

TLA-O-QUI-AHT FIRST NATIONS

FINANCIAL STATEMENTS

March 31, 2014

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TLA-O-QUI-AHT FIRST NATIONS MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MAY 21, 2014

March 31, 2014

The accompanying financial statements of Tla-o-qui-aht First Nations and all the information in this annual report for the year ended March 31, 2014 are the responsibility of management and have been approved by the Chief and Council.

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

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

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

The financial statements have been audited by Sabo, Jang & Co. Ltd. in accordance with Canadian auditing standards on behalf of their members. Sabo, Jang & Co. Ltd. has full access to Chief and Council.

Frank Hansen
Chief
Councilor
Pennsylva
Date 29 July 2014
Date 29 July 2014

Independent Auditor's Report

To the Members of Tla-o-qui-aht First Nations

We have audited the accompanying financial statements of Tla-o-qui-aht First Nations, which comprise the statement of financial position as at March 31, 2014, and the statements of revenue, expenditures and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

TFN Seafoods Ltd. and Tsix Waa Cahs Holdings Ltd. are wholly owned by the First Nation and are reported in these financial statements. Because these statements were not audited or reviewed we could not satisfy ourselves regarding the investment in the company. Accordingly, we could not obtain sufficient audit evidence or determine if adjustments were necessary.

Qualified Opinion

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

Parksville, B.C.
July 28, 2014

SABO, JANG & CO. LTD.
Certified General Accountants

TLA-O-QUI-AHT FIRST NATIONS
STATEMENT OF FINANCIAL POSITION
March 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	\$ 1,154,293	\$ 1,408,199
Accounts receivable (Note 2)	610,713	379,423
GST/HST recoverable	104,488	122,997
Due to from NTC	298,828	1,108,384
Restricted cash (Note 3)	903,822	772,464
Loan receivable (Note 4)	66,496	72,470
Long-term investments (Note 5)	11,367,507	11,417,994
Seafood harvest licences (Note 6)	1	1
	14,506,148	15,281,932
LIABILITIES		
Operating loan (Note 7)	270,410	302,585
Accounts payable	1,038,987	758,013
HST payable	7,548	7,548
Deferred revenue (Note 8)	212,350	9,786
Committed funds	1,427,366	1,298,623
Wages payable	115,455	128,292
Reserves (Note 9)	375,556	310,675
Long-term debt (Note 10)	25,464,128	24,324,979
	28,911,800	27,140,501
NET FINANCIAL ASSETS		
	(14,405,652)	(11,858,569)
NON-FINANCIAL ASSETS		
Capital assets (Note 11)	44,709,504	44,712,201
Prepaid expenses	52,488	66,042
Due from related parties (Note 13)	866,940	474,080
	45,628,932	45,252,323
ACCUMULATED SURPLUS	\$ 31,223,280	\$ 33,393,754

Approved on behalf of the Tla-o-qui-aht First Nations


Frank
 Chief

Frank

Councilor

See accompanying Notes to Financial Statements.

TLA-O-QU-AHT FIRST NATIONS
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended March 31, 2014

	2014	2013
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (2,060,593)	\$ (679,345)
Acquisition of tangible capital assets	(1,906,537)	(3,789,588)
Amortization of tangible capital assets	1,698,599	1,117,397
Amortization of social housing assets	155,673	147,212
	2,692	(2,524,980)
Acquisition of prepaid asset	13,554	13,573
Acquisition of due from related parties	(392,860)	172,249
Increase to committed funds	(128,743)	(354,430)
Prior period adjustments	102,994	(80,360)
Transfer to related entity	(84,127)	-
	(109,876)	(434,790)
Decrease in net financial assets	(2,547,083)	(3,453,293)
Net debt at beginning of year	(11,858,569)	(8,405,276)
Net debt at end of year	\$ (14,405,652)	\$ (11,858,569)

See accompanying Notes to Financial Statements.

TLA-O-QUI-AHT FIRST NATIONS
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
For the year ended March 31, 2014

	2014	2013
REVENUE		
NTC	\$ 3,956,003	\$ 5,108,913
Lease income	1,016,611	1,039,535
Province of BC	54,059	60,500
Rental Income	593,754	507,876
Share of income CCH LP	130,670	405,142
Interest income	208,657	373,962
Administration fee	434,981	364,021
SD 70	83,271	291,519
Other revenue and recoveries	455,966	223,817
BC treaty commission	136,220	214,220
Property tax income	177,000	177,000
CMHC subsidies	185,918	172,985
Head start program	139,478	138,765
Department of fisheries and oceans	156,971	65,405
Government funding	57,500	34,100
VHAs	-	25,700
FNESC	-	14,364
Big Tree Trail	10,235	10,137
BC Special	2,488	2,503
Donations	-	831
Net income Tsix Waa Cahs	-	(495)
Share of income TFN Booking	-	(8,623)
Net income from Tin Wis Resort Ltd.	<u>(571,245)</u>	<u>(698,352)</u>
	<u>7,228,537</u>	<u>9,068,325</u>

See accompanying Notes to Financial Statements.

TLA-O-QUI-AHT FIRST NATIONS
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
For the year ended March 31, 2014

	2014	2013
EXPENDITURES		
Administration fees	435,612	356,171
Amortization	1,698,599	1,117,398
Bad debts	219,960	-
Basic needs	585,807	924,221
Climate change Adaptation	800	125,000
Contracts	1,062,991	1,598,654
Donations and contributions	136,604	163,160
Food fish expense	65,247	51,977
Fuel	39,085	45,219
Honorariums	481,038	509,462
Insurance	67,139	63,495
Interest and bank charges	661,615	660,799
Interest on long term debt	1,095	5,867
Licenses, dues and fees	47,045	52,879
Materials and supplies	38,589	47,358
Meetings	69,183	152,787
Miscellaneous	5,844	468
National Child Benefit	59,204	69,464
Negotiator fees	68,623	112,163
Office expenses	67,060	64,010
Other expense	152,037	410,912
Preventative Social	4,857	49,707
Principal paid on mortgage	210,639	147,212
Professional fees	462,346	341,135
Rent	79,505	77,600
Repairs and maintenance	199,656	132,382
Replacement reserve transfers	85,486	135,139
Student Transportation	55,754	324,391
Student allowances	-	2,821
Student tuitions	7,942	1,469
Supplies	16,965	18,416
Telecommunications	63,339	63,845
Training	35,218	35,195
Transfers to First Nation	57,900	57,900
Travel	330,546	355,151
Utilities and telephone	262,745	26,707
Wages and benefits	1,415,815	1,392,540
Workshops	30,430	47,669
Equipment lease	6,810	6,933
DEFICIENCY OF REVENUE OVER EXPENDITURES	9,289,130	9,747,676
	(2,060,593)	(679,345)

See accompanying Notes to Financial Statements.

TLA-O-QUI-AHT FIRST NATIONS
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
For the year ended March 31, 2014

	2014	2013
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		
As previously stated	34,411,465	35,169,162
Prior period adjustment	102,994	(78,352)
AS RESTATED		
	34,514,459	35,090,810
TRANSFERS	-	2
TRANSFER TO RELATED ENTITY	(84,127)	-
ACCUMULATED SURPLUS AT END OF YEAR	<u>\$ 32,369,739</u>	<u>\$ 34,411,465</u>

See accompanying Notes to Financial Statements.

TLA-O-QUI-AHT FIRST NATIONS
STATEMENT OF CASH FLOWS
For the year ended March 31, 2014

	2014	2013
Cash flows from		
Operating activities		
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (2,060,593)	\$ (679,345)
Items not affecting cash		
Amortization	1,909,238	1,264,600
	(151,355)	585,255
Change in non-cash operating working capital		
Accounts receivable	(231,290)	603,627
GST/HST recoverable	18,509	(38,080)
Prepaid expenses	13,554	13,573
Accounts payable	215,697	(791,704)
Deferred revenue	202,564	6,932
Wages payable	(12,837)	(35,222)
Due to from NTC	809,556	(346,579)
	864,398	(2,198)
Capital activities		
Decrease in capital purchases	(1,906,537)	(3,789,583)
Financing activities		
Long-term debt	1,139,149	4,976,747
Due from related parties	(392,860)	172,249
Reserves	64,881	137,288
Operating loan	(32,175)	(30,292)
	778,995	5,255,992
Investing activities		
Loan receivable	5,974	5,692
Restricted cash	(131,350)	(205,556)
Increase in investments	50,487	(2,058,458)
Transfer to related entity	84,127	-
	9,238	(2,258,322)
Decrease in cash and cash equivalents	(253,906)	(794,111)
Cash and cash equivalents, beginning of year	1,408,199	2,202,310
Cash and cash equivalents, end of year	\$ 1,154,293	\$ 1,408,199
Represented by		
Cash	\$ 1,154,293	\$ 1,408,199

See accompanying Notes to Financial Statements.

**TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2014**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These summary 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 Accountants.

(a) Fund accounting

The Tla-o-qui-aht First Nations 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 purposes of presentation in the consolidated Summary Financial Statements. Detail of the operations of each fund are set out in the supplementary schedules.

(b) Reporting entity principles of financial reporting

These financial statements report only on the activities of the Tla-o-qui-aht First Nations.

The First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

The Financial Statements report on the assets, liabilities and results of operations for the following entities which lend themselves to consolidation:

1. Operating Fund
2. Trust Fund
3. Social Housing Fund
4. Enterprise Fund
5. Treaty Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(d) Revenue recognition

Funding received under the terms of agreements is recognized as revenue when received. Funding received but not yet expended is included in the applicable statement of revenue and expenditure.

TLA-O-QUIL-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

2. ACCOUNTS RECEIVABLE

Accounts receivable are shown net of allowance for doubtful accounts of \$610,713 (2013 - \$379,423)

3. RESTRICTED CASH

	2014	2013
Ottawa Trust Funds	\$ 545,658	\$ 470,917
Social Housing Replacement Reserves	101,078	185,839
Social Housing Operating Reserves	257,085	115,707
	<hr/>	<hr/>
	\$ 903,821	\$ 772,463

4. LOAN RECEIVABLE

Loan receivable in the amount of \$66,496 (2013 - \$72,470) consists of an advance to a member to purchase a house. The amount is unsecured and has no fixed terms of repayment.

5. LONG-TERM INVESTMENTS

Investments are comprised of investments in and advances to subsidiaries. Subsidiaries controlled by the First Nation are consolidated in these financial statement on the modified equity basis:

	2014	2013
Tin-Wis Resort Ltd.	\$ 6,639,124	\$ 6,175,357
TFN Economic Development Corp	(4,456)	(4,456)
TFN Booking Enterprises	11,738	11,738
Sea Trek Tours	116,635	114,713
Tsiiix Waa Cahs Holdings	(6,487)	(6,487)
Canoe Creek Hydro Corp	2,667,809	2,762,139
Haa Ak Sunuk Creek	1,943,144	2,364,990
	<hr/>	<hr/>
	\$ 11,367,507	\$ 11,417,994

The First Nation owns 100% of the common shares of Tin-Wis Resort Ltd. The investment consists of share costs of \$300, advances of \$12,215,588 less accumulated losses of \$(5,576,734). Interorganizational transactions and balances have not been eliminated. During the year ended March 31, 2014, the First Nation charged Tin Wis Resort Ltd. \$91,900 for lease of land and staff housing quarters, \$177,000 for property taxes and \$172,175 in interest. All of these transaction were recorded at market value. The company had assets of \$471,709 and liabilities of \$6,048,143 as at September 30, 2013 and revenues of \$4,042,424 and cost of sales and expenses of \$4,638,669 for the year then ended.

**TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2014**

5. LONG-TERM INVESTMENTS, continued

Tla-o-qui-aht First Nations Economic Development Corporation is a wholly owned subsidiary of the First Nation. The investment consists of share costs of \$100, advances of \$243,029, less accumulated losses of \$247,585. The company operated a shellfish farm but currently is inactive. The company had assets of \$415, and liabilities of \$247,900 as at October 31, 2009 and revenues of \$415, expenses of \$500 and loss of disposal of assets of \$62,755 for the year then ended. Financial statements for the year ended October 31, 2010 and future years have not been prepared.

Tla-o-qui-aht First Nations Booking Enterprises Ltd. is a wholly owned subsidiary. The investments consists of share costs of \$20, advances of \$50,314, less accumulated losses of \$38,596. The company has assets of \$12,638 and liabilities of \$51,215 as at November 30, 2012. There were no revenues for the year then ended and had expenses of \$450 and losses from investment of \$3,789. The company currently is inactive. The company owns 100% of the common shares of Sea-Trek Tours & Expeditions Ltd. which has been accounted for in their financial statements using the modified equity method.

Haa Ak Suuk Creek Limited Partnership has not begun operations as at March 31, 2014. Equity of \$1,943,506 has been invested in the Limited Partnership.

The First Nation owns 100% of the common shares of TFN Seafood Ltd. This investment has not been recorded. Reviewed financial statements for the company have yet to be prepared.

Sea Trek Tours & Expeditions Ltd. is a wholly owned subsidiary of The Tla-o-qui-aht First Nations Booking Enterprise Ltd. The investment consists of advances of \$102,732. The company currently is inactive. Advances of \$176,495 were written off as uncollectable at March 31, 2007. Management expects to be able to collect the balance of their investment through the sale of assets owned by the company.

Tsiiw-Waa-Cahs Holdings Ltd. is a wholly owned subsidiary of the First Nation. The investment consists of share costs of \$1, less accumulated losses of \$6,488. The company currently is inactive and had assets of \$3,814,323 and liabilities of \$20,810 as at March 31, 2013. No revenues and expenses of \$495 were recorded for the period then ended.

Canoe Creek Hydro Corporation Limited Partnership is a partnership in which the First Nation holds a 75% interest. The investment consists of advances to the partnership of \$4,081,364 less distributions of \$2,385,000 plus accumulated income of \$971,445. The First Nations' portion of the partnership's assets was \$9,798,424 and liabilities \$7,130,385 as at December 31, 2013 and revenues \$1,116,435 and expenses \$638,960 for the period then ended.

6. SEAFOOD HARVESTING LICENSES

The First Nation holds seafood harvesting licenses for red sea urchin, sea cucumber, salmon troll, and halibut quota. These licenses are reflected in the financial statements at a nominal cost of \$1. The First Nation has leased all the licenses to various individuals or corporations. Revenues earned from the leases of the licenses are reflected in the financial statements in the Natural Resources Program - page 42.

TLA-O-QUA-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

7. DEMAND LOANS

	2014	2013
Bank of Montreal, demand loan bearing interest at bank prime plus 2%, secured by a general security agreement. The loan is related and offset by the loan receivable described in Note 3.	\$ 69,326	\$ 76,101

Bank of Montreal, demand loan bearing interest at bank prime plus 1.5%, repayable at \$2,117 per month, renewable annually and secured by a general security agreement. The loan is related and offset by the advance to Iisaak Forest Resources Ltd. described in Note 12.

	2014	2013
	\$ 201,083	\$ 226,483

8. DEFERRED REVENUE

	2014	2013
NTC overpayment	\$ 195,822	\$ -
Prepaid rent	16,528	9,786

NTC overpayment consists of transfers received in error during the year. These monies will reduce the amount of payments received in the next fiscal year.

9. RESERVES

	2014	2013
Social housing Operating Reserves	\$ 260,343	\$ 211,280
Social housing Replacement Reserves	115,213	99,395

10. LONG-TERM DEBT

	2014	2013
British Columbia Treaty Commission treaty loan - for details see Note 14.	\$ 5,614,886	\$ 5,614,886

**TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2014**

10. LONG-TERM DEBT, continued

	2014 \$	2013 \$
BDC Loan, repayable with seasonal payments of \$29,566 per month plus monthly interest at 1% above the Bank's floating base rate, secured by general security agreement from Tin Wis Resort Ltd., shares in Tin Wis Resort Ltd., and mortgage of lease, maturity date July 2040	4,385,820	4,088,526
Bank of Montreal demand loan, repayable at \$2,066 per month including interest at prime plus 1.5%, secured by a general security agreement and promissory note, due January 2017	65,944	89,360
NEDC loan, repayable at \$15,485 per month including interest at 5% per annum, secured by an assignment of CFNFA funds, matures June 2025	1,668,999	1,769,363
NEDC loan, repayable at \$13,950 per month including interest at 4.25% per annum, secured by a general security agreement, matures January 2020	1,891,352	1,976,944
Bank of Montreal demand loan, repayable at \$325 per month including interest at 6.65%, secured by a general security agreement and promissory note	36,003	37,077
All Nations Trust Company, payments of \$6,112 per month including interest at 1.67% per annum, guaranteed by Aboriginal Affairs and Northern Development Canada, matures July 2023 (renewal date is June 2016)	1,168,779	1,222,290
All Nations Trust Company, repayable at \$5,444 per month including interest at 2.37% per annum, guaranteed by Aboriginal Affairs and Northern Development Canada, matures July, 2036 (renewal date is June, 2016)	1,131,489	1,169,769
All Nations Trust Company mortgage, repayable at \$5,478 per month including interest at 1.47% per annum, matures September, 2015, guaranteed by Aboriginal Affairs and Northern Development Canada	97,593	161,476
Bank of Montreal demand loan, repayable at \$12,179 per month including interest at prime plus 1%, secured by a general security agreement and promissory note	1,824,582	1,923,564
Bank of Montreal demand loan, repayable at \$950.90 per month plus interest at prime plus 1.5%, secured by a general security agreement and promissory note	261,497	272,907

**TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2014**

10. LONG-TERM DEBT, continued

	2014 \$	2013 \$
All Nations Trust Company mortgage, repayable at rate \$3,557 per month including interest at 1.98% per annum, secured by 6 units housing project assets, matures May 2039	839,390	64,665
NEDC loan, repayable at \$1,079 per month including interest at 6% per annum, secured by promissory note, secured by a general assignment of Tin Wis Resort Ltd. assets, matures January 1, 2017	23,668	34,899
NEDC loan, repayable at \$435 per month including interest at 5% per annum, secured by equipment	1,252	6,295
Bank of Montreal demand loan, non-revolving during construction phase, interest only at prime plus 1%, secured by a general security agreement	1,269,207	1,366,568
Bank of Montreal demand loan, interest only at prime plus 1.5%, secured by a general security agreement	3,157,000	2,632,000
Bank of Montreal demand loan, interest only at prime plus 1.5%, secured by a general security agreement	138,952	-
NEDC loan, repayable at \$740 per month including interest at 8%, matures July 2016, forgivable at \$1 for every \$1 principal paid	42,150	-
All Nations Trust Company, payments of \$8,081 per month including interest at 1.68% per annum, guaranteed by Aboriginal Affairs and Northern Development Canada, matures April 2038 (renewal date is April 2018)	1,839,424	1,894,390
NEDC Loan, repayable at \$307 per month including interest at 6.0%, secured with general security agreement	6,141	-
	<u>\$ 25,464,128</u>	<u>\$ 24,324,979</u>
Principal portion of long-term debt due within the next five years:		
2015	\$ 7,077,335	
2016	332,840	
2017	316,880	
2018	317,819	
2019 and thereafter	17,419,254	
	<u>\$ 25,464,128</u>	

**TLA-O-QUIT-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS**

11. TANGIBLE CAPITAL ASSETS

			Accumulated amortization	Net book value	2014 Net book value
Rate	Cost				2013 Net book value
Automotive equipment					
Equipment	7 years	\$ 51,718	\$ 26,208	\$ 25,510	\$ 32,798
Social Housing	7 years below	610,789 8,786,281	574,396 1,633,399	36,393 7,152,882	28,239 6,183,865
Housing	20 years	4,952,851	1,922,775	3,030,076	3,244,090
Infrastructure	20 years	35,526,341	5,662,952	29,863,389	9,136,330
Infrastructure WIP		1,418,484	-	1,418,484	22,598,765
Marine equipment	7 years	149,392	139,971	9,421	14,600
Office equipment	3 years	241,340	235,212	6,128	11,983
Tin Wis Resort Ltd.	20/5 years	4,197,306	1,030,085	3,167,221	3,461,531

Social Housing assets have been amortized in an amount equal to the principal reduction of the mortgage in accordance with Canada Mortgage and Housing requirements.

12. CHANGES IN TANGIBLE CAPITAL ASSETS

	Additions	Disposals	Amortization	Accumulated amortization on disposals
Tin Wis Resort Ltd.	\$ -	\$ -	\$ 294,310	\$ -
Automotive Equipment	-	-	7,288	-
General Equipment	14,400	-	6,246	-
Housing	-	-	214,014	-
Infrastructure	21,889,387	-	1,162,328	-
Infrastructure work in progress	1,888,761	23,069,044	-	-
Marine Equipment	-	-	5,179	-
Office Equipment	3,378	-	9,234	-
Social Housing	3,685,045	2,505,390	210,639	-
 Total - 2014	 27,480,971	 25,574,434	 1,909,238	 -
 Total - 2013	 \$ 10,948,091	 \$ 7,858,419	 \$ 1,015,212	 \$ -

**TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2014**

13. DUE FROM RELATED PARTIES

	2014	2013
Iisaak Forest Resources Ltd.	\$ 237,908	\$ 265,503
TFN Seafoods Ltd.	(44,470)	(24,310)
Tsix-Waa-Cahs Holding Ltd.	25,795	20,310
Haa Ak Suuk Creek LP	651,757	216,627
<u>TFN Economic Development Corporation</u>	<u>(4,050)</u>	<u>(4,050)</u>
	<hr/>	<hr/>
	\$ 866,940	\$ 474,080

The advances to (from) related parties are unsecured, non-interest bearing and without specific repayment terms except for the portion of the Iisaak Forestry Resource Ltd. as described in Note 7.

14. ACCUMULATED SURPLUS

	2014	2013
Surplus per summary schedule (page 20)	\$ 32,369,739	\$ 34,411,464
Committed funds	(1,427,366)	(1,298,623)
<u>Contributed equity</u>	<u>280,917</u>	<u>280,917</u>
	<hr/>	<hr/>
	\$ 31,223,290	\$ 33,393,757

Contributed equity consists of contributions the First Nation received from the Federal Government during the the year ended March 31, 2011 for the purchase of a building.

Committed Funds consist the surpluses of Community and Human Services, Office Buildings, Fisheries and Incremental Treaty agreement programs. These funds have been set aside for expenditure in their respective programs.

**TLA-O-QUAHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS**

March 31, 2014

15. BRITISH COLUMBIA TREATY COMMISSION TREATY LOAN

During the current year, the First Nation received funds from the BC Treaty Commission. Under the terms of that agreement, the First Nation is eligible for both loaned and contributed funds.

These funds are to be used solely for the purpose of treaty negotiations. Loans are non-interest bearing and become due and payable upon the earlier of:

- a) the twelfth (12th) anniversary of the date on which the first loan advance was made pursuant to instructions of the Commissioners;
- b) the seventh (7th) anniversary of the date of signing of an agreement-in-principle;
- c) the date on which a treaty is signed by the parties;
- d) the date on which the agreement is terminated, or;
- e) that date on which the First Nation commits an act of bankruptcy.

16. ECONOMIC DEPENDENCE

Tla-o-qui-aht First Nations receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada (AANDC). This agreement is referred to as the Canada First Nation Funding Agreement (CFNFA) and was entered into by the Nuu-chah-nulth Tribal Council, some of its First Nations Members and AANDC.

17. CONTINGENT LIABILITIES

Tla-o-qui-aht First Nations has been named as defendant in certain legal proceedings. The Band is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

- a) The First Nation has entered into an agreement with Bank of Montreal for On Reserve Housing Loan Program. The program provides personal loans to bank members to purchase housing on reserve. Under the agreement the First Nation will provide guarantees for the individual loans up to a maximum of \$160,000 each for an aggregate total of \$2,923,000.
- b) The First Nation has entered into an agreement with Bank of Montreal for On Reserve Home Renovation Loan Program. The program provides personal loans to bank members to repair and renovate housing on reserve. Under the agreement the First Nation will provide guarantees for the individual loans up to a maximum of \$25,000 each for an aggregate total of \$100,000. As at March 31, 2012 there were no advances under this program.

**TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS**

March 31, 2014

18. CONTINGENT RECEIVABLE

During the year ended March 31, 2010 the First Nation contributed \$10,000 towards the mortgage of one of its members. This contribution becomes repayable if the member does not remain in the house for ten years.

19. COMPARATIVE AMOUNTS

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