

TLA-O-QUI-AHT FIRST NATIONS

FINANCIAL STATEMENTS

March 31, 2016

TLA-O-QUI-AHT FIRST NATIONS
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TLA-O-QUI-AHT FIRST NATIONS
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
March 31, 2016

The accompanying financial statements of Tla-o-qui-aht First Nations are the responsibility of management and have been approved by [example: the Council].

The 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 Canadian Institute of Chartered Accountants 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.

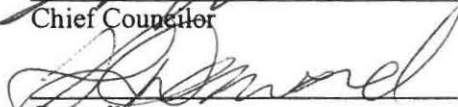
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

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 financial statements and the external auditor's report.

The external auditors, Sabo, Jang & Co. Ltd., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Tla-o-qui-aht First Nations and meet when required.

On behalf of Tla-o-qui-aht First Nations:



Chief Councillor


Councillor

Aug 23/16

Date

Aug 23/16

Date

SABO, JANG & CO. LTD.

(A Professional Corporation)

Chartered Professional Accountants

GREG K. SABO, BA, CPA, CGA, PARTNER
TIM O'CONNOR, CPA, CGA, ASSOCIATE

MICHAEL JANG, BA, CPA, CGA, CAFM, PARTNER

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, 2016, and the statements of revenue, expenditures and accumulated surplus, change in net debt, cash flows and the related schedules 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.

Auditors' 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tla-o-qui-aht First Nations as at March 31, 2016, 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.
August 23, 2016

Sabo, Jang & Co. Ltd.
Sabo, Jang & Co. Ltd.
Chartered Professional Accountants

TLA-O-QUI-AHT FIRST NATIONS
STATEMENT OF FINANCIAL POSITION
March 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 2,650,312	\$ 1,072,272
Accounts receivable (Note 2)	338,646	480,306
GST/HST recoverable	111,165	108,220
Due from NTC	1,219,955	176,919
Restricted cash (Note 3)	1,205,442	1,084,779
Loan receivable (Note 4)	53,044	59,798
Long-term investments (Note 5)	8,484,719	11,581,450
eafood harvest licenses (Note 6)	1	1
	<u>14,063,284</u>	<u>14,563,745</u>
LIABILITIES		
Operating loan (Note 7)	476,700	282,314
Accounts payable	1,011,940	808,169
HST payable	7,548	7,548
Deferred revenue (Note 8)	414,425	-
Committed funds (Note 18)	2,186,025	1,334,309
Wages payable	167,060	133,964
Reserves (Note 9)	562,478	454,317
Long-term debt (Note 10)	26,929,627	26,840,469
	<u>31,755,803</u>	<u>29,861,090</u>
NET DEBT	<u>(17,692,519)</u>	<u>(15,297,345)</u>
NON-FINANCIAL ASSETS		
Capital assets (Note 11)	45,441,978	45,930,453
Prepaid expenses	92,237	128,746
Due from related parties (Note 13)	220,898	572,198
	<u>45,755,113</u>	<u>46,631,397</u>
ACCUMULATED SURPLUS (Note 18)	<u>\$ 28,062,594</u>	<u>\$ 31,334,052</u>

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

 Chief Councilor
 Councilor

See accompanying Notes to Financial Statements.

TLA-O-QUI-AHT FIRST NATIONS
STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31, 2016

	2016	2015
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (2,237,793)	\$ (635,388)
Acquisition of tangible capital assets	(1,924,997)	(3,740,151)
Amortization of tangible capital assets	1,891,334	1,917,424
Amortization of Social Housing assets	196,826	240,226
Amortization of Enterprise Fund assets	325,312	367,098
	488,475	(1,220,515)
Acquisition of prepaid asset	-	(76,258)
Use of prepaid asset	36,509	-
	36,509	(76,258)
Use of due from related parties	351,300	294,742
(Increase) decrease to committed funds	(851,717)	93,057
Prior period adjustments	(181,948)	652,667
	(1,033,665)	745,724
Increase (decrease) in net financial assets	(2,395,174)	(891,695)
Net debt at beginning of year	(15,297,345)	(14,405,650)
Net debt at end of year	\$ (17,692,519)	\$ (15,297,345)

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, 2016

	2016	2015
REVENUE		
NTC	\$ 7,442,123	\$ 6,045,713
Rental Income	745,806	641,498
Proceeds from sale of license	676,340	-
Lease income	628,872	1,137,820
Interest income	510,388	491,149
Other revenue and recoveries	361,902	307,300
Province of BC	297,134	105,465
Administration fee	224,096	324,392
CMHC subsidies	205,624	213,145
Property tax income	177,000	177,000
Head Start program	154,559	146,501
Department of Fisheries and Oceans	130,809	130,809
First Nations Health Authority	125,000	-
Residential school settlements	75,000	-
BC treaty commission	35,625	68,110
Big Tree trail	17,468	12,434
Nuu-chah-nulth Economic Development Corporation	13,230	-
Donations	2,640	5,050
BC special	2,507	-
Government funding	2,000	359,276
BC Hydro park	-	27,324
Net income from Tin Wis Resort Ltd.	(184,023)	(530,877)
Share of income CCH LP	76,705	260,111
Net income Tsiix Waa Cahs Holdings Ltd.	(4,791)	-
Net income Haa-ak-suuk Creek LP	(872,006)	(246,043)
Deferred revenue	(311,950)	-
Share of income - TFN Seafoods LP	248,908	36,885
	10,780,966	9,713,062

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, 2016

	2016	2015
EXPENDITURES		
ACRS water group	158,239	-
Administration fees	119,501	324,392
Amortization	2,413,472	2,519,203
Bad debts	209,608	473,586
Basic needs	464,261	476,129
Consultant fees	30,312	-
Contracts	1,516,215	1,446,457
Donations and contributions	82,633	90,801
Election, membership code	7,525	-
Equipment lease	8,563	7,885
Food fish expense	15,304	32,512
Fuel	13,142	21,096
Honorariums	347,847	360,343
Insurance	82,071	75,564
Interest and bank charges	11,851	3,186
Interest on long-term debt	758,681	812,475
Licenses, dues and fees	5,441	4,079
Lost Shoe Creek water project	2,162,732	-
Materials and supplies	33,716	19,325
Meetings	49,804	71,973
National Child Benefit	47,673	67,988
Office expenses	81,565	61,377
Other expense	4,996	110,460
Professional fees	386,172	821,769
Recruitment costs	7,447	-
Rent	91,200	76,800
Repairs and maintenance	214,093	183,150
Replacement reserve transfers	50,957	56,320
Sewer force main repairs	781,101	-
Student transportation	5,711	2,158
Student tuitions	5,908	15,395
Supplies	19,272	2,950
Telecommunications	50,449	58,295
Training	16,148	36,059
Travel	416,755	398,960
Utilities and telephone	339,740	249,144
Wages and benefits	1,406,528	1,368,442
ACRS sewer projects	6,700	-
NTC capital infrastructure cost overruns	40,646	-
Individual housing R&AP	52,631	-
Individual housing R/KS	52,631	-
Biomaxx sewer	209,737	-
Community garden	2,982	-
Residential school distributions	75,000	-
Investment loss	94,661	-

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, 2016

	2016	2015
Transfer to Operating Reserve	67,139	100,177
	13,018,760	10,348,450
<u>DEFICIENCY OF REVENUE OVER EXPENDITURES</u>	<u>(2,237,793)</u>	<u>(635,388)</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		
As previously stated	32,653,410	32,246,381
Prior period adjustment	(447,917)	594,502
As restated	32,205,493	32,840,881
<u>ACCUMULATED SURPLUS AT END OF YEAR</u>	<u>\$ 29,967,700</u>	<u>\$ 32,205,493</u>

See accompanying Notes to Financial Statements.

TLA-O-QUI-AHT FIRST NATIONS
STATEMENT OF CASH FLOWS
For the year ended March 31, 2016

	2016	2015
Cash flows from		
Operating activities		
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (2,237,793)	\$ (635,388)
Items not affecting cash		
Amortization	2,413,472	2,519,203
Prior period adjustments	(181,948)	652,667
	(6,269)	2,536,482
Change in non-cash operating working capital		
Accounts receivable	141,660	130,407
GST/HST recoverable	(2,945)	(3,732)
Prepaid expenses	36,509	(76,258)
Accounts payable	203,769	(230,383)
Deferred revenue	414,425	(212,350)
Wages payable	33,096	18,509
Due from NTC	(1,043,036)	121,909
	(222,791)	2,284,584
Capital activities		
Capital assets acquired	(1,924,997)	(3,740,151)
Financing activities		
Long-term debt	89,159	1,442,285
Due from related parties	351,300	294,742
Reserves	108,161	78,761
Operating loan	194,386	(54,039)
	743,006	1,761,749
Investing activities		
Loan receivable	6,754	6,698
Restricted cash	(120,663)	(95,618)
Increase (decrease) in investments	3,096,731	(213,944)
	2,982,822	(302,864)
Increase in cash and cash equivalents	1,578,040	3,318
Cash and cash equivalents, beginning of year	1,072,272	1,068,954
Cash and cash equivalents, end of year	\$ 2,650,312	\$ 1,072,272
Represented by		
Cash	\$ 2,650,312	\$ 1,072,272

See accompanying Notes to Financial Statements.

**TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

- The Operating Fund which reports the general activities of the First Nations' administration.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nations' investment in self-supporting commercial entities.
- The Treaty Fund which reports the First Nations' activities related to the Treaty process.

(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.

**TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016**

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

(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

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 are recognized 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.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(e) Comparative figures

Comparative figures have been reclassified, where applicable, to conform to current presentation.

2. ACCOUNTS RECEIVABLE

Accounts receivable are shown net of allowance for doubtful accounts of \$743,962 (2015 - \$556,387)

TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

3. RESTRICTED CASH

	2016	2015
Ottawa Trust Funds	\$ 693,787	\$ 608,742
Social Housing Replacement Reserves	142,133	231,368
Social Housing Operating Reserves	333,869	176,366
Treaty	35,653	68,303
	<u>\$ 1,205,442</u>	<u>\$ 1,084,779</u>

4. LOAN RECEIVABLE

Loan receivable in the amount of \$53,044 (2015 - \$59,798) 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 Nations' are consolidated in these financial statement on the modified equity basis:

	2016	2015
Tin Wis Resort Ltd.		
Share costs	\$ 300	\$ 300
Advances	12,475,656	12,306,599
Accumulated losses	(6,291,634)	(6,107,611)
	6,184,322	6,199,289
TFN Economic Development Corp		
Share costs	100	100
Advances	243,029	243,029
Accumulated losses	(247,585)	(247,585)
	(4,456)	(4,456)
TFN Booking Enterprises		
Share costs	-	20
Advances	-	50,438
Accumulated losses	-	(38,596)
	-	11,862
Sea Trek Tours		
Share costs	1	1
Advances	37,099	118,317
	37,100	118,318

TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

5. LONG-TERM INVESTMENTS, continued

Tsiix Waa Cahs Holdings Ltd.		
Share costs	1	1
Accumulated losses	(11,279)	(6,488)
	(11,278)	(6,487)
Canoe Creek Hydro LP		
Advances to partnership	1,696,364	4,081,364
Distributions	(2,437,500)	(2,385,000)
Accumulated income	1,308,261	1,231,556
	567,125	2,927,920
Haa-ak-suuk Creek		
Advances	1,955,827	1,955,827
Accumulated losses	(1,130,732)	(258,726)
	825,095	1,697,101
TFN Seafoods LP		
Advances	132,905	132,904
Accumulated income	753,907	505,000
	886,812	637,904
	\$ 8,484,720	\$ 11,581,451

The First Nation owns 100% of the common shares of Tin-Wis Resort Ltd. Interorganizational transactions and balances have not been eliminated. During the year ended March 31, 2016, the First Nation charged Tin Wis Resort Ltd. \$534,010 for lease of land and staff housing quarters, \$177,000 for property taxes and \$458,436 in interest. All of these transaction were recorded at market value. The company had assets of \$1,483,732 and liabilities of \$7,775,066 as at September 30, 2015 and revenues of \$5,128,397 and cost of sales and expenses of \$5,312,420 for the year then ended.

Tla-o-qui-aht First Nations Economic Development Corporation is a wholly owned subsidiary of the First Nation. 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 company currently has ceased operations and has been dissolved. During the year the total investment of \$11,862 was written off as uncollectable.

Haa-ak-suuk Creek Limited Partnership is a partnership in which the First Nation holds a 85% interest. The First Nations' portion of the partnership's assets was \$16,032,246 and liabilities \$15,207,142 as at December 31, 2015 and revenues 456,955 and expenses \$2,076,793 for the period then ended.

TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

5. LONG-TERM INVESTMENTS, continued

TFN Seafoods Limited Partnership is a partnership in which the First Nation holds a 99% interest. The First Nations' portion of the partnership's assets was \$897,505 and liabilities \$10,347 as at March 31, 2016 and revenues \$406,785 and expenses \$166,470 for the period then ended.

Sea Trek Tours & Expeditions Ltd. is a wholly owned subsidiary of The Tla-o-qui-aht First Nations. The investment has been written down to \$37,100. The company currently is inactive. Management expects to be able to collect the balance of their investment through the sale of assets owned by the company.

Tsiix Waa Cahs Holdings Ltd. is a wholly owned subsidiary of the First Nations. The company currently is inactive and had assets of \$3,830,889 and liabilities of \$42,066 as at March 31, 2016. No revenues and expenses of \$4,791 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 First Nations' portion of the partnership's assets was \$10,148,126 and liabilities \$8,980,771 as at December 31, 2015 and revenues \$1,125,631 and expenses \$1,048,926 for the period then ended.

6. SEAFOOD HARVESTING LICENSES

The First Nations holds seafood harvesting licenses for red sea urchin, 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-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

7. OPERATING LOAN

	2016	2015
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 4.	\$ 56,275	\$ 63,029
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.	150,283	175,683
Bank of Montreal demand loan, repayable at \$2066 per month including interest at prime plus 1%, secured by general security agreement and promissory note.	20,141	43,602
Bank of Montreal demand loan, interest charged at prime plus 1.75, secured by general security agreement.	250,000	-
	<u>\$ 476,699</u>	<u>\$ 282,314</u>

8. DEFERRED REVENUE

	March 31, 2015	Funding received, 2016	Revenue recognized, 2016	March 31, 2016
Various projects	\$ -	\$ 424,197	\$ (9,772)	\$ 414,425

During the year the Nation received funds for treaty, community garden, social housing, land use planning, P & ID, Tribal Parks and nature conservancy projects. These funds will be recognised as revenue when used for their specific purpose.

9. RESERVES

	2016	2015
Social Housing Operating Reserves	\$ 356,899	\$ 287,456
Social Housing Replacement Reserves	171,761	166,861
Band Housing Replacement Reserve	33,818	-
	<u>\$ 562,478</u>	<u>\$ 454,317</u>

TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

10. LONG-TERM DEBT

	2016	2015
British Columbia Treaty Commission treaty loan - for details see Note 14.	\$ 5,614,886	\$ 5,614,886
BDC Loan, repayable with seasonal payments of \$29,566 per month plus monthly interest at 1% above the Banks'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.	4,161,889	4,320,360
NEDC loan, repayable at \$15,485 per month including interest at 5% per annum, secured by an assignment of CFNFA funds, matures June 2025.	1,449,370	1,563,494
NEDC loan, repayable at \$13,950 per month including interest at 4.25% per annum, secured by a general security agreement, matures January 2020.	1,709,188	1,802,042
Bank of Montreal loan, repayable at \$318 per month including interest at 6.65%, secured by a general security agreement and promissory note.	32,377	34,366
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).	1,059,086	1,114,371
All Nations Trust Company, repayable at \$5,444 per month including interest at 2.37% per annum, guaranteed by Indigenous and Northern Affairs Canada, matures July 2036 (renewal date is June 2016).	1,052,220	1,092,296
All Nations Trust Company mortgage, repayable at \$5,478 per month including interest at 1.47% per annum, matures September 2015, guaranteed by Indigenous and Northern Affairs Canada.	-	32,768
Bank of Montreal loan, repayable at \$12,837 per month including interest at 3.35%, secured by a general security agreement and promissory note, matures December 31, 2018.	1,647,417	1,735,034
Bank of Montreal loan, repayable at \$951 per month plus interest at 3.85%, secured by a general security agreement and promissory note.	238,676	250,086
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.	794,591	821,355

TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

10. LONG-TERM DEBT, continued

	2016	2015
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.	-	11,764
Bank of Montreal loan, repayable at \$4,541 per month including interest at 3.85%, secured by a general security agreement and promissory note, matures June 30, 2020.	821,004	2,444,207
Bank of Montreal loan, repayable at \$6,835 including interest at 3.85%, secured by a general security agreement and promissory note, matures June 30, 2020.	1,126,721	1,179,336
Bank of Montreal loan, repayable at \$19,892 including interest at 3.14%, secured by a general security agreement and promissory note, matures December 31, 2017.	2,915,673	3,035,943
All Nations Trust Company mortgage, repayable at \$7,632 per month including interest at 1.68% per annum, matures October 2012, guaranteed by Indigenous and Northern Affairs Canada.	1,698,292	1,760,946
Bank of Montreal loan, repayable at \$14,026 including interest at 3.84%, secured by a general security agreement and promissory note, matures November 30, 2020.	2,600,723	-
NEDC loan, repayable at \$740 per month including interest at 8%, matures July 2016, forgivable at \$1 for every \$1 principal paid.	7,514	24,004
NEDC Loan, repayable at \$307 per month including interest at 6.0%, secured with general security agreement.	-	3,211
	<u>\$ 26,929,627</u>	<u>\$ 26,840,469</u>
Principal portion of long-term debt due within the next five years:		
2017	\$ 1,425,367	
2018	3,579,683	
2019	2,176,288	
2020	763,115	
2021 and thereafter	18,985,174	
	<u>\$ 26,929,627</u>	
	2016	2015
Interest expense for the year on long-term debt	<u>\$ 758,680</u>	<u>\$ 812,475</u>

TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

11. TANGIBLE CAPITAL ASSETS

	Rate	Cost	2016 Accumulated amortization	Net book value	2015 Net book value
Automotive equipment	7 years	\$ 51,718	\$ 40,884	\$ 10,834	\$ 18,222
Computer equipment	3 years	33,060	5,510	27,550	-
Equipment	7 years	686,491	616,196	70,295	25,129
Social Housing	below	7,294,578	724,988	6,569,590	6,766,418
Housing	20 years	11,664,525	3,923,314	7,741,211	2,927,760
Infrastructure	20 years	35,526,341	8,797,093	26,729,248	28,155,254
Infrastructure WIP		221,947	-	221,947	4,277,723
Marine equipment	7 years	177,670	151,412	26,258	4,433
Office equipment	3 years	284,711	248,568	36,143	1,690
	20/5				
Tin Wis Resort Ltd.	years	5,807,093	1,798,191	4,008,902	3,753,823
		\$ 61,748,134	\$ 16,306,156	\$ 45,441,978	\$ 45,930,452

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 or transfer	Amortization	Accumulated amortization on disposals
Tin Wis Resort Ltd.	\$ 580,390	\$ -	\$ 240,571	\$ -
Automotive Equipment	-	-	7,531	-
General Equipment	75,702	-	30,536	-
Housing	6,144,070	-	406,522	(924,097)
Infrastructure	-	-	1,426,006	-
Infrastructure work in progress	221,947	4,277,723	-	-
Marine Equipment	28,278	-	6,453	-
Office Equipment	43,370	-	8,917	-
Social Housing	-	924,097	196,826	924,097
Software	33,060	-	5,510	-
	-	-	84,597	-
Total - 2016	7,126,817	5,201,820	2,413,469	-
Total - 2015	\$ 2,859,240	\$ 567,605	\$ 2,519,193	\$ -

TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

13. DUE FROM/TO RELATED PARTIES

	2016	2015
Tin Wis Resort Ltd	\$ 187,108	\$ 212,508
Iisaak Forest Resources Ltd.	187,108	212,508
TFN Seafoods Ltd.	(1,263)	(219,389)
Tsiix Waa Cahs Holdings Ltd.	39,061	31,372
Haa-ak-suuk Creek LP	-	551,757
TFN Economic Development Corporation	(4,008)	(4,050)
	<u>\$ 220,897</u>	<u>\$ 572,198</u>

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. PRIOR PERIOD ADJUSTMENTS

	2016	2015
Adjustments to Social Housing reserves	\$ -	\$ (85,339)
Adjustments to Social Housing bad debts	-	6,761
Adjustments to Social Housing interest on long-term debt	-	(15,020)
Correction of Tin Wis Resorts Ltd. interest	-	(192,035)
Correct recording of share of income TFN Seafoods LP	-	(468,161)
Correction of investment in TFN Seafoods LP	-	159,292
Adjustments of various NTC receivables	(435,166)	-
Correction of AFS funding	(64,600)	-
Correction of amount due from Haa-ak-suuk Creek LP	472,219	-
Adjustments regarding NTC Social Assistance clawbacks	432,131	-
Correction of Trust Fund	57,900	-
Correction of Taaq funding	(11,979)	-
	<u>\$ 450,505</u>	<u>\$ (594,502)</u>

The financial statements of prior periods that are presented have been restated.

15. BRITISH COLUMBIA TREATY COMMISSION TREATY LOAN

During the current year, the First Nation received contributed funds from the BC Treaty Commission. Under the terms of that agreement, the First Nation is eligible for both loaned and contributed funds. No loan funds were received.

TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

16. CONSOLIDATED REVENUE RECONCILIATION

	2016	2015
Revenue per Statement of Revenue, Expenditures and Accumulated Surplus	\$ 10,780,966	\$ 9,713,062
Revenue eliminated upon consolidation	-	-
Administration fees	441,706	-
Contribution from Social Housing	491,466	-
	<hr/>	<hr/>
Revenue per Summary of Programs	\$ 11,714,138	\$ 9,713,062

17. CONSOLIDATED EXPENSE RECONCILIATION

	2016	2015
Expenses per Statement of Revenue, Expenditures and Accumulated Surplus	\$ 13,018,756	\$ 10,348,450
Revenue eliminated upon consolidation	-	-
Administration fees	441,706	-
Contribution from Social Housing	491,466	-
	<hr/>	<hr/>
Expenses per Summary of Programs	\$ 13,951,928	\$ 10,348,450

18. ACCUMULATED SURPLUS

	2016	2015
Surplus per summary schedule (page 23)	\$ 29,967,705	\$ 32,205,495
Committed funds	(2,186,027)	(1,334,309)
Contributed equity	280,917	280,917
Correction of prior period income prior to 2015	-	182,077
	<hr/>	<hr/>
	\$ 28,062,595	\$ 31,334,180

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 (\$280,917).

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

**TLA-O-QUI-AHT FIRST NATIONS
NOTES TO FINANCIAL STATEMENTS
March 31, 2016**

19. ECONOMIC DEPENDENCE

TLA-O-QUI-AHT FIRST NATIONS receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Northern Affairs Canada (INAC). 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 INAC.

20. 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.

21. 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.

TLA-O-QUI-AHT FIRST NATIONS has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, TLA-O-QUI-AHT FIRST NATIONS becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on TLA-O-QUI-AHT FIRST NATIONS's financial statements.

22. INDIGENOUS AND NORTHERN AFFAIRS CANADA SUPPLEMENTAL INFORMATION

These financial statements include supplementary information required by Indian and Northern Affairs Canada. The required information is presented on pages 69 - 80. The amounts reflected in the supplementary information are referenced by page number to a particular program of the First Nation. As each program is a summary of a number of related activities the specific amounts reflected in the supplementary information may not necessarily be identifiable except by revenue and expenditure category.

23. COMPARATIVE AMOUNTS

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