



September 17, 2024

Indigenous Services Canada
600-1138 Melville St
Vancouver, BC V6E 4S3

Dear Sir/Madam:

Re: Tl'azt'en Nation Indigenous Services Canada

Please find enclosed Financial Statements and Schedules for the Nation for the year ending March 31, 2024.

Should you have any questions, please do not hesitate to contact our office.

Yours truly,

DMC CHARTERED PROFESSIONAL ACCOUNTANTS INC.
PER:

Janice Bleecker, CPA, CA

Encl.
DM/nm

RECONCILIATION OF
INDIGENOUS SERVICES CANADA (ICS)
FUNDING CONFIRMATION REPORT REVENUE WITH
STATEMENT OF OPERATIONS/INCOME STATEMENT REVENUE
2023/2024 FISCAL YEAR

| Recipient Name | Recipient # |
|---|------------------|
| Tl'azt'en Nation | 617 |
| ICS Revenue per Consolidated Statement of Operations / Income Statement | \$11,203,139 |
| Explanations: | Adjustments: |
| | Add / (Subtract) |
| | \$ |
| | |
| add: Current Year Deferred Revenue | |
| Recognition of prior year deferred revenue | (\$1,745,698) |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| Net Adjustments | (\$1,745,698) |
| ISC Funding Confirmation Report - Net Funding Arrangement Budget (see Note 1) | \$9,457,441 |

Note 1: Includes ISC Current Payable At Year End (PAYE)
Excludes BCTC Treaty Loans
Excludes Recoveries for the prior year
Includes Reimbursements for the prior year

TL'AZT'EN NATION



CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

TL'AZT'EN NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

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TL'AZT'EN NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2024

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

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

The external auditors, DMC Chartered Professional Accountants Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Tl'azt'en Nation and meet when required.

On behalf of Tl'azt'en Nation:

Chief

Councillor

Date

Date

Independent Auditor's Report

To the Members of
Tl'azt'en Nation

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Tl'azt'en Nation, which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of revenue, expenditures and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the as at and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We were unable to obtain sufficient audit evidence for the amounts receivable and/or payable to Binche Whut'en that is the result of the separation of the Nation effective as of April 1, 2019.

We were unable to obtain sufficient audit evidence for the Nation's investments in government business enterprises, specifically Tanizul Timber Ltd. As a result, no determination could be made whether adjustments were required in respect of investments, advances, other income (charges), excess revenues (expenditures) for the year and ending accumulated surplus.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report, continued

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report, continued

- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Prince George, British Columbia
September 17, 2024**

TL'AZT'EN NATION

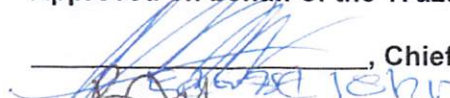
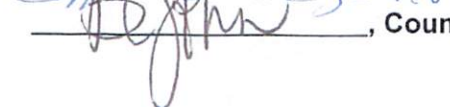
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2024

| | 2024 | 2023 |
|---|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 3,175,989 | \$ 3,674,345 |
| Restricted cash (Note 3) | 901,017 | 876,407 |
| Portfolio investments (Note 4) | 11,095,412 | 11,764,857 |
| Accounts receivable (Note 5) | 3,290,604 | 1,078,784 |
| Investments in government business enterprises (Note 6) | 19,315,948 | 19,315,948 |
| Funds held in trust (Note 8) | 3,264,837 | 3,208,235 |
| | 41,043,807 | 39,918,576 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 9) | 2,606,248 | 2,589,801 |
| Due to government agencies | 39,662 | 1,881 |
| Deferred revenue (Note 10) | 4,172,555 | 2,711,113 |
| Long-term debt (Note 11) | 681,704 | 827,955 |
| Replacement reserves (Note 12) | 15,228 | 7,228 |
| | 7,515,397 | 6,137,978 |
| NET FINANCIAL ASSETS | 33,528,410 | 33,780,598 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 13) | 19,214,391 | 17,068,899 |
| Prepaid expenses | 241,492 | 148,397 |
| Inventory (Note 14) | 46,216 | 46,216 |
| | 19,502,099 | 17,263,512 |
| ACCUMULATED SURPLUS (Note 15) | \$ 53,030,509 | \$ 51,044,110 |

Contingent liabilities (Note 16)
Economic dependence (Note 17)

Approved on behalf of the Tl'azt'en Nation

 , Chief
 , 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, 2024**

| | 2024 Budget | 2024 Actual | 2023 |
|--|------------------------|------------------------|----------------------|
| EXCESS OF REVENUE OVER EXPENDITURES | \$ (8,283,693) | \$ 1,847,929 | \$ 6,358,581 |
| Acquisition of tangible capital assets | - | (3,864,315) | (2,358,275) |
| Amortization of tangible capital assets | - | 1,718,824 | 1,945,046 |
| Proceeds of disposal of tangible capital assets | - | - | 39,700 |
| Gain on sale of tangible capital assets | - | - | (25,156) |
| Distribution to members (recovery) | - | 138,470 | (853,019) |
| | - | (2,007,021) | (1,251,703) |
| Acquisition of prepaid asset | - | (93,096) | 378 |
| (Decrease) increase in net financial assets | (8,283,693) | (252,188) | 5,107,255 |
| NET FINANCIAL ASSETS AT BEGINNING OF YEAR | - | 33,780,598 | 28,673,343 |
| NET FINANCIAL ASSETS AT END OF YEAR | \$ - | \$ 33,528,410 | \$ 33,780,598 |

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, 2024

| | 2024 Budget | 2024 Actual | 2023 Actual |
|--|-----------------------|----------------------|----------------------|
| REVENUE | | | |
| Indigenous Services Canada (Notes 18 and 19) | \$ 5,867,221 | \$ 11,203,139 | \$ 8,107,728 |
| Provincial Government (Note 18) | 992,844 | 3,897,356 | 4,195,481 |
| First Nation Health Authority (Note 18) | 2,012,096 | 2,837,953 | 2,893,659 |
| Other Aboriginal Groups | 933,850 | 1,426,176 | 1,128,419 |
| Other income | 624,685 | 654,609 | 787,822 |
| Interest income | 175,000 | 401,818 | 407,351 |
| Other federal government funding (Note 18) | 306,446 | 383,884 | 455,116 |
| Rentals and user fees | 284,732 | 343,901 | 268,822 |
| Guardian collective | 132,000 | 131,032 | - |
| Service and product sales | 150,000 | 86,582 | 111,555 |
| First nation drinking water settlement (Note 20) | - | 54,353 | 500,000 |
| Environment & climate change Canada | 10,000 | 40,000 | - |
| Canada Mortgage and Housing Corporation (Note 18) | 32,954 | 31,954 | 191,954 |
| Ottawa Trust Earnings (Note 8) | - | 17,521 | 37,511 |
| Earnings from investment in government business enterprises (Note 6) | - | - | 7,037,495 |
| Gain on sale of tangible capital assets | - | - | 25,156 |
| | 11,521,828 | 21,510,278 | 26,148,069 |
| EXPENDITURES | | | |
| Administration | 3,296,193 | 4,145,076 | 3,900,231 |
| Housing Operations | 2,575,044 | 484,182 | 1,276,844 |
| Health Services | 2,351,320 | 2,499,726 | 2,845,769 |
| Economic Development | 376,112 | 399,096 | 335,521 |
| Natural Resources | 2,212,497 | 794,320 | 859,560 |
| Social Development | 1,431,042 | 3,421,284 | 2,256,761 |
| Infrastructure | 1,303,425 | 1,448,244 | 1,762,768 |
| Education | 4,578,674 | 4,639,589 | 4,440,082 |
| Social Housing | 81,214 | 168,143 | 238,447 |
| Self Government | 100,000 | 226,570 | 58,303 |
| Tangible Capital Assets | - | 1,676,505 | 1,815,200 |
| | 18,305,521 | 19,902,735 | 19,789,486 |
| RECOVERIES | - | (73,883) | - |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS | (8,283,693) | 1,533,661 | 6,358,581 |
| OTHER ITEMS | | | |
| Insurance Proceeds | - | 314,268 | - |
| EXCESS OF REVENUE OVER EXPENDITURES | (8,283,693) | 1,847,929 | 6,358,581 |
| ACCUMULATED SURPLUS AT BEGINNING OF YEAR (NOTE 15) | - | 51,044,110 | 45,538,548 |
| RECOVERY (DISTRIBUTION) TO MEMBERS | - | 138,470 | (853,019) |
| ACCUMULATED SURPLUS AT END OF YEAR (NOTE 15) | \$ (8,283,693) | \$ 53,030,509 | \$ 51,044,110 |

See accompanying notes to these financial statements.

TL'AZT'EN NATION**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2024**

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Cash flows from | | |
| OPERATING ACTIVITIES | | |
| EXCESS OF REVENUE OVER EXPENDITURES | \$ 1,847,929 | \$ 6,358,581 |
| Items not affecting cash | | |
| Amortization | 1,718,824 | 1,945,046 |
| Earnings from investment in government business enterprises | - | (7,037,495) |
| Interest income from Ottawa Trust fund | (56,602) | (130,635) |
| Gain on sale of tangible capital assets | - | (25,156) |
| Replacement reserve | 8,000 | 2,921 |
| | 3,518,151 | 1,113,262 |
| Change in non-cash operating working capital (Note 23) | (650,777) | 1,069,803 |
| | 2,867,374 | 2,183,065 |
| CAPITAL ACTIVITIES | | |
| Proceeds of disposal of tangible capital assets | - | 39,700 |
| Purchase of tangible capital assets | (3,864,315) | (2,358,275) |
| | (3,864,315) | (2,318,575) |
| FINANCING ACTIVITIES | | |
| Repayment of long-term debt | (146,251) | (132,903) |
| Proceeds on long-term debt | - | 179,508 |
| | (146,251) | 46,605 |
| INVESTING ACTIVITIES | | |
| Interest in investments in Gwaii Trust Society | - | (51,600) |
| Redemption of term deposits | 669,446 | 450,983 |
| Purchase of term deposits | - | (140,800) |
| | 669,446 | 258,583 |
| (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS | (473,746) | 169,678 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 4,550,752 | 4,381,074 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 4,077,006 | \$ 4,550,752 |
| REPRESENTED BY | | |
| Cash | \$ 3,175,989 | \$ 3,674,345 |
| Restricted cash | 901,017 | 876,407 |
| | \$ 4,077,006 | \$ 4,550,752 |

See accompanying notes to these financial statements.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

1. 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.

2. 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 Canadian Institute of 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 Tangible Capital Asset Fund which reports the capital assets of the Nation and their related activities
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

(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, 2024

2. 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 trust

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) Portfolio investments

Portfolio investments are recorded at cost plus income.

(g) Inventory

Inventory, consisting of livestock, is valued at the lower of cost and net realizable value. The cost of the inventories is based on the standard cost and includes the direct cost of the livestock. Net realizable value is the estimated selling price in the ordinary course of business, less the selling expenses. Any impairment of the inventory is included in the surplus in the current year.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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 |
| Community infrastructure | 25 years |
| Computer equipment and software | 3 years |
| Equipment | 10 years |
| Housing | 25-40 years |
| Roads and bridges | 20 years |
| Vehicles | 5 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.

(i) 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.

(j) 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.

(k) Replacement reserve

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

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(l) 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.

(m) 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, 2024.

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, 2024, there is no liability for contaminated sites.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(n) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the consolidated financial statement date when:

- i) There is a legal obligation for the Band to incur retirement costs in relation to a tangible capital asset,
- ii) The past transaction or event giving rise to the liability has occurred,
- iii) It is expected that future economic benefits will be given up, and
- iv) A reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at the reporting date. As at March 31, 2024 the Band did not identify any legal obligations giving rise to a liability.

(o) 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.

(p) 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.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(q) 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.

3. RESTRICTED CASH

Under the terms of the agreement with Canada Mortgage and Housing Corporation (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:

| | 2024 | 2023 |
|------------------------------------|-------------------|-------------------|
| CMHC Post-1996 replacement reserve | \$ 35,281 | \$ 35,140 |
| CMHC operating reserve | 865,736 | 841,267 |
| | <u>\$ 901,017</u> | <u>\$ 876,407</u> |

4. PORTFOLIO INVESTMENTS

| | 2024 | 2023 |
|---|----------------------|----------------------|
| Term deposits held with Integris Credit Union, at cost, with interest rates ranging from 0.40% to 2.10% per annum, maturing between August 2024 to April 2026 | \$ 10,597,250 | \$ 11,337,293 |
| Portfolio investments held with Gwaii Trust Society, at fair value | 498,162 | 427,564 |
| | <u>\$ 11,095,412</u> | <u>\$ 11,764,857</u> |

Included in term deposits held with the Integris Credit Union is \$257,044 (2023- \$292,584) in funds from the BC First Nation Gaming Revenue Sharing LP.

Term deposits were renewed with an interest rate of 3% subsequent to year end.

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2024****5. ACCOUNTS RECEIVABLE**

| | 2024 | 2023 |
|---|--------------|--------------|
| Due from members | | |
| Rent receivable - band owned housing | \$ 1,641,229 | \$ 1,649,063 |
| Rent receivable - social housing | 290,444 | 289,470 |
| Nation members and employees | 91,919 | 125,124 |
| Subsidy housing receivable | - | 24,271 |
| Allowance for band owned housing | (1,641,229) | (1,649,063) |
| Allowance for band member receivable | (91,919) | (125,124) |
| Allowance for social housing | (290,444) | (289,470) |
| Allowance for band member receivable | - | (24,271) |
| | - | - |
| Due from others | | |
| Other receivable | 1,061,955 | 479,524 |
| Other allowance for doubtful accounts | (178,960) | (212,640) |
| First Nation funding agencies | 372,803 | 252,838 |
| | 1,255,798 | 519,722 |
| Due from government and other government organizations | | |
| Canada Mortgage Housing Corporation | 2,663 | 2,663 |
| First Nation Health Authority | - | 43,969 |
| GST receivable | 45,183 | 39,198 |
| Indigenous Services Canada | 23,688 | 64,561 |
| Province of British Columbia | 1,963,272 | 408,671 |
| | 2,034,806 | 559,062 |
| | \$ 3,290,604 | \$ 1,078,784 |

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2024**

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The Nation has investments in the following entities:

| | 2024 | 2023 |
|------------------------------|---------------|---------------|
| Tanizul Timber Ltd. (Note 7) | | |
| Shares, at cost | \$ 8 | \$ 8 |
| Cumulative share of earnings | 19,315,914 | 19,315,914 |
| | 19,315,922 | 19,315,922 |
| Integris Credit Union | | |
| Equity shares | 26 | 26 |
| | \$ 19,315,948 | \$ 19,315,948 |

The investment in Tanizul Timber Ltd. is based on the audited financial statements of Tanizul Timber. As of the date of the financial statements, Tanizul Timber Ltd. has not provided audited or internal financial statements. As such, the equity to be picked up is unknown.

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2024****7. INVESTMENT IN TANIZUL TIMBER**

| | Tanizul Timber Ltd., 100% ownership 2024 | Tanizul Timber Ltd., 100% ownership 2023 |
|---|--|--|
| Cash | \$ - | \$ 7,198,569 |
| Short term investment | - | 12,897,782 |
| Accounts receivable | - | 1,125,175 |
| Inventory | - | 22,636 |
| Prepaid expenses | - | 79,284 |
| Property Plant and Equipment | - | 2,054,091 |
| Total assets | \$ - | \$ 23,377,537 |
| Accounts payable and accrued liabilities | \$ - | \$ 116,007 |
| Current portion of accrued reforestation obligation | - | 1,235,098 |
| Accrued reforestation obligation | - | 2,710,502 |
| Total liabilities | - | 4,061,607 |
| Equity | - | 19,315,930 |
| Total liabilities and equity | \$ - | \$ 23,377,537 |

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2024****7. INVESTMENT IN TANIZUL TIMBER, continued**

| | Tanizul Timber Ltd., 100% ownership 2024 | Tanizul Timber Ltd., 100% ownership 2023 |
|----------------------------------|--|--|
| Revenue | | |
| Forestry operations | \$ - | \$ 7,027,955 |
| Contract revenue | - | 233,144 |
| General and administration | - | 28,023 |
| | - | 7,289,122 |
| Expenses | | |
| Advertising | - | 12,450 |
| Director honorariums | - | 29,560 |
| Donations | - | 156,072 |
| Insurance | - | 34,710 |
| Interest and bank charges | - | 4,311 |
| Meetings and conferences | - | 37,765 |
| Membership, licences and permits | - | 7,528 |
| Office and sundry | - | 18,474 |
| Professional services | - | 135,288 |
| Repairs and maintenance | - | 36,408 |
| Utilities | - | 17,759 |
| Wages and benefits | - | 1,044 |
| Wages and benefits | - | 491,369 |
| | - | 6,797,753 |
| Other income | | |
| Interest and other income | - | 276,156 |
| Gain on disposal of property | - | 38,539 |
| | - | 314,695 |
| | \$ - | \$ 7,112,448 |

The investment in Tanizul Timber Ltd. is based on the audited financial statements of Tanizul Timber. As of the date of the financial statements, Tanizul Timber Ltd. has not provided audited or internal financial statements. As such, the 2024 audited financial statements are not disclosed.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

8. FUNDS HELD IN TRUST

Capital and revenue trust monies held in trust with Ottawa Trust 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, 2023 | Additions, 2024 | March 31, 2024 |
|---------|---------------------|--------------------|---------------------|
| Revenue | \$ 3,077,600 | \$ 22,287 | \$ 3,099,887 |
| Capital | 130,635 | 34,315 | 164,950 |
| | \$ 3,208,235 | \$ 56,602 | \$ 3,264,837 |

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*.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Trade accounts payable | \$ 644,918 | \$ 851,339 |
| Payroll and benefits | 398,996 | 271,935 |
| Payable to Binche Whut'en | 1,559,300 | 1,463,493 |
| Accrued interest payable | 1,257 | 1,257 |
| Accrued interest payable-Social Housing | 1,777 | 1,777 |
| | \$ 2,606,248 | \$ 2,589,801 |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

10. DEFERRED REVENUE

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

| | March 31, 2023 | Funding received, 2024 | Revenue recognized, 2024 | March 31, 2024 |
|--------------------------------------|---------------------|------------------------------|--------------------------------|---------------------|
| Federal government | | | | |
| ISC Asset condition reporting system | \$ 26,029 | \$ - | \$ (26,029) | \$ - |
| ISC Tache Road Upgrade | 44,543 | - | (19,669) | 24,874 |
| ISC Education Funding | - | 1,151,088 | - | 1,151,088 |
| ISC Multiplex | 1,500,000 | - | (1,500,000) | - |
| ISC H&S Renovations | 200,000 | - | (200,000) | - |
| ISC Band Support | - | 60,907 | - | 60,907 |
| ISC Membership Support | - | 11,446 | - | 11,446 |
| ISC Operations and Management | - | 95,453 | - | 95,453 |
| ISC Prevention Funding | - | 154,454 | - | 154,454 |
| | <u>1,770,572</u> | <u>1,473,348</u> | <u>(1,745,698)</u> | <u>1,498,222</u> |
| Provincial Government | | | | |
| Leo Creek Project | - | 2,000,000 | - | 2,000,000 |
| Other | | | | |
| Prince Rupert Gas Transmission | 674,333 | - | - | 674,333 |
| Dzulth Trail | 50,000 | - | (50,000) | - |
| FNHA April 2023 Funding | 176,208 | - | (176,208) | - |
| Civil Forfeiture Grant | 40,000 | - | (40,000) | - |
| Early Childhood Education Grant | - | 353,911 | (353,911) | - |
| | <u>940,541</u> | <u>353,911</u> | <u>(620,119)</u> | <u>674,333</u> |
| | <u>\$ 2,711,113</u> | <u>\$ 3,827,259</u> | <u>\$ (2,365,817)</u> | <u>\$ 4,172,555</u> |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

11. LONG-TERM DEBT

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Canada Mortgage Housing Corporation 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. | \$ 482,988 | \$ 525,307 |
| Ford Credit Loan bearing interest at 4.49% per annum, repayable in monthly payments of \$1,558 including interest, secured by specific equipment with a net book value of \$41,858, maturing September 2027. | 60,583 | 76,177 |
| 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. | 52,458 | 127,922 |
| Royal Bank of Canada bearing interest at 5.99% per annum, repayable in monthly payments of \$814 including interest, secured by specific equipment with a net book value of \$27,865, maturing September 2029. | 45,667 | 52,475 |
| Royal Bank of Canada bearing interest at 5.49% per annum, repayable in monthly payments of \$703 including interest, secured by specific equipment with a net book value of \$24,492, maturing September 2029. | 40,008 | 46,074 |
| | \$ 681,704 | \$ 827,955 |

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

| | |
|---------------------|-------------------|
| 2025 | \$ 148,742 |
| 2026 | 61,263 |
| 2027 | 61,513 |
| 2028 | 52,832 |
| 2029 and thereafter | 357,354 |
| | \$ 681,704 |

| | 2024 | 2023 |
|---|-----------|-----------|
| Interest expense for the year on long-term debt | \$ 18,536 | \$ 13,683 |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

12. 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 (2023 - \$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 fully funded as per the agreement (2023 - fully funded).

At year end, the replacement reserves consist of the following:

| | 2024 | 2023 |
|-----------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 284,012 | \$ 286,092 |
| Annual allocation | 8,000 | 8,000 |
| Expenditures | - | (10,080) |
| Balance, end of year | \$ 292,012 | \$ 284,012 |

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:

| | 2024 | 2023 |
|-----------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 592,395 | \$ 446,569 |
| Operating surplus | 16,610 | 145,826 |
| Balance, end of year | \$ 609,005 | \$ 592,395 |

Under the terms of the agreement with CMHC, purchases over \$5,000 require competitive prices from three sources through quotations, tenders or proposals.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

13. TANGIBLE CAPITAL ASSETS

| | Cost | Additions | Disposals | Accumulated amortization | 2024 Net book value |
|---------------------------------|----------------------|---------------------|-------------|-----------------------------|---------------------------|
| Buildings and infrastructure | \$ 35,438,006 | \$ 2,836,511 | \$ - | \$ 30,436,980 | \$ 7,839,431 |
| Community infrastructure | 687,923 | 66,898 | - | 592,395 | 162,426 |
| Computer equipment | 268,657 | 162,112 | - | 312,473 | 118,296 |
| Electrical Systems | 175,972 | 177,516 | - | 184,847 | 168,641 |
| Equipment - General | 1,018,459 | 173,130 | - | 808,896 | 382,693 |
| Land | 2,216,716 | - | - | - | 2,216,716 |
| Roads and bridges | 3,865,720 | 16,607 | - | 3,660,620 | 221,707 |
| Vehicles | 2,013,978 | 344,550 | - | 1,918,600 | 439,927 |
| Water and sewer | 15,614,258 | 88,120 | - | 8,037,824 | 7,664,554 |
| | \$ 61,299,689 | \$ 3,865,444 | \$ - | \$ 45,952,635 | \$ 19,214,391 |

| | Cost | Additions | Disposals | Accumulated amortization | 2023 Net book value |
|---------------------------------|----------------------|-------------------|------------------|-----------------------------|---------------------------|
| Buildings and infrastructure | \$ 33,955,944 | \$ - | \$ - | \$ 29,673,219 | \$ 5,764,787 |
| Community infrastructure | 603,506 | 84,417 | - | 583,028 | 104,895 |
| Computer equipment | 151,426 | 117,231 | - | 187,141 | 81,516 |
| Electrical Systems | 175,972 | - | - | 175,972 | - |
| Equipment - General | 941,169 | 77,290 | - | 739,737 | 278,723 |
| Land | 2,216,716 | 13,728 | - | - | 2,216,716 |
| Roads and bridges | 3,865,720 | - | - | 3,593,332 | 272,388 |
| Vehicles | 1,608,226 | 436,917 | 31,165 | 1,518,096 | 495,882 |
| Water and sewer | 15,600,530 | 13,728 | - | 7,760,266 | 7,853,992 |
| | \$ 59,119,209 | \$ 743,311 | \$ 31,165 | \$ 44,230,791 | \$ 17,068,899 |

14. INVENTORY

| | 2024 | 2023 |
|---------|------------------|------------------|
| Poultry | \$ 1,437 | \$ 1,437 |
| Horses | 22,315 | 22,315 |
| Cows | 22,464 | 22,464 |
| | \$ 46,216 | \$ 46,216 |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

| | 2024 | 2023 |
|-----------------------------------|---------------|---------------|
| Enterprise fund | \$ 19,315,948 | \$ 19,315,948 |
| Equity in operating fund | 11,016,020 | 11,402,575 |
| Equity in tangible capital assets | 18,532,687 | 16,240,945 |
| Equity in Ottawa Trust funds | 3,264,837 | 3,208,235 |
| Replacement reserves | 901,017 | 876,407 |
| | <hr/> | <hr/> |
| | \$ 53,030,509 | \$ 51,044,110 |

16. CONTINGENT LIABILITIES

The Nation has a contingent liability related to Indigenous Services Canada's ministerial loan guarantees for member mortgages. The outstanding balance of these mortgages at March 31, 2024 is \$553,335 (2023- \$739,041).

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 2024 year end.

17. ECONOMIC DEPENDENCE

Tl'azt'en Nation receives a significant portion of its revenue from Indigenous Services Canada as a result of contribution agreements entered into with the Government of Canada. These agreements 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 agreements.

TL'AZT'EN NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2024****18. GOVERNMENT TRANSFERS**

| | 2024 | | |
|---|----------------------|---------------------|----------------------|
| | Operating | Capital | Total |
| Federal government transfers | | | |
| Indigenous Services Canada | \$ 9,503,139 | \$ 1,700,000 | \$ 11,203,139 |
| Canada Mortgage and Housing Corporation funding | 31,954 | - | 31,954 |
| Other federal government funds | 383,884 | - | 383,884 |
| Total | 9,918,977 | 1,700,000 | 11,618,977 |
| Provincial government/FNHA transfers | 6,455,249 | 280,060 | 6,735,309 |
| | \$ 16,374,226 | \$ 1,980,060 | \$ 18,354,286 |
| | 2023 | | |
| | Operating | Capital | Total |
| Federal government transfers | | | |
| Indigenous Services Canada | \$ 8,107,728 | \$ - | \$ 8,107,728 |
| Canada Mortgage and Housing Corporation funding | 31,954 | 160,000 | 191,954 |
| Other federal government funds | 455,116 | - | 455,116 |
| Total | 8,594,798 | 160,000 | 8,754,798 |
| Provincial government/FNHA transfers | 4,195,481 | - | 4,195,481 |
| | \$ 12,790,279 | \$ 160,000 | \$ 12,950,279 |

19. INDIGENOUS SERVICES CANADA RECONCILIATION

| | 2024 | 2023 |
|---|----------------------|---------------------|
| Indigenous Services Canada revenue per confirmation | \$ 9,457,441 | \$ 9,528,718 |
| Deferred for future capital projects | - | (1,700,000) |
| Recognition of previously deferred funds | 1,745,698 | 279,008 |
| | \$ 11,203,139 | \$ 8,107,726 |

20. FIRST NATIONS DRINKING WATER SETTLEMENT

A settlement has been reached on the class action First Nations Drinking Water lawsuit. In 2023, the Nation received \$500,000 in compensation. The Nation will receive an additional amount equal to 50% of the amounts paid to eligible individuals who resided in the community once the claims process has ended. In the current year, the Nation received \$54,353, which has been recorded in the financial statements.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

21. 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 \$176,462 (2023 - \$172,222).

22. 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 27, 2023.

23. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

| | 2024 | 2023 |
|--|----------------|--------------|
| Accounts receivable | \$ (2,211,820) | \$ 1,014,434 |
| Prepaid expenses | (93,098) | 256 |
| Accounts payable and accrued liabilities | (22,635) | 325,365 |
| Due to government agencies | 37,781 | 1,881 |
| Deferred revenue | 1,461,443 | 528,887 |
| Payable to Binche | 39,082 | 51,998 |
| Distribution to members | 138,470 | (853,018) |
| | <hr/> | <hr/> |
| | \$ (650,777) | \$ 1,069,803 |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

24. EXPENSES BY OBJECT

| | 2024 Budget | 2024 Actual | 2023 Actual |
|--|----------------------|----------------------|----------------------|
| Advertising | \$ 15,200 | \$ 11,618 | \$ 15,816 |
| Amortization | - | 1,718,824 | 1,945,046 |
| Awards day | 1,000 | 463 | 916 |
| Bad debts (recovery) | - | (75,549) | 412,048 |
| Building expenses | 1,192,921 | 899,491 | 1,224,536 |
| COVID 19 expenses | - | 328,042 | 477,021 |
| Client services | 93,000 | 175,743 | 214,396 |
| Contracted services | 2,160,752 | 333,310 | 1,148,212 |
| Donations | 79,000 | 61,799 | 136,393 |
| Education | 1,462,922 | 2,053,553 | 1,671,923 |
| Emergency | - | 38,027 | 45,100 |
| Equipment | 385,900 | 220,215 | 234,677 |
| Equipment leases and rentals | 29,516 | 37,610 | 42,448 |
| Funeral costs | - | 52,994 | 59,902 |
| Grad fees | - | 400 | 2,230 |
| Honorariums | 364,945 | 504,637 | 304,979 |
| Insurance | 210,000 | 269,283 | 200,151 |
| Interest and bank charges | 6,000 | 33,652 | 41,698 |
| Interest on long-term debt (recovery) | 18,500 | 22,891 | (130,443) |
| Meals program and groceries | 18,124 | 39,729 | 18,121 |
| Meetings, cultural activities & community projects | 442,766 | 464,921 | 460,336 |
| Nutrition | - | 2,582 | 2,697 |
| Office expenses | 379,655 | 398,987 | 461,813 |
| Other expenses (recovery) | 156,582 | 480,468 | (280,028) |
| Professional fees | 2,677,960 | 1,811,537 | 1,804,472 |
| Ranch and outfitting | 57,546 | 69,509 | 107,014 |
| Repairs and maintenance | 25,000 | 42,717 | 37,151 |
| Replacement provision | 8,000 | 8,302 | 8,000 |
| Social assistance | 995,400 | 2,183,201 | 1,241,865 |
| Supplies | 10,136 | 6,167 | 12,411 |
| Telephone and internet | 99,500 | 169,885 | 120,225 |
| Training and workshops | 559,375 | 501,421 | 567,649 |
| Travel | 507,153 | 489,498 | 452,497 |
| Vehicle | 79,239 | 180,158 | 207,354 |
| Wages and benefits | 6,269,429 | 6,366,650 | 6,520,860 |
| | \$ 18,305,521 | \$ 19,902,735 | \$ 19,789,486 |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

25. SEGMENTED INFORMATION

As previously discussed in note 2 (q) 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.

Enterprise Fund- this segment reflects equity income pickup from Government business enterprises.

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.

Self Government- this segment includes programs and services related to the self governance of the Nation funded by provincial programs.

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.

Tangible Capital Assets- this segment includes the revenue and expenses relating to the tangible capital assets.

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

25. SEGMENTED INFORMATION, continued

| | Administration | | | Housing Operations | | | Health Services | | |
|---|-----------------------|--------------------|-------------------|----------------------|---------------------|--------------------|--------------------|------------------|------------------|
| | 2024 Budget | 2024 Actual | 2023 Actual | 2024 Budget | 2024 Actual | 2023 Actual | 2024 Budget | 2024 Actual | 2023 Actual |
| Revenues | | | | | | | | | |
| Indigenous Services Canada | \$ 446,071 | \$ 787,350 | \$ 952,799 | \$ 12,245 | \$ 2,005,996 | \$ 340,037 | - | - | - |
| Provincial Government | 783,821 | 785,702 | 875,861 | - | - | - | - | - | - |
| Service and product sales | 150,000 | 86,273 | 111,555 | - | - | - | - | - | - |
| Other income | 142,435 | 368,703 | 329,472 | (5,000) | (1,551) | (4,313) | - | 24,351 | 29,572 |
| First Nation Health Authority | - | - | - | - | - | - | 2,012,096 | 2,837,953 | 2,863,659 |
| Ottawa Trust Earnings | - | 17,521 | 37,511 | - | - | - | - | - | - |
| Other revenue | 302,000 | 582,637 | 1,129,868 | 236,400 | 274,001 | 226,415 | - | (1,575) | (1,161) |
| Total revenue | 1,824,327 | 2,628,186 | 3,437,066 | 243,645 | 2,278,446 | 562,139 | 2,012,096 | 2,860,729 | 2,892,070 |
| Expenses | | | | | | | | | |
| Building expenses | 261,500 | 58,336 | 71,785 | 337,038 | 198,100 | 306,629 | 51,000 | 40,454 | 100,369 |
| Contracted services | 157,500 | 124,595 | 25,327 | 1,860,381 | 91,542 | 767,314 | 48,000 | 21,703 | 108,622 |
| COVID 19 expenses | - | 42 | 206,882 | - | - | - | - | 2,308 | 762 |
| Education | 51,745 | 12,460 | 1,000 | - | - | - | 39,000 | (51,185) | 7,151 |
| Professional fees | 345,000 | 1,276,565 | 1,016,590 | - | - | 977 | 126,000 | 88,704 | 163,661 |
| Social assistance | - | - | - | - | - | - | 219,400 | 222,300 | 287,132 |
| Wages and benefits | 1,287,059 | 1,538,537 | 1,370,741 | 299,594 | 244,777 | 347,602 | 1,473,820 | 1,411,424 | 1,472,962 |
| Other expenses | 1,193,389 | 1,134,540 | 1,207,906 | 78,031 | (50,237) | (145,678) | 394,100 | 764,018 | 705,109 |
| Total expenses | 3,296,193 | 4,145,075 | 3,900,231 | 2,575,044 | 484,182 | 1,276,844 | 2,351,320 | 2,499,726 | 2,845,768 |
| | (1,471,866) | (1,516,889) | (463,165) | (2,331,399) | 1,794,264 | (714,705) | (339,224) | 361,003 | 46,302 |
| Insurance proceeds | - | 309,018 | - | - | - | - | - | - | - |
| Annual surplus (deficit) | (1,471,866) | (1,207,871) | (463,165) | (2,331,399) | 1,794,264 | (714,705) | (339,224) | 361,003 | 46,302 |
| Admin fees | (626,984) | (930,803) | (880,020) | 1,225 | 1,225 | 1,270 | 157,798 | 264,784 | 255,321 |
| Annual surplus (deficit) (net of admin fees) | \$ (844,882)\$ | (277,068)\$ | 416,855 \$ | (2,332,624)\$ | 1,793,039 \$ | (715,975)\$ | (497,022)\$ | 96,219 \$ | (209,019) |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

25. SEGMENTED INFORMATION, continued

| | Economic Development | | | Natural Resources | | | Social Development | | |
|---|-----------------------|--------------------|--------------------|----------------------|-------------------|--------------------|--------------------|-------------------|------------------|
| | 2024 Budget | 2024 Actual | 2023 Actual | 2024 Budget | 2024 Actual | 2023 Actual | 2024 Budget | 2024 Actual | 2023 Actual |
| Revenues | | | | | | | | | |
| Indigenous Services Canada | \$ 73,597 | \$ 73,597 | \$ 86,070 | \$ - | \$ - | \$ 33,500 | \$ 1,294,944 | \$ 3,236,889 | \$ 2,320,160 |
| Federal Government | - | - | - | 270,442 | 341,142 | 370,141 | 46,004 | 82,742 | 84,975 |
| Provincial Government | - | - | - | - | 63,949 | 40,802 | 128,486 | 152,419 | 127,151 |
| Other income | - | 20,296 | (8,838) | 427,250 | 272,530 | 149,435 | - | (300) | (632) |
| Other revenue | - | 202,910 | - | 132,000 | 391,032 | 1 | 62,000 | (1) | 62,000 |
| Total revenue | 73,597 | 296,803 | 77,232 | 829,692 | 1,068,653 | 593,879 | 1,531,434 | 3,471,749 | 2,593,654 |
| Expenses | | | | | | | | | |
| Building expenses | - | 8,993 | - | 38,450 | 40,912 | 23,902 | 94,000 | 144,515 | 120,801 |
| Contracted services | - | 906 | 3,260 | - | 10,252 | - | - | - | - |
| COVID 19 expenses | - | - | - | - | - | - | - | 325,692 | 269,377 |
| Education | - | - | - | - | - | - | 13,762 | 112,009 | 51,217 |
| Professional fees | - | 270 | 2,519 | 688,960 | 112,128 | 227,376 | 2,500 | - | - |
| Social assistance | - | - | - | - | - | - | 776,000 | 1,960,563 | 953,233 |
| Wages and benefits | 295,550 | 251,851 | 161,762 | 1,175,044 | 456,865 | 440,676 | 369,439 | 558,885 | 481,256 |
| Other expenses | 80,562 | 137,077 | 167,981 | 310,043 | 174,161 | 167,606 | 175,341 | 319,620 | 380,878 |
| Total expenses | 376,112 | 399,097 | 335,522 | 2,212,497 | 794,318 | 859,560 | 1,431,042 | 3,421,284 | 2,256,762 |
| | (302,515) | (102,294) | (258,290) | (1,382,805) | 274,335 | (265,681) | 100,392 | 50,465 | 336,892 |
| Recoveries | - | - | - | - | - | - | - | (35,080) | - |
| Insurance proceeds | - | - | - | - | 5,250 | - | - | - | - |
| Annual surplus (deficit) | (302,515) | (102,294) | (258,290) | (1,382,805) | 279,585 | (265,681) | 100,392 | 15,385 | 336,892 |
| Admin fees | 8,828 | 7,359 | 4,304 | 21,725 | 118,619 | - | 42,321 | 75,999 | 41,862 |
| Annual surplus (deficit) (net of admin fees) | \$ (311,343)\$ | (109,653)\$ | (262,594)\$ | (1,404,530)\$ | 160,966 \$ | (265,681)\$ | 58,071 \$ | (60,614)\$ | 295,030 |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

25. SEGMENTED INFORMATION, continued

| | 2024 Budget | Infrastructure 2024 Actual | 2023 Actual | 2024 Budget | Education 2024 Actual | 2023 Actual | 2024 Budget | Social Housing 2024 Actual | 2023 Actual |
|---|-----------------------|----------------------------------|--------------------|----------------------|-----------------------------|--------------------|----------------|----------------------------------|----------------|
| Revenues | | | | | | | | | |
| Indigenous Services Canada | \$ 1,079,767 | \$ 1,245,486 | \$ 1,071,398 | \$ 2,960,597 | \$ 3,853,820 | \$ 3,303,762 | \$ - | \$ - | \$ - |
| Federal Government | - | - | - | - | - | - | 32,954 | 31,954 | 191,954 |
| Provincial Government | - | - | - | 80,537 | 112,650 | 432,441 | - | - | - |
| Service and product sales | - | 309 | - | - | - | - | - | - | - |
| Other income | (5,000) | (1,447) | 240,304 | 55,000 | (29,309) | 43,982 | - | - | - |
| First Nation Health Authority | - | - | - | - | - | 30,000 | - | - | - |
| Other revenue | 500 | 2,651 | (82) | 744,850 | 859,769 | 870,461 | 47,832 | 47,193 | 41,088 |
| Total revenue | 1,075,267 | 1,246,999 | 1,311,620 | 3,840,984 | 4,796,930 | 4,680,646 | 80,786 | 79,147 | 233,042 |
| Expenses | | | | | | | | | |
| Amortization | - | - | - | - | - | 14,980 | - | 42,319 | 114,867 |
| Building expenses | 254,800 | 322,286 | 463,716 | 121,133 | 30,991 | 92,017 | 35,000 | 54,904 | 45,318 |
| Contracted services | 16,000 | (15,314) | 64,958 | 62,871 | 17,832 | 131,728 | 16,000 | 27,483 | 47,004 |
| Education | - | - | - | 1,358,415 | 1,980,245 | 1,612,555 | - | - | - |
| Professional fees | 15,500 | 4,605 | 279,008 | - | 329,265 | 114,340 | - | - | - |
| Wages and benefits | 702,425 | 731,952 | 830,236 | 2,490,229 | 1,658,836 | 1,693,834 | 11,214 | 16,321 | 14,446 |
| Other expenses | 314,700 | 404,716 | 124,850 | 546,026 | 622,420 | 780,628 | 19,000 | 27,116 | 16,812 |
| Total expenses | 1,303,425 | 1,448,245 | 1,762,768 | 4,578,674 | 4,639,589 | 4,440,082 | 81,214 | 168,143 | 238,447 |
| | (228,158) | (201,246) | (451,148) | (737,690) | 157,341 | 240,564 | (428) | (88,996) | (5,405) |
| Recoveries | - | (38,803) | - | - | - | - | - | - | - |
| Insurance proceeds | - | - | - | - | - | - | - | - | - |
| Annual surplus (deficit) | (228,158) | (240,049) | (451,148) | (737,690) | 157,341 | 240,564 | (428) | (88,996) | (5,405) |
| Admin fees | 109,479 | 119,977 | 98,967 | 317,418 | 342,840 | 478,296 | - | - | - |
| Annual surplus (deficit) (net of admin fees) | \$ (337,637)\$ | (360,026)\$ | (550,115)\$ | (1,055,108)\$ | (185,499)\$ | (237,732)\$ | (428)\$ | (88,996)\$ | (5,405) |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

25. SEGMENTED INFORMATION, continued

| | Enterprise Fund | | | Self Government | | | Tangible Capital Assets | | |
|---------------------------------|-----------------|----------------|---------------------|--------------------|---------------------|---------------------|-------------------------|-----------------------|-----------------------|
| | 2024 Budget | 2024 Actual | 2023 Actual | 2024 Budget | 2024 Actual | 2023 Actual | 2024 Budget | 2024 Actual | 2023 Actual |
| Revenues | | | | | | | | | |
| Provincial Government | \$ - | \$ - | \$ - | \$ - | \$ 2,782,636 | \$ 2,719,226 | \$ - | \$ - | \$ - |
| Other income | - | - | - | 10,000 | - | 10,000 | - | - | - |
| Other revenue | - | - | 7,037,495 | - | - | - | - | - | - |
| Total revenue | - | - | 7,037,495 | 10,000 | 2,782,636 | 2,729,226 | - | - | - |
| Expenses | | | | | | | | | |
| Amortization | - | - | - | - | - | - | - | 1,676,505 | 1,815,200 |
| Contracted services | - | - | - | - | 54,310 | - | - | - | - |
| Social assistance | - | - | - | - | 338 | 1,500 | - | - | - |
| Wages and benefits | - | - | - | 30,000 | 1,839 | 12,324 | - | - | - |
| Other expenses | - | - | - | 70,000 | 170,083 | 44,479 | - | - | - |
| Total expenses | - | - | - | 100,000 | 226,570 | 58,303 | - | 1,676,505 | 1,815,200 |
| | - | - | 7,037,495 | (90,000) | 2,556,066 | 2,670,923 | - | (1,676,505) | (1,815,200) |
| Recoveries | - | - | - | - | - | - | - | - | - |
| Insurance proceeds | - | - | - | - | - | - | - | - | - |
| Annual surplus (deficit) | \$ - | \$ - | \$ 7,037,495 | \$ (90,000) | \$ 2,556,066 | \$ 2,670,923 | \$ - | \$ (1,676,505) | \$ (1,815,200) |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

25. SEGMENTED INFORMATION, continued

| | Consolidated totals | | |
|---|-----------------------|---------------------|---------------------|
| | 2024 Budget | 2024 Actual | 2023 Actual |
| Revenues | | | |
| Indigenous Services Canada | \$ 5,867,221 | \$ 11,203,138 | \$ 8,107,726 |
| Federal Government | 349,400 | 455,838 | 647,070 |
| Provincial Government | 992,844 | 3,897,356 | 4,195,481 |
| Service and product sales | 150,000 | 86,582 | 111,555 |
| Other income | 624,685 | 653,273 | 788,982 |
| First Nation Health Authority | 2,012,096 | 2,837,953 | 2,893,659 |
| Ottawa Trust Earnings | - | 17,521 | 37,511 |
| Other revenue | 1,525,582 | 2,358,617 | 9,366,085 |
| Total revenue | 11,521,828 | 21,510,278 | 26,148,069 |
| Expenses | | | |
| Amortization | - | 1,718,824 | 1,945,047 |
| Building expenses | 1,192,921 | 899,491 | 1,224,537 |
| Contracted services | 2,160,752 | 333,309 | 1,148,213 |
| COVID 19 expenses | - | 328,042 | 477,021 |
| Education | 1,462,922 | 2,053,529 | 1,671,923 |
| Professional fees | 1,177,960 | 1,811,537 | 1,804,471 |
| Social assistance | 995,400 | 2,183,201 | 1,241,865 |
| Wages and benefits | 8,134,374 | 6,871,287 | 6,825,839 |
| Other expenses | 3,181,192 | 3,703,514 | 3,450,571 |
| Total expenses | 18,305,521 | 19,902,734 | 19,789,487 |
| | (6,783,693) | 1,607,544 | 6,358,582 |
| Recoveries | - | (73,883) | - |
| Insurance proceeds | - | 314,268 | - |
| Annual surplus (deficit) | (6,783,693) | 1,847,929 | 6,358,582 |
| Admin fees | 31,810 | - | - |
| Annual surplus (deficit) (net of admin fees) | \$ (6,815,503) | \$ 1,847,929 | \$ 6,358,582 |

TL'AZT'EN NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

26. COMPARATIVE AMOUNTS

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