

**TAHLTAN INDIAN BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

**TAHLTAN INDIAN BAND  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014  
(See Auditors' Report)**

---

**INDEX**

	<b>Page</b>
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 19
Segment Disclosure	20
Appendix A - Investments in Government Business Enterprises	21
Appendix B - Tangible Capital Assets	22



# Tahltan Band Council

P.O. Box 46  
Telegraph Creek, B.C. V0J 2W0  
Telephone: (250) 235-3151  
Fax: (250) 235-3244

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Tahltan Indian Band are the responsibility of management and have been approved by the Chief and 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 Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

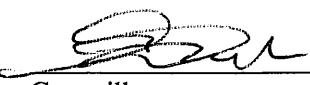
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

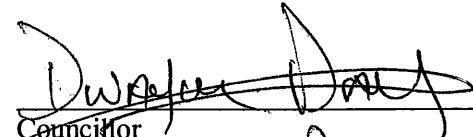
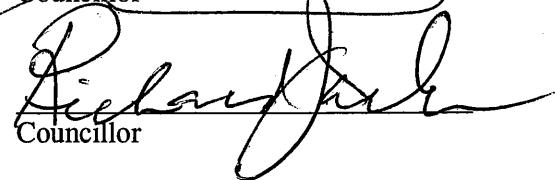
The Chief and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

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

The external auditors, Bursey Buryn, Chartered Accountants, 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 Tahltan Indian Band and meet when required.

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor  
  
\_\_\_\_\_  
Councillor

### **INDEPENDENT AUDITORS' REPORT**

#### **To the Membership of Tahltan Indian Band:**

We have audited the accompanying consolidated financial statements of Tahltan Indian Band, which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

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

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

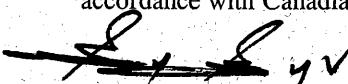
#### **Basis for Qualified Opinion**

Tahltan Indian Band has commenced to prepare a tangible capital asset listing in accordance with Canadian public sector accounting standards for governments. As the listing process is incomplete, we were unable to determine whether any adjustment may be necessary to the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in tangible capital assets.

In addition, as noted in the Basis of Presentation and Significant Accounting Policies regarding tangible capital assets and amortization, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of the departure has not been determined on the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in tangible capital assets.

#### **Qualified Opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Tahltan Indian Band as at March 31, 2014 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

July 25, 2014

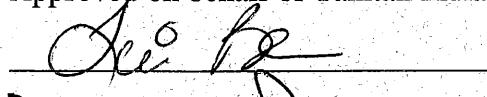
Prince George, British Columbia

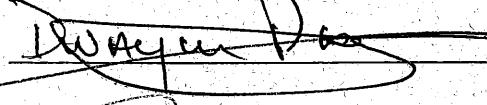
**TAHLTAN INDIAN BAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2014**  
**(See Auditors' Report)**

	<b>2014</b>	<b>2013</b>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,014,636	\$ 329,570
Accounts receivable (Note 2)	830,890	1,764,721
Restricted cash (Note 3)	172,496	157,651
Investments in government business enterprises (Note 4)	4,547,152	3,378,490
Trust assets (Note 5)	1,752,891	1,721,672
	<b><u>8,318,065</u></b>	<b><u>7,352,104</u></b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	392,991	273,777
Recoveries payable	93,618	158,585
Deferred revenue (Note 7)	197,180	216,913
Long-term debt (Note 8)	433,493	523,671
Obligation under capital lease (Note 9)	177,445	-
Fund reserves (Note 3)	172,496	157,651
	<b><u>1,467,223</u></b>	<b><u>1,330,597</u></b>
<b>NET FINANCIAL ASSETS</b>	<b><u>6,850,842</u></b>	<b><u>6,021,507</u></b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 11)	5,775,322	5,764,567
Prepaid expenditure	-	60,897
	<b><u>5,775,322</u></b>	<b><u>5,825,464</u></b>
<b>ACCUMULATED SURPLUS</b>	<b><u>\$12,626,164</u></b>	<b><u>\$ 11,846,971</u></b>
<b>CONTINGENT LIABILITIES (Note 12)</b>		

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of Tahltan Indian Band:

 Chief

 Councillor

 Councillor

**TAHLTAN INDIAN BAND**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

	Budget	2014	2013
<b>REVENUE</b>			
Aboriginal Affairs and Northern Development Canada	\$ 1,956,783	\$ 1,956,783	\$ 2,017,811
Canada Mortgage and Housing Corporation	-	29,573	35,525
Fisheries and Oceans Canada	-	114,200	114,200
Canada Post	-	69,395	30,411
First Nations Education Steering Committee Society	-	3,072	14,772
Interest, rent and other	-	1,335,083	1,313,053
Ottawa Trust (Note 5)	-	7,177	10,157
Tahltan Heritage Trust (Note 5)	-	24,042	916,395
BC Hydro	-	-	500,000
Income from investments in government business enterprises	-	1,170,930	1,346,515
	<b>1,956,783</b>	<b>4,710,255</b>	<b>6,298,839</b>
<b>EXPENDITURE</b>			
Economic development	118,793	520,711	354,289
Education	762,908	788,821	901,351
Government development and administration	470,139	662,438	557,223
Health	-	444,542	130,982
Housing	-	198,626	106,913
Public works operations and maintenance	195,119	545,463	264,695
Social and community services	379,762	356,732	412,105
Loss from investments in government business enterprises	-	75,280	3,379
Interest	-	17,267	18,239
Amortization	-	291,241	361,598
	<b>1,926,721</b>	<b>3,901,121</b>	<b>3,110,774</b>
<b>ANNUAL SURPLUS</b>	<b>30,062</b>	<b>809,134</b>	<b>3,188,065</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>11,846,971</b>	<b>11,846,971</b>	<b>8,828,726</b>
<b>RECOVERIES BY GOVERNMENT OF CANADA</b>	<b>-</b>	<b>(49,674)</b>	<b>(169,820)</b>
<b>DECREASE IN DEFERRED REVENUE</b>	<b>-</b>	<b>19,733</b>	<b>-</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$11,877,033</b>	<b>\$12,626,164</b>	<b>\$11,846,971</b>

The accompanying notes are an integral part of these consolidated financial statements.

**TAHLTAN INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

	<b>2014</b>	<b>2013</b>
<b>INCREASE IN FINANCIAL POSITION</b>		
Accumulated surplus	<u>\$ 779,193</u>	<u>\$ 3,018,245</u>
Acquisition of tangible capital assets	<u>(301,996)</u>	<u>(230,944)</u>
Amortization	<u>291,241</u>	<u>361,598</u>
	<u>(10,755)</u>	<u>130,654</u>
Decrease (increase) in prepaid assets	<u>60,897</u>	<u>(60,897)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>829,335</b>	<b>3,088,002</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b><u>6,021,507</u></b>	<b><u>2,933,505</u></b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b><u>\$ 6,850,842</u></b>	<b><u>\$ 6,021,507</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**TAHLTAN INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

	<b>2014</b>	<b>2013</b>
<b>OPERATING ACTIVITIES</b>		
Increase in accumulated surplus	\$ 779,193	\$ 3,018,245
Items not involving cash		
Allocation from operations reserve	-	(62)
Allocation to replacement reserve	14,845	14,817
Allocation from replacement reserve	-	(115,140)
Amortization	291,241	361,598
Income from investments in government business enterprises	(1,170,930)	(1,346,515)
Loss from investments in government business enterprises	75,280	3,379
Ottawa trust	(7,177)	(10,157)
Tahltan Heritage Trust	<u>(24,042)</u>	<u>(916,395)</u>
	<u>(41,590)</u>	<u>1,009,770</u>
Cash provided by (used in) operating activities		
Accounts receivable	933,831	(222,716)
Prepaid expenditure	60,897	(60,897)
Accounts payable and accrued liabilities	119,214	(171,981)
Recoveries payable	(64,967)	133,588
Deferred revenue	<u>(19,733)</u>	<u>-</u>
	<u>987,652</u>	<u>687,764</u>
<b>CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	<u>(1,698)</u>	<u>(230,944)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds of long-term debt	-	63,860
Repayment of long-term debt	(90,178)	(246,976)
Repayment of obligation under capital lease	<u>(122,853)</u>	<u>-</u>
	<u>(213,031)</u>	<u>(183,116)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of shares Stikine River Song Café and General Store Ltd	-	(213,810)
Purchase of share Tahltan Touring Company	-	(1)
Advance to Tahltan Centre Ltd.	-	(175,000)
Advances to Stikine River Song Café and General Store Ltd.	<u>(73,012)</u>	<u>(36,189)</u>
Advances (to) from replacement reserve	<u>(14,845)</u>	<u>100,323</u>
	<u>(87,857)</u>	<u>(324,677)</u>
<b>INCREASE (DECREASE) DURING YEAR</b>	<b>685,066</b>	<b>(50,973)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>329,570</b>	<b>380,543</b>
<b>CASH, END OF YEAR</b>	<b><u>\$ 1,014,636</u></b>	<b><u>\$ 329,570</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

---

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbooks, and encompass the following principles:

**Reporting Entity and Principles of Financial Reporting**

Tahltan Indian Band's reporting entity includes the Band and all related entities which are accountable to the Band and are either owned or controlled by the Band.

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise or government business partnership, which are included in these financial statements on a modified equity basis. Inter-entity balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Tahltan Indian Band's investment in the government business enterprise or government business partnership and their share of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Tahltan Indian Band.

CMHC Social Housing is consolidated in Tahltan Indian Band's consolidated financial statements.

Commercial government business enterprises, which are owned by Tahltan Indian Band and which are not dependent on the First Nation for their continuing operations, included in the consolidated financial statements using the modified equity method are as follows:

- Tahltan Touring Company
- Stikine River Song Café and General Store Ltd.
- Tahltan Nation Community Development Corporation
- Tahltan Centre Ltd.

Tahltan Nation Development Limited Partnership, a commercial government business partnership of which Tahltan Indian Band is the limited partner and is not dependent on the Band for their continuing operations, is included in the consolidated financial statements using the modified equity method.

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

---

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash on deposit net of cheques issued and outstanding at the reporting date, and short-term deposits with maturity dates of less than 90 days.

**Tangible Capital Assets and Amortization**

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. Transfers of tangible capital assets from related parties are recorded at carrying value.

Tangible capital assets are amortized using the declining balance method at rates calculated to amortize the cost less salvage value as follows:

Automotive equipment	30%
Buildings	4%
Computer equipment	45% - 100%
Equipment under lease	30%
Furniture and fixtures	20%
Infrastructure	5%

In the year of acquisition, 50% of the annual amortization is expensed. Assets under construction are not amortized until the asset is available to be put into service.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artefacts, are not recognized as tangible capital assets.

**Amortization - CMHC Housing**

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for CMHC reporting purposes.

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

---

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

**Revenue and Expenditure**

Revenue and expenditure are recorded using the accrual basis of accounting. Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. Gains are recognized when realized. Items not practically measurable until cash is received are accounted for at that time.

Government transfers are recognized as revenue 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 and 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.

**Funding Recoveries and Reimbursements**

Funding received from federal government sources in the form of conditional transfer payments are subject to recovery, by the Crown, of unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specified purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

**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 amount 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 expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets and rates for amortization. Actual results could differ from those estimates.

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

**2. ACCOUNTS RECEIVABLE**

	<b>2014</b>	<b>2013</b>
Government:		
Aboriginal Affairs and Northern Development Canada	\$ 262,486	\$ 861,659
Canada Mortgage and Housing Corporation	2,464	2,465
Department of Fisheries and Oceans	177,077	90,343
Receiver General - GST/HST	14,956	-
	<b>456,983</b>	<b>954,467</b>
Band members	79,568	75,310
Other	<b>313,249</b>	<b>753,854</b>
	<b>849,800</b>	<b>1,783,631</b>
Less: allowance for doubtful accounts	<b>(18,910)</b>	<b>(18,910)</b>
	<b>\$ 830,890</b>	<b>\$ 1,764,721</b>

**3. RESTRICTED CASH, OPERATIONS RESERVE AND REPLACEMENT RESERVE**

Operations Reserve

Under the terms of the agreements with CMHC, after the payment of all costs and expenditures, including the allocation to the Replacement Reserve, any surplus revenue from the 1997 S.95 Program will be retained by the Program within an Operations Reserve Fund. The Program's Operations Reserve Fund may only be used for the ongoing operating costs as committed under the 1997 On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operations Reserve Fund. 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 mutually agreed to by Tahltan Indian Band and CMHC.

Replacement Reserve

Under the terms of the agreements with CMHC, the Replacement Reserve is to be credited in the amount of \$12,031 annually plus interest. 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 this account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal.

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

**4. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (Appendix A)**

	<b>2014</b>	<b>2013</b>
Tahltan Touring Company (100%)		
Advances from	\$ (1)	\$ (1)
Share	<u>1</u>	<u>1</u>
	-	-
Stikine River Song Cafe and General Store Ltd. (100%)		
Deficiency	(78,659)	(3,379)
Advances to	109,202	36,190
Shares	<u>213,810</u>	<u>213,810</u>
	<u>244,353</u>	<u>246,621</u>
Tahltan Centre Ltd. (100%)		
Advances	175,000	175,000
Share	<u>1</u>	<u>1</u>
	<u>175,001</u>	<u>175,001</u>
Tahltan Nation Community Development Corporation (33.3%)		
Partnership income	275	-
Shares	<u>250</u>	<u>250</u>
	<u>525</u>	<u>250</u>
Tahltan Nation Development Limited Partnership (33.3%)		
Equity, opening	2,956,618	1,610,103
Partnership income	<u>1,170,655</u>	<u>1,346,515</u>
	<u>4,127,273</u>	<u>2,956,618</u>
Equity, ending	<u>\$ 4,547,152</u>	<u>\$ 3,378,490</u>

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

**4. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (Appendix A), continued**

Shares and partnership units of the commercial government business enterprises and government business partnerships above are held by Tahltan Indian Band, as represented by Chief and Council, on behalf of and for the benefit of the Tahltan Indian Band membership.

Tahltan Touring Company owns 100% of the shares of Stikine River Song Café and General Store Ltd.

Stikine River Song Café and General Store Ltd. is operating a motel and restaurant in Telegraph Creek, British Columbia and employs 2 to 4 members of the Band on a seasonal basis. Advances to Stikine River Song Café and General Store Ltd. are unsecured, non-interest bearing with no scheduled terms of repayment.

Tahltan Centre Ltd. is operating a grocery store in Telegraph Creek, British Columbia and employs 4 to 6 members of the Band on a regular basis. Advances to Tahltan Centre Ltd. are unsecured, non-interest bearing with no scheduled terms of repayment.

Tahltan Nation Community Development Corporation is 33.3% owned by the Tahltan Indian Band and is the general partner of Tahltan Nation Development Limited Partnership.

Tahltan Nation Development Limited Partnership is 33.3% owned by the Tahltan Indian Band. The limited partnership has entered into a number of joint venture agreements which has resulted in wide range of support and construction services being provided to industry and government.

Condensed financial information for the commercial government business enterprises and government business partnerships is presented in Appendix A to the financial statements.

**5. TRUST ASSETS**

	Revenue	Capital	Total 2014	Total 2013
Ottawa Trust				
Balance, beginning of year	\$ 169,637	\$ 1,294	\$ 170,931	\$ 160,774
BC Special	4,328	-	4,328	4,322
Interest	2,849	-	2,849	5,835
	<b>176,814</b>	<b>1,294</b>	<b>178,108</b>	<b>170,931</b>
Balance forward	<b>\$ 176,814</b>	<b>\$ 1,294</b>	<b>\$ 178,108</b>	<b>\$ 170,931</b>

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

**5. TRUST ASSETS, continued**

	Revenue	Capital	Total 2014	Total 2013
Balance forward	\$ 176,814	\$ 1,294	\$ 178,108	\$ 170,931
Heritage Trust				
Balance, beginning of year	1,550,741	-	1,550,741	634,346
Additions	24,042	-	24,042	916,395
	<u>1,574,783</u>	-	<u>1,574,783</u>	<u>1,550,741</u>
Balance, end of year	<u>\$ 1,751,597</u>	<u>\$ 1,294</u>	<u>\$ 1,752,891</u>	<u>\$ 1,721,672</u>

The Ottawa trust assets arise from monies from capital or revenue sources outlined in Section 62 of the Indian Act. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

The Heritage trust assets arise from monies held in the Tahltan Heritage Trust which have been received from resource developers planning to undertake commercial activities, primarily using natural resources, in the Tahltan Nation's traditional territory. The management of these funds are primarily governed by the Tahltan Nation leadership.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2014	2013
Trade payables	\$ 382,340	\$ 259,261
Accrued wages and payroll deductions payable	<u>10,651</u>	<u>14,516</u>
	<u><u>\$ 392,991</u></u>	<u><u>\$ 273,777</u></u>

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

**7. DEFERRED REVENUE**

	<b>2014</b>	<b>2013</b>
Capital Surplus	\$ 197,180	\$ 197,180
ACRS Project	- <hr/>	19,733
	<b>\$ 197,180</b>	<b>\$ 216,913</b>

The Band has recorded the above surpluses as deferred revenue to be used for capital projects.

**8. LONG-TERM DEBT**

	<b>2014</b>	<b>2013</b>
Mortgage repayable in monthly instalments of \$1,901 including interest at 1.64% per annum, secured by a Government of Canada ministerial guarantee, due to renew December 1, 2016	\$ 254,975	\$ 273,484
Mortgage repayable in monthly instalments of \$1,842 including interest at 1.81% per annum, secured by a Government of Canada ministerial guarantee, due to renew April 1, 2014	102,405	122,501
Conditional sales contract, payable in monthly instalments of \$877 including interest at 7.99%, due June 2015, secured by specific equipment with a net book value of \$20,258	3,142	13,023
Conditional sales contract, payable in monthly instalments of \$1,149 including interest at 6.59%, due December 2015, secured by specific equipment with a net book value of \$24,398	<hr/> 22,415	<hr/> 34,326
Balance forward	<hr/> <b>\$ 382,937</b>	<hr/> <b>\$ 443,334</b>

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

**8. LONG-TERM DEBT, continued**

	<b>2014</b>	<b>2013</b>
Balance forward	\$ 382,937	\$ 443,334
Conditional sales contract, payable in monthly instalments of \$887 non-interest bearing, due December 2018, secured by specific equipment with a net book value of \$60,231	50,556	61,199
Loan	-	18,397
Conditional sales contract	-	741
	<b><u>\$ 433,493</u></b>	<b><u>\$ 523,671</u></b>

Principal repayments due in each of the next five years are scheduled as follows:

2015	\$ 65,713
2016	60,251
2017	51,237
2018	51,941
2019	<u>46,467</u>
	<b><u>\$ 275,609</u></b>

**9. OBLIGATION UNDER CAPITAL LEASE**

	<b>2014</b>	<b>2013</b>
Equipment lease contract, payable in monthly instalments of \$12,987, including interest at 3.92%, secured by equipment with a net book value of \$255,253, with a purchase option of \$1 on May 27, 2015	\$ 181,822	\$ -
Interest included in future minimum lease payments	(4,377)	-
	<b><u>\$ 177,445</u></b>	<b><u>\$ -</u></b>

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

**9. OBLIGATION UNDER CAPITAL LEASE, continued**

Future minimum lease payments under capital lease due in each of the next two years are scheduled as follows:

2015	\$ 155,847
2016	<u>25,975</u>
	<u>\$ 181,822</u>

**10. PENSION PLAN**

The Band has a defined contribution pension plan for eligible members of its staff. Members are required to contribute a minimum of 5% of their salary and the Band contributes 5% of their basic salary, contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that can be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Tahltan Indian Band contributed during the year \$10,286 (2013 - \$11,970) for retirement benefits.

**11. TANGIBLE CAPITAL ASSETS (Appendix B)**

		2014	2013
	Accumulated Cost	Net Book Value	Net Book Value
Automotive equipment	\$ 703,355	\$ 186,380	\$ 266,257
Buildings	2,001,678	1,209,959	1,260,374
Computer equipment	56,624	3,561	4,082
Equipment under lease	300,298	255,253	-
Furniture and fixtures	93,159	57,284	71,604
CMHC housing	8,381,077	2,885,753	2,924,358
Infrastructure	2,417,055	1,154,427	1,215,187
Land	22,705	-	22,705
	<u>\$13,975,951</u>	<u>\$ 8,200,629</u>	<u>\$ 5,775,322</u>
			\$ 5,764,567

Included in amortization is \$45,044 (2013 - Nil) relating to property, plant and equipment under capital lease.

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

---

**12. CONTINGENT LIABILITIES**

---

Under the terms of agreements with Aboriginal Affairs and Northern Development Canada (AANDC) and other government agencies, certain surpluses may be recoverable and so repayable to the government by the Band. The amount of the liability, if any, of the Band is not determinable at this time.

**13. ECONOMIC DEPENDENCE**

---

The Band receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

**14. GOVERNMENT TRANSFERS**

---

	2014			2013		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
Aboriginal Affairs and Northern Development Canada	\$ 1,956,783	\$ -	\$ 1,956,783	\$ 2,017,811	\$ -	\$ 2,017,811
Fisheries and Oceans Canada	114,200	-	114,200	114,200	-	114,200
Canada Mortgage and Housing Corporation	29,573	-	29,573	35,525	-	35,525
	<b>\$ 2,100,556</b>	<b>\$ -</b>	<b>\$ 2,100,556</b>	<b>\$ 2,167,536</b>	<b>\$ -</b>	<b>\$ 2,167,536</b>

**15. SUPPLEMENTAL CASH FLOW INFORMATION**

---

	2014	2013
Interest paid	\$ 17,267	\$ 18,239
Purchase of tangible capital assets with obligation under capital lease	\$ 300,298	\$ -

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

---

**16. RECONCILIATION OF AANDC FUNDING AGREEMENT**

Pursuant to the instructions provided by the Aboriginal Affairs and Northern Development Canada Year-End Reporting Handbook for funding agreements covering fiscal period 2013-2014, the following reconciliation has been prepared.

Recipient total as per AANDC funding confirmation	\$ 1,956,783
AANDC revenue as per consolidated financial statements	<u>1,956,783</u>
Variance	\$ <u>—</u>

**17. RISK MANAGEMENT**

The Band has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include the following:

**Credit Risk**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Band has a history of dealing with its funding agencies and customer base and does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable.

The Band maintains its cash and deposits with a single federally regulated Canadian financial institution, and thus has not experienced any change in risk exposure.

**Interest Rate Risk**

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Band's long-term debt is at fixed rates of interest therefore, a change in market interest rates has no impact to cash flows required to service this debt. The Band maintains an operating line of credit subject to floating rates of interest, a change in the variable rate can impact cash flow to service the debt when such debt is outstanding. There has been no change to the risk exposure from 2013 and there is expected to be no substantive change in the next fiscal period.

**TAHLTAN INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**  
**(See Auditors' Report)**

---

**18. COMPARATIVE FIGURES**

---

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

**19. SUBSEQUENT EVENT**

---

Subsequent to the year end on April 4, 2014, the band arranged financing on an operating line of credit approved to \$750,000.

## TAHLTAN INDIAN BAND

## SEGMENT DISCLOSURE

YEAR ENDED MARCH 31, 2014

(See Auditors' Report)

**TAHLTAN INDIAN BAND**  
**INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES**  
**CONDENSED FINANCIAL INFORMATION**  
**YEAR ENDED MARCH 31, 2014**  
(See Auditors' Report)

**APPENDIX A**

	Tahltan Touring Company	Stikine River Song Café and General Store Ltd.	Tahltan Nation Community Development Corporation	Tahltan Nation Development Limited Partnership	Tahltan Centre Ltd.	Total 2014	Total 2013
<b>Assets</b>							
Financial assets	\$ -	\$ 6,298	\$ -	\$ 3,806,056	\$ -	\$ 3,812,354	\$ 3,012,398
Tangible capital assets	\$ -	\$ 16,923	\$ -	\$ 1,567,224	\$ -	\$ 1,584,147	\$ 1,706,611
Other assets	\$ -	\$ 4,086	\$ 826	\$ 567,320	\$ 175,001	\$ 747,233	\$ 808,930
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 27,307</b>	<b>\$ 826</b>	<b>\$ 5,940,600</b>	<b>\$ 175,001</b>	<b>\$ 6,143,734</b>	<b>\$ 5,527,939</b>
<b>Liabilities and Equity</b>							
Liabilities	\$ -	\$ 9,443	\$ -	\$ 752,918	\$ -	\$ 762,361	\$ 1,114,532
Debt	\$ -	\$ -	\$ -	\$ 1,060,134	\$ -	\$ 1,060,134	\$ 1,297,845
Equity	\$ 1	\$ (91,338)	\$ 826	\$ 4,127,548	\$ 1	\$ 4,037,038	\$ 2,904,373
<b>Total Liabilities and Equity</b>	<b>\$ 1</b>	<b>\$ (81,895)</b>	<b>\$ 826</b>	<b>\$ 5,940,600</b>	<b>\$ 1</b>	<b>\$ 5,859,533</b>	<b>\$ 5,316,750</b>
<b>Related Party Loan</b>							
Tahltan Indian Band	\$ (1)	\$ 109,202	\$ -	\$ -	\$ 175,000	\$ 284,201	\$ 211,189
<b>Total Related Party Loans</b>	<b>\$ (1)</b>	<b>\$ 109,202</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 175,000</b>	<b>\$ 284,201</b>	<b>\$ 211,189</b>
<b>Revenue</b>							
	\$ -	\$ 29,130	\$ 275	\$ 7,345,610	\$ -	\$ 7,375,015	\$ 5,848,789
Expenses	\$ -	\$ 101,075	\$ -	\$ 7,265,424	\$ -	\$ 7,366,499	\$ 5,198,807
Amortization	\$ -	\$ 3,335	\$ -	\$ 440,345	\$ -	\$ 443,680	\$ 481,407
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total expenses</b>	<b>\$ -</b>	<b>\$ 104,410</b>	<b>\$ -</b>	<b>\$ 7,705,769</b>	<b>\$ -</b>	<b>\$ 7,810,179</b>	<b>\$ 5,680,214</b>
<b>Other income</b>							
	\$ -	\$ -	\$ -	\$ 1,530,814	\$ -	\$ 1,530,814	\$ 1,174,561
<b>Net income</b>	<b>\$ -</b>	<b>\$ (75,280)</b>	<b>\$ 275</b>	<b>\$ 1,170,655</b>	<b>\$ -</b>	<b>\$ 1,095,650</b>	<b>\$ 1,343,136</b>

**TAHLTAN INDIAN BAND**  
**TANGIBLE CAPITAL ASSETS**  
**YEAR ENDED MARCH 31, 2014**  
(See - Auditors' Report)

**APPENDIX B**

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening Balance	Additions	Balance End of Year	Opening Balance	Amortization	Balance End of Year	2014	2013	
Automotive equipment	\$ 703,355	\$ -	\$ 703,355	\$ 437,098	\$ 79,877	\$ 516,975	\$ 186,380	\$ 266,257	
Buildings	2,001,678	-	2,001,678	741,304	50,415	791,719	1,209,959	1,260,374	
Computer equipment	54,926	1,698	56,624	50,844	2,219	53,063	3,561	4,082	
Equipment under lease	-	300,298	300,298	-	45,045	45,045	255,253	-	
Furniture and fixtures	93,159	-	93,159	21,554	14,321	35,875	57,284	71,604	
CMHC Housing	8,381,077	-	8,381,077	5,456,719	38,605	5,495,324	2,885,753	2,924,358	
Infrastructure	2,417,055	-	2,417,055	1,201,869	60,759	1,262,628	1,154,427	1,215,187	
Land	22,705	-	22,705	-	-	-	22,705	22,705	
	<b>\$ 13,673,955</b>	<b>\$ 301,996</b>	<b>\$ 13,975,951</b>	<b>\$ 7,909,388</b>	<b>\$ 291,241</b>	<b>\$ 8,200,629</b>	<b>\$ 5,775,322</b>	<b>\$ 5,764,567</b>	