
	15,752,296	15,731,133	12,951,693
RECOVERY			
	-	-	19,354
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS			
OTHER ITEMS	496,209	11,189,300	11,323,870
OTHER ITEMS			
Gain on disposal of tangible capital assets	-	-	64,534
EXCESS OF REVENUE OVER EXPENDITURES			
	496,209	11,189,300	11,388,404
ACCUMULATED SURPLUS AT BEGINNING OF YEAR			
	34,349,128	34,349,128	22,960,724
ACCUMULATED SURPLUS AT END OF YEAR			
	\$ 34,845,337	\$ 45,538,428	\$ 34,349,128

See accompanying notes to these financial statements.

TL'AZT'EN NATION

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
Cash flows from OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 11,189,300	\$ 11,388,404
Items not affecting cash		
Amortization	1,577,646	1,485,988
Earnings from investment in Nation business	(8,386,487)	(2,232,752)
Interest income from Ottawa Trust Fund	(672,690)	(446,498)
Gain on sale of tangible capital assets	-	(64,534)
Replacement Reserve	4,310	-
	3,712,079	10,130,608
Change in non-cash operating working capital		
Accounts receivable	1,497,911	639,119
Inventory	(46,216)	-
Prepaid expenses	(31,969)	42,390
Accounts payable and accrued liabilities	(61,287)	(618,327)
Deferred revenue	(288,537)	1,195,126
Payable to Binche	20,080	14,523
Inventory	(46,216)	-
	4,755,845	11,403,439
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,465,918)	(1,346,300)
Proceeds of disposal of tangible capital assets	-	81,000
	(2,465,918)	(1,265,300)
FINANCING ACTIVITIES		
Repayment of debt	(228,453)	(216,363)
INVESTING ACTIVITIES		
Interest in investments in Gwaii Trust Society	(20,866)	(13,416)
Redemption of term deposits	271,530	402,938
Purchase of term deposits	(4,469,813)	(5,079,055)
	(4,219,149)	(4,689,533)
INCREASE IN CASH AND CASH EQUIVALENTS	(2,157,675)	5,232,243
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,538,749	1,306,506
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,381,074	\$ 6,538,749
REPRESENTED BY		
Cash	\$ 3,662,950	\$ 5,870,553
Restricted cash and reserves	718,124	668,196
	\$ 4,381,074	\$ 6,538,749

See accompanying notes to these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

OPERATIONS

The Tl'azt'en Nation (the "Nation") is located in the province of British Columbia and provides various services to its members. Tl'azt'en Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Fund accounting

The Tl'azt'en 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 Operating Fund which reports the general activities of the First Nation administration.
- The Ottawa Trust Fund which reports on the trust funds of the First Nation and held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Section 63 of the Indian Act.
- The Enterprise Fund which reports the First Nation's investment in and advances to corporate enterprise activities.
- The Tangible Capital Asset Fund which reports the capital assets of the Nation and their related activities

(b) Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation business entities. Trusts administered on behalf of third parties by Tl'azt'en Nation are excluded from the Nation reporting entity.

The Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- CMHC Social Housing Program

All inter-entity balances have been eliminated on consolidation.

Tl'azt'en Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

Entities accounted for by the modified equity basis include:

- Tanizul Timber Ltd.

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2022**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) Asset classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

(d) Cash and cash equivalents

Cash and cash equivalents include balances with banks and portfolio investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

(e) Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

(f) Inventory

Inventory is recorded at the lower of cost and net realizable value.

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

(g) Tangible capital assets

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

Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term-debt. Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Building, water and sewage and electrification	20-25 years
Housing	25-40 years
Road	20 years
Equipment	10 years
Vehicles	5 years
Computer equipment and software	3 years

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

(h) Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in the surplus for the year.

(i) Net debt or net financial assets

The Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

(j) Replacement reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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

(k) Revenue recognition

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

Government transfers

The Nation recognizes a government transfer as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Transfer of non-depreciable assets are recognized in revenue when received or receivable.

Canada Mortgage and Housing Corporation ("CMHC")

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Funds held in Ottawa Trust Fund

The Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from accounts held in Ottawa. Interest revenue is recognized when earned.

Housing Rental Income

Housing rental income is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectable and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected..

Other revenue

Other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

(l) Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Nation is either directly responsible or accept responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period and revisions are made. The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2022 there is no liability for contaminated sites.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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

(m) Measurement uncertainty

In preparing the consolidated financial statements for the Tl'azt'en Nation, management is required 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 consolidated financial statements and the reported amounts of revenue and expenses during the period.

Accounts receivable are stated after an evaluation as to their collectible and an appropriate allowance for doubtful accounts is provided when considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These assumptions and estimates are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

(n) Financial instruments

The Nation initially measures its financial assets and financial liabilities at fair value. The Nation subsequently measures all of its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, long term investments and federal trust funds.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue, replacement reserves and long-term debt.

Fair value is determined by the price that is quoted in an active market. When a quoted price in an active market is not available it is measured at cost.

The Nation does not currently have any financial instruments measured at fair value.

(o) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2022**

2. RESTRICTED CASH

Under the terms of the agreement with CMHC, excess revenues over expenditures for the Post 1996 phases may be retained in an operating reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

Restricted cash is comprised of the following:

	2022	2021
CMHC Post-1996 replacement reserve	\$ 335,000	\$ 232,503
<u>CMHC operating reserve</u>	<u>383,124</u>	<u>435,693</u>
	\$ 718,124	\$ 668,196

3. PORTFOLIO INVESTMENTS

	2022	2021
Term deposits held with Integris Credit Union, at cost, with interest rates ranging from 1.60% to 2.10% per annum, maturing between August 2024 to April 2025	\$ 11,647,360	\$ 6,991,939
<u>Portfolio investments held with Gwaii Trust Society, at cost</u>	<u>375,962</u>	<u>355,096</u>
	\$ 12,023,322	\$ 7,347,035

Included in term deposits held with the Integris Credit Union is \$267,578 in funds from the BCFN Gaming Revenue Sharing LP.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

4. ACCOUNTS RECEIVABLE

	2022	2021
Due from members		
Rent receivable - band owned housing	\$ 1,134,668	\$ 1,017,228
Rent receivable - social housing	624,389	295,580
Nation members and employees	118,620	194,572
Allowance for band member receivable	(92,341)	(137,457)
Allowance for band owned housing	(910,412)	(801,215)
Allowance for social housing	(605,205)	(295,580)
	<hr/> 269,719	<hr/> 273,128
Due from others		
Other receivable	767,176	2,901,296
Other allowance for doubtful accounts	(185,717)	(266,632)
First Nation funding agencies	397,402	159,879
	<hr/> 978,861	<hr/> 2,794,543
Due from government and other government organizations		
Canadian mortgage housing corporation	162,663	2,647
First Nation Health Authority	295,352	43,969
GST receivable	251,992	45,801
Indigenous Services Canada	55,506	431,041
Province of BC	79,138	-
	<hr/> 844,651	<hr/> 523,458
	<hr/> \$ 2,093,231	<hr/> \$ 3,591,129

5. LONG-TERM INVESTMENTS

The Nation has investments in the following entities:

	2022	2021
Tanizul Timber Ltd.		
Shares, at cost	\$ 8	\$ 8
Cumulative share of earnings	<hr/> 12,278,419	<hr/> 3,891,933
	<hr/> 12,278,427	<hr/> 3,891,941
Integris Credit Union		
Equity shares	26	26
	<hr/> \$ 12,278,453	<hr/> \$ 3,891,967

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2022**

5. LONG-TERM INVESTMENTS, continued

The investment in Tanizul Timber Ltd. is based on internal financial statements provided by Tanizul Timber Ltd., the audited financial statements were not available at the time of completion of these financial statements.

Tanizul Timber Ltd., paid the Nation \$27,794 (2021- \$36,970) in other miscellaneous revenue during the year.

6. LONG TERM INVESTMENTS

Summary financial information for each Tanizul Timber Ltd., accounted for using the modified equity basis, is detailed as follows:

	2022 Total	2021 Total
Cash	8,713,512	5,047,503
Accounts receivable	828,572	1,932,431
Inventory	20,392	20,392
Tangible capital assets	2,192,556	1,073,163
Short term investments	4,322,520	514,344
Due from related parties	1,107	1,107
Prepaid expenses	65,956	65,188
 Total assets	 16,144,615	 8,654,128
 Accounts payable	 351,320	 1,400,267
Accrued reforestation obligation	3,181,542	2,922,947
Deferred revenue	333,333	-
 Total liabilities	 3,866,195	 4,323,214
 Equity	 12,278,430	 4,330,914
 Total liabilities and equity	 16,144,625	 8,654,128
	2022 Total	2021 Total
Revenue	11,333,597	8,412,845
Expenses	3,386,081	5,741,121
Net income	7,947,516	2,671,724

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2022**

7. FUNDS HELD IN TRUST

Capital and revenue trust monies are transferred to the Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Nation's Council.

	March 31, 2021	Additions, 2022	Withdrawals, 2022	March 31, 2022
Revenue Capital	\$ 2,250,104 548,463	\$ 672,960 - \$ 672,960	\$ - (393,927) \$ (393,927)	\$ 2,923,064 154,536 \$ 3,077,600
	<hr/>	<hr/>	<hr/>	<hr/>

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade accounts payable	\$ 341,688	\$ 676,315
Payroll and benefits	426,674	188,241
Payable to Binche Whut'en	1,441,930	1,407,016
Accrued interest payable	1,257	1,257
Accrued interest payable-Social Housing	889	889
	<hr/>	<hr/>
	\$ 2,212,438	\$ 2,273,718

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

9. DEFERRED REVENUE

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

	March 31, 2021	Funding received, 2022	Revenue recognized, 2022	March 31, 2022
Federal government				
ISC Asset condition reporting system	\$ 26,029	\$ -	\$ -	\$ 26,029
ISC Middle River water upgrade	96,337	-	(96,337)	-
ISC Tl'azt'en Solid Waste Management	176,517	-	(176,517)	-
ISC Tache Road Upgrade	88,203	-	(42,652)	45,551
ISC Comprehensive Community Plan	75,000	-	(75,000)	-
ISC Triplexes	285,864	-	(285,864)	-
ISC Duplex	-	250,000	-	250,000
ISC Housing Reassessment	-	28,000	-	28,000
Canadian Mortgage Housing Corporation	1,048,480	160,000	(1,048,480)	160,000
	<hr/> 1,796,430	<hr/> 438,000	<hr/> (1,724,850)	<hr/> 509,580
Other				
Prince Rupert Gas Transmission	674,333	-	-	674,333
First Nation Health Authority	-	348,384	-	348,384
Dzulth Trail	-	50,000	-	50,000
FNHA- Healing Through Trauma	-	50,000	-	50,000
FNHA - Harm Reduction	-	50,000	-	50,000
FNHA April 2022 Funding	-	174,230	-	174,230
FNHA Healing Together	-	65,699	-	65,699
New Cultural Building	-	260,000	-	260,000
	<hr/> 674,333	<hr/> 998,313	<hr/> -	<hr/> 1,672,646
	<hr/> \$ 2,470,763	<hr/> \$ 1,436,313	<hr/> \$ (1,724,850)	<hr/> \$ 2,182,226

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2022****10. LONG-TERM DEBT**

	2022	2021
All Nation Trust Co. term loan bearing interest at 1.73% per annum, repayable in monthly payments of \$4,248 including interest, secured by mortgage on buildings and a ministerial guarantee, renewal August 2024; maturing July 2034.	\$ 566,920	\$ 606,932
Royal Bank of Canada term loan bearing interest at 2.90% per annum, repayable in monthly payments of \$6,516 including interest, secured by mortgage on buildings and a ministerial guarantee, maturing November 2024.	201,237	272,459
Ford credit term loan bearing interest at 1.99% per annum, repayable in monthly payments of \$3,017 including interest, secured by specific equipment with a net book value of \$59,057, maturing July 2022.	12,019	54,064
Royal Bank of Canada term loan bearing interest at 2.13% per annum, repayable in monthly payments of \$611 including interest, secured by mortgage on buildings and a ministerial guarantee maturing May 2022.	1,174	8,391
Loan, fully repaid during the year	-	3,335
<u>Loan, fully repaid during the year</u>	<u>-</u>	<u>27,373</u>
	<hr/> \$ 781,350	<hr/> \$ 972,554

Principal portion of long-term debt due within the next five years:

2023	\$ 127,979
2024	117,664
2025	95,340
2026	43,668
<u>2027 and thereafter</u>	<u>396,699</u>
	<hr/> \$ 781,350

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

11. TANGIBLE CAPITAL ASSETS

	Cost	Additions	Disposals	Accumulated amortization	2022 Net book value
Land	2,172,852	43,865	-	-	2,216,716
Buildings and infrastructure	31,929,251	2,026,693	-	28,708,524	5,247,420
Computer equipment	247,660	19,653	115,887	115,844	35,582
Community infrastructure	579,366	24,140	-	547,024	56,482
Equipment - General	841,247	99,921	-	692,144	249,025
Water and sewer	15,600,530	-	-	7,486,233	8,114,297
Roads and bridges	3,823,071	42,649	-	3,526,044	339,676
Vehicles	1,723,319	177,436	292,560	1,197,209	411,017
Electrical Systems	175,972	-	-	175,972	-
	57,093,268	2,434,357	408,447	42,448,994	16,670,215

	Cost	Additions	Disposals	Accumulated amortization	2021 Net book value
Land	2,172,852	-	-	-	2,172,852
Buildings and infrastructure	30,956,594	1,336,681	(3,245,643)	27,782,564	4,146,687
Computer equipment	183,967	13,230	-	199,513	48,148
Community infrastructure	579,366	-	-	575,205	4,161
Equipment - General	720,123	51,348	-	649,094	192,153
Water and sewer	15,582,670	1,029,283	(2,406,617)	7,212,566	8,387,964
Roads and bridges	3,823,071	3,848	(959,865)	3,458,757	364,314
Vehicles	1,575,222	283,446	(194,256)	1,257,686	465,633
Electrical Systems	175,972	-	-	175,972	-
	55,769,837	2,717,836	(6,806,381)	41,311,357	15,781,912

12. INVENTORY

	2022	2021
Poultry livestock	1,437	-
Horses	22,315	-
Replacement heifers	164	-
Cows	22,300	-
	46,216	-

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2022**

13. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
Enterprise fund	\$ 12,278,453	\$ 3,891,941
Equity in operating fund	13,454,051	12,432,403
Equity in tangible capital assets	15,888,866	14,530,144
Equity in Ottawa Trust funds	3,077,600	2,777,559
Replacement reserves	839,458	717,081
	<hr/> \$ 45,538,428	<hr/> \$ 34,349,128

14. CONTINGENT LIABILITIES

The Nation has a contingent liability related to Indigenous Services Canada's ministerial loan guarantees on mortgage for certain Nation members. The outstanding balance of these mortgages at March 31, 2022 is \$799,993 (2021- \$963,663).

Surpluses related to some projects funded by Indigenous Services Canada, Province of BC and First Nations Health Authority are subject to possible recovery by those agencies. No provision has been made in these statements for potential recovery for the 2022 year end.

The Nation received funding from the Province of British Columbia during the fiscal year for the Supported Child Care Worker. During the year, these funds were unspent due to the Nation not being able to fill the vacancy. It is possible that these funds may be subject to a possible recovery by the Province of BC. No provision has been made in these statements for potential recovery for the 2022 year end.

The financial results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.

The Nation is subject to legal proceedings, claims and litigations arising in the normal course of business. While the outcome of these matters is currently undeterminable, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Nation's financial statements.

The Nation has three authorized overdraft borrowing agreements in the amounts of \$200,000, \$175,000 and \$200,000, bearing interest respectively at Integris prime lending rate plus 0.50% per annum (March 31, 2022 - 3.55%), Integris prime lending rate (March 31, 2022- 2.95%) and Royal Bank prime lending rate plus 1.85% per annum (March 31, 2022 - 4.30%), each secured by a registered general security agreement. As at March 31, 2022, these credit facilities were not being utilized.

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2022**

15. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC") the post-1996 replacement reserve account is to be credited in the amount of \$8,000 annually (2021 - \$8,000).

These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC.

At year end, the Post -1996 replacement reserve account was underfunded by \$14,535 (2021 - \$59,426).

At year end the replacement reserves consist of the following:

	2022	2021
Balance, beginning of year	291,929	292,969
Annual allocation	8,000	8,000
Interest income	345	4,895
Expenditures	(14,182)	(13,935)
 Balance, end of year	 286,092	 291,929

Under the terms of the agreement with CMHC, excess federal assistance payments received may be retained in an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. For the Post 1996 phases the funds may be used to offset future deficits. Withdrawals are credited first to interest and then principal. At year end, the operating reserve consists of the following:

	2022	2021
Balance, beginning of year	416,112	409,100
Operating surplus	30,457	7,012
 Balance, end of year	 446,569	 416,112

Under the terms of the agreement with CMHC, purchases over \$5,000 require competitive prices from three sources through quotations, tenders or proposals. There was one expenditure over the \$5,000 threshold in which no quotations or proposals were not received.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

16. GOVERNMENT TRANSFERS

	2022		
	Operating	Capital	Total
Federal government transfers			
Indigenous Services Canada	8,960,780	-	8,960,780
Canada Mortgage and Housing Corporation	1,083,112	-	1,083,112
Other	353,887	-	353,887
Total	10,397,779	-	10,397,783
Provincial government transfers	3,742,547	-	3,742,547
	14,140,326	-	14,140,326
	2021		
	Operating	Capital	Total
Federal government transfers			
Indigenous Services Canada	8,518,875	36,527	8,555,402
Canada Mortgage and Housing Corporation	524,863	-	524,863
Other	414,119	-	414,119
Total	9,457,857	36,527	9,494,384
Provincial government transfers	6,184,064	-	6,184,064
	15,641,921	36,527	15,678,448

17. INDIGENOUS SERVICES CANADA RECONCILIATION

	2022	2021
Indigenous Services Canada revenue per confirmation	\$ 8,993,456	\$ 8,746,366
Deferred for future capital projects	398,370	(285,864)
Indigenous Services Canada recovery	-	(2,204)
Jordan's Principle not funded	(16,332)	(333,938)
Jordan's Principle per ISC confirmation	(414,714)	431,042
	\$ 8,960,780	\$ 8,555,402

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

18. SEPARATION FROM BINCHE WHUT'EN

On April 1, 2019, the Nation complete a restructuring transaction with Binche Whut'en. The restructuring transaction was completed to facilitate the separation of Tl'azt'en and Binche into two separate Nations under the Indian Act in order to undo the historical error of the amalgamation of and to give legal recognition to the distinctiveness of the two Nations.

For the year end March 31, 2022, the separation agreement between Tl'azt'en and Binche Whut'en had been finalized. At this time, items within agreement are currently subject to interpretation and may have an impact on financial commitments.

19. ECONOMIC DEPENDENCE

Tl'azt'en Nation receives a significant portion of its revenue from Indigenous Services Canada as a result of treaties entered into with the Government of Canada. These treaties are administered by Indigenous Services Canada under the terms and conditions of the *Indian Act*. The ability of the nation to continue operation is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

20. EMPLOYMENT RETIREMENT PLAN

The Nation has a defined contribution plan for eligible employees. Employees are required to contribute a minimum of 5.5% of their salary and the Band matches the contribution. The contributions are directed to the employee's contribution account. The amount of retirement benefits to be received by the employees will be the amount of retirement benefit annuity that could be purchased based on the member's share of the pension plan at the time of the employee's withdrawal from the plan. During the year, the Nation contributed \$113,349 (2021 - \$37,269).

21. BUDGET INFORMATION

Budgeted figures have been provided for comparison purposes and have been derived from the estimates provided by management, and were approved by Chief and Council on April 26, 2021.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

22. EXPENSES BY OBJECT

	2022	2021
Advertising	\$ 88,863	\$ 59,656
Amortization	1,577,646	1,485,988
Awards day	5,864	4,382
Bad debts	170,757	106,480
Building expenses	1,071,535	1,107,891
COVID 19 expenses	894,929	802,227
Christmas	2,000	74,250
Client Services	83,271	97,874
Contracted services	594,194	101,715
Cultural education	-	20,177
Economic development	-	12,407
Education	1,941,689	1,812,186
Equipment	321,673	207,333
Equipment leases and rentals	5,961	2,678
Forest management fees	-	108,898
Funeral costs	61,139	57,290
Honorariums	253,375	186,743
Infrastructure	2,115	-
Insurance	154,203	-
Interest and bank charges	22,933	29,545
Interest on debt	9,686	31,394
Meals program and groceries	10,306	33,669
Meetings, cultural activities & community projects	214,009	74,431
Office expenses	263,890	494,897
Other	-	2
Other expenses	401,212	273,198
Professional fees	839,712	932,624
Ranch and outfitting	55,052	-
Repairs and maintenance	28,479	30,494
Replacement provision	18,492	17,394
Silviculture	-	65,287
Social assistance	965,653	876,984
Supplies	32,293	-
Telephone and internet	123,705	110,355
Training and workshops	459,479	250,773
Travel	213,696	200,664
Vehicle	62,151	22,206
Wages and benefits	4,781,171	3,259,601
	\$ 15,731,133	\$ 12,951,693

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

23. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Nation's environment and in the global markets due to the possible disruption of supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, impositions of quarantines and social distancing) could have a material impact on the Nation's operations.

The extent of the impact of this outbreak and related containment measures on the Nation's operations cannot be reliably estimated at this time.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

24. SEGMENTED INFORMATION

As previously discussed in note 2 (l) the First Nation conducts its business through reportable segments. These segments are differentiated by factors such as major activities, service lines, accountability and control relationships. For management and reporting purposes, the revenues, expenses, surpluses or deficits are organized by the following segments:

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

Economic Development- this segment discloses program activities primarily funded by Indigenous Services Canada for community economic development projects.

Education- this segment discloses program activities primarily funded by Indigenous Services Canada and Prince George Native Education and Training Association. These programs relate to elementary, secondary and post-secondary education and training services.

Health Services- this segment discloses program activities funded by First Nations Health Authority that relate to the provision of health related services to the Nation's members.

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

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

Natural Resources- this segment discloses income and expenditures associated with developing and maintaining the natural resources of the Nation's traditional territory.

Social Development- this segment includes programs and services related to the social benefit and welfare of Nation members, which are funded by Indigenous Services Canada.

Social Housing- this segment includes the revenues and expenses relating to the social housing of the members of the Nation.

Self Government- this segment includes the revenues and expenses relating to the self government of the Nation.

Tangible Capital Asset - this segment includes the expenses related to the use of the Nation's capital assets.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

24. SEGMENTED INFORMATION, continued

	Administration			Housing Operations			Health Services		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
REVENUES									
Indigenous Services Canada	\$ 382,416	\$ 1,326,428	\$ 1,457,235	\$ 430,558	\$ 498,557	\$ 545,647	-	\$ -	\$ -
Federal Government	-			1,633,695	1,048,480	491,151	-	39,042	68,119
Provincial Government	2,212,462	375,130	674,858	-	-	-	-	49,138	24,569
Service and product sales	-	140,765	76,212	-	-	-	-	-	-
Other income	90,000	360,034	183,559	-	8,370	(1,698)	-	20,275	32,195
First Nation Health Authority	-	-	89,252	-	-	-	1,992,338	2,332,158	2,487,400
Ottawa Trust Earnings	-	258,971	559,534	-	-	-	-	-	-
Other revenue	749,622	69,318	6,891	581,300	194,325	229,383	-	2,425	-
TOTAL REVENUE	3,434,500	2,530,646	3,047,541	2,645,553	1,749,732	1,264,483	1,992,338	2,443,038	2,612,283
EXPENSES									
Building expenses	18,800	59,277	91,007	436,924	440,965	318,779	20,000	87,133	63,631
Contracted services	-	124,997	18,286	1,366,930	337,212	19,247	137,236	55,356	25,470
COVID 19 expenses	-	707,962	235,849	-	-	-	-	13,502	17,775
Education	-	-	-	-	-	-	-	2,497	4,586
Professional fees	202,992	501,789	587,941	67,000	17	-	55,370	206,271	139,422
Social assistance	-	-	-	-	-	-	-	200,900	182,782
Wages and benefits	582,315	656,344	500,608	481,994	276,222	81,398	992,002	973,865	687,281
Other expenses	1,284,443	455,130	690,783	277,939	320,127	60,284	790,230	430,998	444,184
TOTAL EXPENSES	2,088,550	2,505,499	2,124,474	2,630,787	1,374,543	479,708	1,994,838	1,970,522	1,565,131
ANNUAL SURPLUS (DEFICIT)	\$ 1,345,950	\$ 25,147	\$ 923,067	\$ 14,766	\$ 375,189	\$ 784,775	(\$ 2,500)	\$ 472,516	\$ 1,047,152

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

24. SEGMENTED INFORMATION, continued

	Economic Development			Natural Resources			Social Development		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
REVENUES									
Indigenous Services Canada	\$ 86,070	\$ 163,137	\$ 163,137	-	\$ 314,845	\$ 346,000	\$ 1,280,669	\$ 2,145,656	\$ 2,178,409
Federal Government	-	-	-	216,000	-	-	-	-	-
Provincial Government	-	-	-	-	171,975	125,367	142,761	78,013	47,195
Other income	-	-	15,000	-	79,708	24,979	-	(3,427)	-
Other revenue	-	(8,607)	-	34,000	(269,410)	1,560,004	137,653	61,000	98,166
TOTAL REVENUE	86,070	154,530	178,137	250,000	297,118	2,061,350	1,561,083	2,281,242	2,323,770
EXPENSES									
Building expenses	-	6,004	-	-	26,097	28,183	-	108,073	96,887
COVID 19 expenses	-	-	9,583	-	-	885	-	173,465	511,881
Education	-	-	-	-	-	-	-	46,914	32,746
Professional fees	55,000	15,817	1,149	175,000	89,630	143,077	-	107	460
Social assistance	-	-	-	-	-	-	316,037	764,753	694,202
Wages and benefits	88,176	132,750	-	394,695	367,782	338,995	383,999	295,933	223,798
Other expenses	25,107	99,519	22,992	284,243	220,331	367,215	975,132	297,302	205,294
TOTAL EXPENSES	168,283	254,090	33,724	853,938	703,840	878,355	1,675,168	1,686,547	1,765,268
ANNUAL SURPLUS (DEFICIT)	\$ (82,213)	\$ (99,560)	\$ 144,413	\$ (603,938)	\$ (406,722)	\$ 1,182,995	\$ (114,085)	\$ 594,695	\$ 558,502

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

24. SEGMENTED INFORMATION, continued

	Infrastructure		Education		Social Housing				
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
REVENUES									
Indigenous Services Canada	\$ 1,043,678	\$ 1,642,406	\$ 1,027,067	\$ 3,674,859	\$ 3,184,596	\$ 3,178,907	-	\$ 34,617	\$ 33,697
Federal Government	-	16	-	-	-	-	-	-	-
Provincial Government	-	-	-	127,498	94,814	70,698	-	-	-
Service and product sales	-	1,224	-	-	-	-	-	-	-
Other income	-	-	19,105	-	42,832	275,654	-	-	24,749
First Nation Health Authority	-	-	-	143,964	-	-	-	-	-
Other revenue	294,120	-	14,803	994,842	1,062,407	594,653	-	46,248	65,857
TOTAL REVENUE	1,337,798	1,643,646	1,060,975	4,941,163	4,384,649	4,119,912	-	80,865	124,303
EXPENSES									
Amortization	-	-	-	-	-	-	-	-	47,111
Building expenses	192,500	241,004	327,897	225,000	58,110	106,210	-	44,873	75,297
Contracted services	20,000	16,159	24,392	50,000	22,797	14,319	-	37,673	-
COVID 19 expenses	-	-	12,903	-	-	11,567	-	-	1,785
Education	-	-	-	1,425,270	1,892,279	1,774,854	-	-	-
Professional fees	10,000	13,232	55,107	-	12,850	5,468	-	-	-
Wages and benefits	515,459	452,127	311,694	2,149,632	1,820,844	1,260,563	-	200	5,623
Other expenses	500,611	425,519	195,272	1,252,260	517,493	368,071	-	29,486	23,906
TOTAL EXPENSES	1,238,570	1,148,041	927,265	5,102,162	4,324,373	3,541,052	-	112,232	153,736
(DEFICIT) OF REVENUE OVER EXPENDITURES	99,228	495,605	133,710	(160,999)	60,276	578,860	-	(31,367)	(29,433)
RECOVERIES	-	-	(2,203)	-	-	21,557	-	-	-
OTHER INCOME	-	-	64,534	-	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ 99,228	\$ 495,605	\$ 196,041	\$ (160,999)	\$ 60,276	\$ 600,417	-	\$ (31,367)	\$ (29,433)

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

24. SEGMENTED INFORMATION, continued

	Enterprise Fund			Self Government			Tangible Capital Assets		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
REVENUES									
Indigenous Services Canada	\$ 86,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Provincial Government	-	-	-	-	2,968,481	5,230,711	-	-	-
Other revenue	-	8,386,487	2,232,752	-	-	-	-	-	-
TOTAL REVENUE	86,070	8,386,487	2,232,752	-	2,968,481	5,230,711	-	-	-
EXPENSES									
Amortization	-	-	-	-	-	-	-	1,577,646	1,438,877
Professional fees	55,000	-	-	-	-	-	-	-	-
Wages and benefits	88,176	-	-	-	58,479	36,384	-	-	-
Other expenses	25,107	-	-	-	15,322	7,718	-	-	-
TOTAL EXPENSES	168,283	-	-	-	73,801	44,102	-	1,577,646	1,438,877
(DEFICIT) OF REVENUE OVER EXPENDITURES	(82,213)	8,386,487	2,232,752	-	2,894,680	5,186,609	-	(1,577,646)	(1,438,877)
OTHER INCOME									
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ 8,386,487	\$ 2,232,752	\$ -	\$ 2,894,680	\$ 5,186,609	\$ -	\$ (1,577,646)	\$ (1,438,877)

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

24. SEGMENTED INFORMATION, continued

	Consolidated totals		
	2022 Budget	2022 Actual	2021 Actual
REVENUES			
Indigenous Services Canada	\$ 6,898,250	\$ 8,960,780	\$ 8,555,402
Federal Government	1,849,695	1,437,000	938,967
Provincial Government	2,482,721	3,737,551	6,173,398
Service and product sales	-	141,989	76,212
Other income	90,000	507,792	573,543
First Nation Health Authority	2,136,302	2,332,158	2,576,652
Ottawa Trust Earnings	-	258,971	559,534
Other revenue	2,791,537	9,544,193	4,802,509
TOTAL REVENUE	16,248,505	26,920,434	24,256,217
EXPENSES			
Amortization	-	1,577,646	1,485,988
Building expenses	893,224	1,071,536	1,107,891
Contracted services	1,574,166	594,194	101,714
COVID 19 expenses	-	894,929	802,228
Education	1,982,059	1,941,690	1,812,186
Professional fees	620,362	839,713	932,624
Social assistance	316,037	965,653	876,984
Wages and benefits	5,518,271	5,034,546	3,446,344
Other expenses	5,415,072	2,811,227	2,385,719
TOTAL EXPENSES	15,752,295	15,731,134	12,951,692
OTHER INCOME			
	-	11,189,300	11,304,525
	-	-	64,534
ANNUAL SURPLUS (DEFICIT)	\$ (496,210)	\$ 11,189,300	\$ 11,388,404

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

25. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.