

**Tahltan Indian Band**  
**Consolidated Financial Statements**  
For the year ended March 31, 2015

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## Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of Tahltan Indian Band are the responsibility of management and have been approved by the Chief and one additional Band Councillor on behalf of the Band Council.

These 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. Management is responsible 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.

The Chief and Council of Tahltan Indian Band are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP conducted an audit, in accordance with Canadian generally accepted auditing standards, and express their qualified opinion on the consolidated financial statements dated July 28, 2015. The external auditors were given complete access to financial management of Tahltan Indian Band and met with Council when required.

Approved on behalf of Chief & Council



Chief



Councillor

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## Independent Auditor's Report

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### To the Chief and Council of Tahltan Indian Band

We have audited the accompanying consolidated financial statements of the Tahltan Indian Band ("the Band"), which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of operations, changes 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 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.

### Auditor's 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 auditor's judgment, including the assessment of the 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 evaluating 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**

The Band has a 33.3% ownership in the Tahltan Nation Development Limited Partnership and Tahltan Nation Community Development Corporation. The Band has used the modified equity method to record its interest in the entities based on unaudited financial statements. As audited financial statements for the entities were not available, we were unable to determine whether any adjustments may be necessary to the investment in the Tahltan Nation Development Limited Partnership or Tahltan Nation Community Development Corporation, net financial assets, revenue and annual surplus.

The Band is a 33.3% beneficiary of the Tahltan Heritage Trust. The Trust arises from monies received from various resource developers planning to undertake commercial activities using natural resources in the Tahltan traditional territory. As audited financial statements of the Tahltan Heritage Trust were not available, we were unable to determine whether any adjustments may be necessary to Trust assets, net financial assets, revenue and annual surplus.

The Band has a 100% ownership in the Stikine River Song Cafe and General Store Ltd. and Tahltan Centre Ltd. As audited financial statements for these commercial enterprises have not been prepared, we were unable to determine whether these entities are truly self sufficient, which factors into the decision on whether or not the entities are government business enterprises that are accounted for on a modified equity basis or other government organizations that are accounted for by being consolidated into the Band's financial statements. Both entities have been accounted for as government business enterprises in the consolidated financial statements.

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

As noted in the summary of 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 the tangible capital assets, the related amortization expenditure and annual surplus.

#### **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, 2015 in accordance with Canadian public sector accounting standards.

#### **Other Matter**

The comparative figures were audited by another firm of chartered accountants, which provided a qualified audit opinion dated July 25, 2014.

**BDO Canada LLP**  
Chartered Accountants

Edmonton, Alberta  
July 28, 2015

# Tahltan Indian Band

## Consolidated Statement of Financial Position

March 31	2015	2014*
<b>Financial Assets</b>		
Cash	\$ 403,833	\$ 1,014,637
Restricted cash and temporary investments (Note 2)	65,784	172,496
Accounts receivable (Note 3)	235,525	703,889
Due from Tahltan Health and Social Services Authority (Note 4)	18,235	-
Long-term investments (Note 5)	5,062,034	4,262,949
Advances due from subsidiaries (Note 6)	2	2
Trust assets (Note 7)	2,030,042	1,752,892
	<u>7,815,455</u>	<u>7,906,865</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	234,269	392,990
Recoveries payable	24,253	93,618
Obligation under capital lease (Note 9)	25,849	177,445
Deferred revenue (Note 10)	197,180	197,180
Long-term debt (Note 11)	323,968	433,493
	<u>805,519</u>	<u>1,294,726</u>
<b>Net Financial Assets</b>	<u>7,009,936</u>	<u>6,612,139</u>
<b>Tangible Capital Assets (Note 12)</b>	<u>5,528,631</u>	<u>5,775,322</u>
<b>Accumulated Surplus</b>	<u>\$ 12,538,567</u>	<u>\$ 12,387,461</u>

\* Restated - see Note 19

Approved on behalf of Chief & Council



Chief



Councillor

## Tahltan Indian Band

### Consolidated Statement of Operations

For the year ended March 31	Budget	2015	2014*
<b>Revenue</b>			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 1,917,846	\$ 1,982,251	\$ 1,956,783
Canada Mortgage and Housing Corporation	-	24,298	29,573
Department of Fisheries and Oceans Canada	-	108,202	114,200
Provincial Government:			
First Nations Education Steering Committee	-	-	3,072
Ottawa Trust	-	8,732	7,177
Tahltan Heritage Trust	-	268,418	24,042
Other			
Other income	-	253,861	788,259
Rental income	-	176,870	206,378
Canada Post	-	68,564	69,395
Equipment rental	-	120,654	148,555
Stikine Wholistic Working Group (SWWG)	-	291,332	247,423
Dividends from Tahltan Nation Community Development Corporation	-	114,380	314,582
	<u>1,917,846</u>	<u>3,417,562</u>	<u>3,909,439</u>
<b>Expenditures (Note 20)</b>			
Economic development	454,022	655,628	653,288
Education	767,228	733,760	788,820
Government development and administration	-	740,052	699,004
Stikine Wholistic Working Group (SWWG)	255,193	325,993	405,147
Housing	-	326,947	198,624
Public works operations and maintenance	224,369	239,485	769,914
Social and community services	-	344,752	352,914
Capital development	-	288,103	-
Amortization	-	297,945	291,242
Interest	-	5,078	17,268
Recoveries by Government of Canada	-	-	49,674
	<u>1,700,812</u>	<u>3,957,743</u>	<u>4,225,895</u>
Surplus of revenue (expenditures) before undernoted items	217,034	(540,181)	(316,456)
Income from investment in government business partnerships (Note 5)	-	902,601	1,170,930
Loss from investment in government business enterprises (Note 5)	-	(103,516)	(75,280)
Write-down of advances due from subsidiaries (Note 6)	-	(107,798)	(411,200)
Annual surplus	<u>\$ 217,034</u>	151,106	367,994
Accumulated surplus, beginning of year		<u>12,387,461</u>	<u>12,019,467</u>
Accumulated surplus, end of year		\$ 12,538,567	\$ 12,387,461

\* Restated - see Note 19

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

## Tahltan Indian Band

### Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31	2015	2014*
Annual surplus	\$ 151,106	\$ 367,994
Tangible capital assets:		
Purchase of tangible capital assets	(55,463)	(301,996)
Amortization of tangible capital assets	297,945	291,242
Disposal of tangible capital assets	4,209	-
	<u>397,797</u>	<u>357,240</u>
Use of prepaid expenses	-	60,897
	<u>397,797</u>	<u>418,137</u>
Increase in net financial assets	397,797	418,137
Net financial assets, beginning of year	<u>6,612,139</u>	<u>6,194,002</u>
Net financial assets, end of year	<u>\$ 7,009,936</u>	<u>\$ 6,612,139</u>

\* Restated - see Note 19



## Tahltan Indian Band Consolidated Statement of Cash Flows

For the year ended March 31	2015	2014*
<b>Operating activities</b>		
Annual surplus	\$ 151,106	\$ 367,994
Items not affecting cash:		
Amortization	297,945	291,242
Loss from investment in government business enterprises (Note 5)	103,516	75,280
Write-down of advances due from subsidiaries (Note 6)	107,798	411,200
Income from investment in government business enterprises and partnerships (Note 5)	(902,601)	(1,170,930)
Income from Ottawa Trust (Note 7)	(8,732)	(7,177)
Income from Tahltan Heritage Trust (Note 7)	(268,418)	(24,042)
Gain on disposal of tangible capital assets	(5,790)	-
Changes in operating balances:		
Decrease in accounts receivable	468,364	933,833
Increase in related entity receivable	(18,235)	-
Decrease in prepaid expenses	-	60,897
Decrease in recoveries payable	(69,365)	(64,967)
Decrease in deferred revenue	-	(19,733)
Increase (decrease) in accounts payable and accrued liabilities	(158,720)	119,214
	<u>(303,132)</u>	<u>972,811</u>
<b>Capital activities</b>		
Purchase of tangible capital assets	(55,464)	(1,698)
Proceeds from disposal of tangible capital assets	10,392	-
	<u>(45,072)</u>	<u>(1,698)</u>
<b>Investing activity</b>		
Advances to Stikine River Song Cafe and General Store Ltd.	<u>(107,798)</u>	<u>(73,012)</u>
<b>Financing activities</b>		
Repayment of long-term debt	(3,206)	(90,180)
Repayment of obligation under capital lease	(151,596)	(122,854)
	<u>(154,802)</u>	<u>(213,034)</u>
Increase (decrease) in cash for the year	(610,804)	685,067
Cash, beginning of year	<u>1,014,637</u>	<u>329,570</u>
Cash, end of year	<u>\$ 403,833</u>	<u>\$ 1,014,637</u>

\* Restated - see Note 19

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## Tahltan Indian Band

### Notes to Consolidated Financial Statements

March 31, 2015

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#### 1. Summary of Significant Accounting Policies

<b>Nature of Business</b>	<p>Tahltan Indian Band (the "Band") provides services such as government, public works, social development, community health, advanced education, economic development, land and resources, housing and community schooling.</p> <p>The Band is exempt from income tax under Section 87 of the Indian Act.</p>
<b>Basis of Accounting</b>	<p>These consolidated financial statements ("financial statements") have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.</p>
<b>Reporting Entity</b>	<p>The Band reporting entity includes the Tahltan Indian Band government and all related entities that are controlled by the Band.</p>
<b>Principles of Consolidation</b>	<p>All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises and partnerships which meet the definition of government business enterprises, which are included in the financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Canada Mortgage Housing Corporation (CMHC) Social Housing is consolidated in Tahltan Indian Band's financial statements.</p>
<b>Asset Classification</b>	<p>Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets.</p>
<b>Cash</b>	<p>Cash includes cash on hand and balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash and temporary investments.</p>
<b>Restricted Temporary Investments</b>	<p>Restricted temporary investments include guaranteed investment certificates maturing December 2015. These investments are recorded at cost.</p>

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## Tahltan Indian Band

### Notes to Consolidated Financial Statements

March 31, 2015

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#### 1. Summary of Significant Accounting Policies (continued)

##### Long-term Investments

Long-term investments in corporate entities and limited partnerships owned, controlled or significantly influenced by the Band are as follows:

##### Government Business Enterprises

- Stikine River Song Cafe and General Store Ltd.
- Tahltan Centre Ltd.
- Tahltan Touring Company (inactive)

##### Government Business Partnerships

- Tahltan Nation Community Development Corporation
- Tahltan Nation Development Limited Partnership

The government business enterprises and government business partnerships are accounted for using the modified equity method. Under the modified equity method of accounting, only the Band's investment in the government business enterprises and the Band's portion of the enterprises accumulated net income or loss and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises that are different from those of the Band and inter-organizational balances and transactions are not eliminated.

As these financial statements have been prepared primarily for management purposes only, some users may require further information concerning the financial position and results of operation of the Band's investments.

##### Leases

Leases entered into, that transfer substantially all the benefits and risks associated with ownership, are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Band, and the obligation, including interest thereon, is liquidated over the term of the lease.

##### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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## Tahltan Indian Band

### Notes to Consolidated Financial Statements

March 31, 2015

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#### 1. Summary of Significant Accounting Policies (continued)

##### **Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a declining balance basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use 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.

Amortization is provided on buildings purchased with loans insured by CMHC at a rate equal to the annual principal reduction of the mortgage.

##### **Government Transfers**

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, proving the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

##### **Budget Figures**

The budget figures are approved annually by the Chief and Council. They have been reallocated to conform to Canadian public sector accounting standards financial statement presentation. Subsequent amendments have been made by the Chief and Council to reflect changes in the budget as required.

##### **Revenue Recognition**

Government funding is recognized as it becomes receivable under the terms of applicable funding agreements. Deferred revenue received under funding agreements which relates to a subsequent fiscal period is recognized as revenue in the period in which the resources are used for the purpose or purposes specified.

Rental revenue is recognized as it becomes receivable under the terms of the rental agreement.

All other revenue is recognized as it is earned and collection is reasonably determinable.

# Tahltan Indian Band

## Notes to Consolidated Financial Statements

March 31, 2015

### 1. Summary of Significant Accounting Policies (continued)

**Segmented Disclosure** The Band provides a range of services to its members. For each reporting segment, revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Rental revenue is recognized as it becomes receivable under the terms of the rental agreement.

### 2. Restricted Cash and Temporary Investments

	2015	2014
Cash	\$ 31	\$ 31
Guaranteed investment certificates	65,753	172,465
	<u>\$ 65,784</u>	<u>\$ 172,496</u>

Funds held in temporary investments represent those monies that the Tahltan Indian Band has committed for expenditures for future capital and economic development projects of the Band. The Band holds guaranteed investment certificates (GIC's) at a chartered bank. The GIC's consist of one year at 3.35% per annum, maturing December 2015.

Under the terms of the agreements with CMHC, the replacement reserve is to be credited in the amount of \$4,000 annually plus interest. These funds along with accumulated interest must be held in separate bank accounts 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.

### 3. Accounts Receivable

	2015	2014*
Loans and account receivables	\$ 146,080	\$ 641,396
Canada Mortgage and Housing Corporation	1,937	-
Band member rent	1,474,347	1,458,518
GST/HST	16,950	14,956
	<u>1,639,314</u>	<u>2,114,870</u>
Less: allowance for doubtful accounts	(12,229)	(18,910)
Less: housing allowance for doubtful accounts	<u>(1,391,560)</u>	<u>(1,392,071)</u>
Net accounts receivable	<u>\$ 235,525</u>	<u>\$ 703,889</u>

\* Restated - see Note 19

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## Tahltan Indian Band Notes to Consolidated Financial Statements

March 31, 2015

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#### 4. Due From Tahltan Health and Social Services Authority

	2015	2014
Tahltan Health and Social Services Authority (THSSA)	\$ 18,235	\$ -

The amount due from THSSA bears no interest and has no fixed terms of repayment. The transactions have occurred in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the entities).

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#### 5. Long-term Investments

The Band has investments in the following government business enterprises and government partnerships which are accounted for using the modified equity basis method.

##### **Tahltan Nation Development Limited Partnership ("TNDLP")**

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. The Band owns 33.3% of TNDLP.

##### **Tahltan Nation Community Development Corporation ("TNCDC")**

Tahltan Nation Community Development Corporation is a business corporation owned by the people of the Tahltan Nation through the Tahltan Indian Band, Iskut Band Council and the Tahltan Central Council. The mandate is to maintain a profitable organization that generates wealth, economic, employment and training opportunities for all members of the Tahltan Nation while adhering to Tahltan values. The Band owns 33.3% of TNCDC.

##### **Tahltan Centre Ltd. ("TCL")**

Tahltan Centre Ltd. operates a grocery store and gas bar in Telegraph Creek, British Columbia and employs four to six members of the Tahltan First Nation on a regular basis. The Band owns 100% of TCL. As TCL has accumulated losses, equity income will not be recognized on this investment until the accumulated losses have been recovered through income of TCL.

##### **Stikine River Song Cafe and General Store Ltd. ("Stikine")**

Stikine River Song Cafe and General Store Ltd. operates a seasonal motel and restaurant in Telegraph Creek, British Columbia and employs two to four members of the Band on a regular basis. The Band owns 100% of Stikine.



# Tahltan Indian Band

## Notes to Consolidated Financial Statements

March 31, 2015

### 5. Long-term Investments (continued)

	TNDLP		TCL		TNCDC		Stikine		2015 Total
Accumulated earnings (deficit) \$	4,127,272	\$	-	\$	275	\$	(78,659)	\$	4,048,888
2015 deficiency	-		-		-		(103,516)		(103,516)
Partnership income	902,601		-		-		-		902,601
Shares	-		1		250		213,810		214,061
	<u>\$ 5,029,873</u>	<u>\$</u>	<u>1</u>	<u>\$</u>	<u>525</u>	<u>\$</u>	<u>31,635</u>	<u>\$</u>	<u>5,062,034</u>

	TNDLP		TCL		TNCDC		Stikine		2014 Total
Accumulated earnings (deficit) \$	2,956,617	\$	-	\$	-	\$	(3,379)	\$	2,953,238
2014 deficiency	-		-		-		(75,280)		(75,280)
Partnership income	1,170,655		-		275		-		1,170,930
Shares	-		1		250		213,810		214,061
	<u>\$ 4,127,272</u>	<u>\$</u>	<u>1</u>	<u>\$</u>	<u>525</u>	<u>\$</u>	<u>135,151</u>	<u>\$</u>	<u>4,262,949</u>

The following operating losses for TCL have not been recorded in the Band's consolidated statement of operations as discussed above:

Year ending March 31, 2015 deficit	\$ 61,287
Year ending March 31, 2014 deficit	113,212
2013 accumulated deficit	<u>172,038</u>
	<u>\$ 346,537</u>

Condensed financial information for the government business enterprises and government business partnerships is presented in Note 21 of the financial statements.

# Tahltan Indian Band

## Notes to Consolidated Financial Statements

March 31, 2015

### 6. Advances Due from Subsidiaries

	2015	2014*
Stikine River Song Cafe and General Store Ltd.		
Balance, beginning of year	\$ 1	\$ 36,190
Current year advances	107,798	73,012
Write-down of advances	(107,798)	(109,201)
Balance, end of year	1	1
Tahltan Centre Ltd.		
Balance, beginning of year	1	175,000
Reclassification from accounts receivable	-	127,000
Write-down of advances	-	(301,999)
Balance, end of year	1	1
	<u>\$ 2</u>	<u>\$ 2</u>

The amounts advanced to government business enterprises bear no interest and have no fixed terms of repayment. The advances have been written down to reflect the likelihood the amounts may be uncollectible.

\* Restated - see Note 19

### 7. Trust Assets

	2014	Additions	Withdrawals	2015
Ottawa Trust Funds				
Revenue	\$ 176,815	\$ 8,732	\$ -	\$ 185,547
Capital	1,294	-	-	1,294
Tahltan Heritage Trust Funds	178,109	8,732	-	186,841
	1,574,783	268,418	-	1,843,201
	<u>\$ 1,752,892</u>	<u>\$ 277,150</u>	<u>\$ -</u>	<u>\$ 2,030,042</u>

The Ottawa Trust Funds relate to 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 revenue and capital trust funds are accessible by the Band for specified purposes.

The Tahltan Heritage Trust is comprised of monies 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.

**Tahltan Indian Band**  
**Notes to Consolidated Financial Statements**

**March 31, 2015**

**8. Accounts Payable and Accrued Liabilities**

	2015	2014
Trade payables	\$ 110,112	\$ 144,829
Accrued liabilities	105,143	222,000
Accrued salaries and employee benefits payable	11,514	10,651
CMHC payable	7,500	15,510
	<u>\$ 234,269</u>	<u>\$ 392,990</u>

Included in accounts payable and accrued liabilities are government remittances of \$6,321 (2014 - \$nil).

**9. Obligation Under Capital Lease**

	2015	2014
RBC equipment lease contract, payable in monthly payments of \$12,987 including interest at 3.92% per annum, maturing May 2015	\$ 25,849	\$ 177,445

**10. Deferred Revenue**

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 197,180	\$ 197,180

**Tahltan Indian Band**  
**Notes to Consolidated Financial Statements**

March 31, 2015

**11. Long-term Debt**

	2015	2014
<b>Capital Fund</b>		
Ford Credit, repayable in monthly instalments of \$1,149 including interest at 6.59% per annum, maturing December 2015, secured by specific equipment with a net book value of \$11,955	\$ 9,707	\$ 22,415
Ford Credit, repayable in monthly instalments of \$887 at 0% interest, maturing December 2018, secured by specific equipment with a net book value of \$29,514	39,912	50,556
Ford Credit, repaid during the year	-	3,142
RBC, repayable in monthly instalments of \$759 including interest at 6.24% per annum, maturing February 2020, secured by specific equipment with a net book value of \$47,144	38,488	-
	<u>88,107</u>	<u>76,113</u>
<b>Social Housing Fund</b>		
CMHC mortgage, with payments of \$1,900 per month including interest at 1.64% per annum, maturing August 2026, secured by ministerial guarantee	235,861	254,975
CMHC mortgage, repaid during the year	-	102,405
	<u>235,861</u>	<u>357,380</u>
	<u>\$ 323,968</u>	<u>\$ 433,493</u>

All Social Housing mortgages are secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada. Principal repayments on long-term debt for the next five years and thereafter are as follows, assuming mortgages are renewed on similar terms:

2016	\$ 46,349
2017	37,400
2018	38,191
2019	36,356
2020	28,501
Thereafter	<u>137,171</u>
	<u>\$ 323,968</u>

**Tahltan Indian Band**  
**Notes to Consolidated Financial Statements**

March 31, 2015

**12. Tangible Capital Assets**

									2015
	Automotive Equipment	CMHC Housing	Buildings	Furniture and fixtures	Computer Equipment	Infrastructure	Equipment Under Lease	Land	Total
Cost, beginning of year	\$ 703,355	\$ 8,381,077	\$ 2,001,678	\$ 93,158	\$ 56,626	\$ 2,417,055	\$ 300,298	\$ 22,705	\$ 13,975,952
Additions	55,464	-	-	-	-	-	-	-	55,464
Disposals	(42,099)	-	-	-	-	-	-	-	(42,099)
Cost, end of year	716,720	8,381,077	2,001,678	93,158	56,626	2,417,055	300,298	22,705	13,989,317
Accumulated amortization, beginning of year	516,975	5,495,325	791,719	35,875	53,064	1,262,627	45,045	-	8,200,630
Amortization	62,970	39,219	48,397	11,456	1,604	57,722	76,577	-	297,945
Disposals	(37,889)	-	-	-	-	-	-	-	(37,889)
Accumulated amortization, end of year	542,056	5,534,544	840,116	47,331	54,668	1,320,349	121,622	-	8,460,686
Net carrying amount, end of year	\$ 174,664	\$ 2,846,533	\$ 1,161,562	\$ 45,827	\$ 1,958	\$ 1,096,706	\$ 178,676	\$ 22,705	\$ 5,528,631

**Tahltan Indian Band**  
**Notes to Consolidated Financial Statements**

March 31, 2015

12. Tangible Capital Assets (continued)

2014

	Automotive Equipment	CMHC Housing	Buildings	Furniture and fixtures	Computer Equipment	Infrastructure	Equipment Under Lease	Land	Total
Cost, beginning of year	\$ 703,355	\$ 8,381,077	\$ 2,001,678	\$ 93,158	\$ 54,928	\$ 2,417,055	\$ -	\$ 22,705	\$ 13,673,956
Additions		-	-	-	1,698	-	300,298	-	301,996
Cost, end of year	703,355	8,381,077	2,001,678	93,158	56,626	2,417,055	300,298	22,705	13,975,952
Accumulated amortization, beginning of year	437,098	5,456,719	741,304	21,554	50,845	1,201,868	-	-	7,909,388
Amortization	79,877	38,606	50,415	14,321	2,219	60,759	45,045	-	291,242
Accumulated amortization, end of year	516,975	5,495,325	791,719	35,875	53,064	1,262,627	45,045	-	8,200,630
Net carrying amount, end of year	\$ 186,380	\$ 2,885,752	\$ 1,209,959	\$ 57,283	\$ 3,562	\$ 1,154,428	\$ 255,253	\$ 22,705	\$ 5,775,322



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## Tahltan Indian Band

### Notes to Consolidated Financial Statements

March 31, 2015

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#### 13. Economic Dependence

The Band receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada. The nature and extent of this revenue is of such significance that the Band is economically dependent on this source of revenue.

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#### 14. Comparative Figures

The comparative figures presented in the consolidated financial statements have been reclassified, where necessary, to conform to the current year's presentation and were audited by another firm of chartered accountants.

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#### 15. Pension Plan

The Band has a defined contribution pension plan for certain specific identified members of its staff. Members are required to contribute a minimum of 5% of their salary and the Band also contributes 5% of the members 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. During the year, the Band contributed \$13,926 (2014 - \$10,286) for retirement benefits.

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#### 16. Financial Instruments

##### 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 account 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 2014 and there is expected to be no substantive change in the next fiscal period.

##### Liquidity risk

Liquidity risk is the risk that the Band will not be able to meet its financial obligations as they come due. The Band has a planning and budgeting process in place to help determine the funds required to support the normal operating requirements of the Band on an ongoing basis. The Band ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows and its holdings of cash and cash equivalents.

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# Tahltan Indian Band

## Notes to Consolidated Financial Statements

March 31, 2015

### 17. Subsequent Event

Subsequent to March 31, 2015, the Tahltan Health and Social Services Authority Board of Directors elected to transfer control of the Society to the Tahltan Band Council in order to reduce costs and to improve operating efficiencies. These changes are reflected in the funding agreements related to the fiscal 2016 year. This had no impact on the operations of accounting policies of Tahltan Health and Social Services Authority in the current year.

Subsequent to March 31, 2015, the Band entered into four co-operative agreements on July 27 and 28, 2015. These agreements are expected to provide the Band with economic benefits in the future which cannot be quantified at this time.

### 18. Budget

Canadian public sector accounting standards require that the Band's budget be presented in the financial statements. A budget has been prepared by management and presented in these financial statements and the Chief and Council have formally approved the budget.

### 19. Prior Period Adjustment

During the preparation of the financial statements, management identified that advances made by the Band to the Tahltan Centre Ltd. (TCL) and Stikine River Song Cafe and General Store Ltd. (Stikine) are not likely collectible due to on-going operating losses for these entities and a lack of available external financing. In addition, management identified an amount in accounts receivable that should be reclassified to advances to TCL.

Management reclassified CMHC fund reserves to accumulated surplus to properly reflect fully funded replacement reserves.

The impact of the correction to the prior year consolidated statement of financial position is as follows:

	Previously Reported	Adjustment	As Restated
Advances due from subsidiaries	\$ 175,000	\$ 127,000	\$ 302,000
Accounts receivable	830,890	(127,000)	703,890
Fund reserve liability	(172,496)	172,496	-

The impact on the consolidated statement of operations for the year ended March 31, 2014 to record the write-down of advances to TCL and Stikine is as follows:

	Previously Reported	Adjustment	As Restated
Write-down of advances to TCL	\$ -	\$ 301,999	\$ 301,999
Write-down of advances to Stikine	-	109,201	109,201
	\$ -	\$ 411,200	\$ 411,200

**Tahltan Indian Band**  
**Notes to Consolidated Financial Statements**

March 31, 2015

**19. Prior Period Adjustment (continued)**

The impact on the accumulated surplus for the year ended March 31, 2014 is as follow:

	<u>2014</u>
Accumulated surplus per prior year audited financial statements	\$ 12,626,165
Fund reserve liability	172,496
Write-down of advances	<u>(411,200)</u>
Adjusted accumulated surplus	<u>\$ 12,387,461</u>

**20. Statement of Expenditures by Object**

	<u>2015</u>	<u>2014</u>
<b>Expenditures</b>		
Advertising	\$ 31,673	\$ 15,103
Amortization	297,945	291,242
Contract services	830,161	778,976
Honoraria	25,664	35,550
Insurance	136,391	131,739
Interest	5,078	17,268
Materials and supplies	168,378	214,684
Office and miscellaneous	69,591	44,599
Other	222,926	597,051
Professional fees	318,168	227,326
Recoveries	-	49,674
Rental	110,556	76,137
Repairs and maintenance	35,774	47,300
Rooms and board	440,563	480,024
Salaries and benefits	765,028	640,634
Telephone and utilities	153,924	142,447
Travel and accommodation	146,307	221,513
Tuition and training	199,616	214,628
<b>Total expenditures for the year</b>	<u>\$ 3,957,743</u>	<u>\$ 4,225,895</u>

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## Tahltan Indian Band

### Notes to Consolidated Financial Statements

March 31, 2015

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#### 21. Segmented Information

Tahltan Indian Band provides a wide range of services to its members including social, education, health, housing, public works and economic activities. For management reporting purposes, the Band's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives with special regulations, restrictions or limitations. Services are provided by programs and their activities are reported in these funds. Certain programs have been separately disclosed in the segmented information, along with the services they provide and are detailed in the Schedule of Segmented Financial Activities.

##### **Economic Development**

The Economic Development program provides the band with a range of different revenue streams and sources of employment including tourism, the post office, equipment operations, fishing and community economic development.

##### **Education**

The Education program provides services to eligible First Nation students enrolled in elementary/secondary education programs and eligible post-secondary education programs.

##### **Government Development and Administration**

This program covers the funding and expenses of the band related to administration, employee benefits and emergency benefits.

##### **Stikine Wholistic Working Group (SWWG)**

This program provides health programs and an social services under an agreement with First Nations Health Authority.

##### **Housing**

The Housing program provides on-reserve housing to eligible members under the CMHC housing programs for First Nation.

##### **Public Works**

The Public Works program is responsible for the construction and maintenance of public spaces within the community.

##### **Social and Community Services**

This program provides for the delivery social and community services related to special needs, adult care, national child benefits, prevention services among others.

##### **Capital Development**

This program provides for development of capital projects include the store renovation, the development of land and the ACRS project.

**Tahltan Indian Band**  
**Notes to Consolidated Financial Statements**  
**Schedule of Segmented Financial Activities**

March 31, 2015

21. Segmented Information (continued)

2015

	Economic Development	Government Development and Education Administration	SWWG	Housing	Public Works Operations and Maintenance	Social and Community Services	Capital Development	Consolidation Adjustments	Total
<b>Revenue</b>									
AANDC	\$ 127,131	\$ 767,228	\$ 463,930	\$ -	\$ -	\$ 224,369	\$ 335,188	\$ 326,891	\$ 2,244,737
AANDC adjustment	(262,486)	-	-	-	-	-	-	-	(262,486)
Business development	120,654	-	-	-	-	-	-	-	120,654
Canada Post	68,564	-	-	-	-	-	-	-	68,564
CMHC	-	-	-	24,298	-	-	-	-	24,298
Fisheries and Oceans Canada	108,201	-	-	-	-	-	-	-	108,201
Ottawa Trust	-	-	-	-	-	-	-	8,732	8,732
Rental	-	-	91,700	84,270	-	-	-	-	175,970
Tahltan Heritage Trust	-	-	-	-	-	-	-	268,418	268,418
Transfers	-	(35,000)	85,000	-	-	-	(50,000)	-	-
Other	200,826	10,016	21,740	291,332	-	2,050	134,510	-	660,474
	<b>362,890</b>	<b>742,244</b>	<b>662,370</b>	<b>291,332</b>	<b>108,568</b>	<b>226,419</b>	<b>335,188</b>	<b>411,401</b>	<b>3,417,562</b>
<b>Expenditures</b>									
Advertising	-	-	30,360	1,313	-	-	-	-	31,673
Amortization	-	-	-	-	39,220	-	-	258,725	297,945
Automotive	22,581	-	3,043	148	5,259	8,431	2,257	-	42,013
Contract services	234,978	-	60,646	237,263	141,860	34,527	70,125	50,763	830,162
Honoraria	-	-	24,000	-	-	-	1,664	-	25,664
Insurance	12,685	-	52,905	-	54,284	16,517	-	-	136,391
Materials and supplies	46,235	5,682	22,212	26,132	17,686	14,893	23,180	-	168,379
Office	11,650	512	55,016	-	5,790	1,756	4,338	-	79,062
Professional fees	607	-	106,714	-	-	22,829	188,017	-	318,167
Rental	16,800	16,800	20,459	-	900	8,400	47,092	105	110,556
Repairs and maintenance	19,684	-	4,725	-	9,626	1,739	-	-	35,774
Rooms and board	-	440,563	-	-	-	-	-	-	440,563
Salaries and benefits	213,049	44,053	259,706	7,576	61,696	85,465	5,812	-	765,027
Telephone and utilities	20,099	3,184	35,346	1,898	24,523	44,013	1,519	-	153,925
Travel and accommodation	27,020	25,739	42,570	33,189	4,510	915	10,448	-	146,307
Tuition and training	-	188,827	-	10,789	-	-	-	-	199,616
Other	35,581	8,400	22,350	7,685	783	-	101,720	-	176,519
	<b>660,969</b>	<b>733,760</b>	<b>740,052</b>	<b>325,993</b>	<b>366,137</b>	<b>239,485</b>	<b>344,519</b>	<b>288,103</b>	<b>3,957,743</b>
<b>Surplus of revenue (expenditures) for the year *</b>	<b>\$ (298,079)</b>	<b>\$ 8,484</b>	<b>\$ (77,682)</b>	<b>\$ (34,661)</b>	<b>\$ (257,569)</b>	<b>\$ (13,066)</b>	<b>\$ (9,331)</b>	<b>\$ 123,298</b>	<b>\$ (540,181)</b>

\* Before income/loss from investments in government business enterprises and partnerships

**Tahltan Indian Band**  
**Notes to Consolidated Financial Statements**  
**Schedule of Segmented Financial Activities**

March 31, 2015

21. Segmented Information (continued)

2014

	Economic Development	Government Development and Education Administration	SWWG	Housing	Public Works Operations and Maintenance	Social and Community Services	Capital Development	Consolidation Adjustments	Total	
Revenue										
AANDC	\$ 118,793	\$ 762,908	\$ 470,139	\$ -	\$ -	\$ 222,758	\$ 382,185	\$ -	\$ 1,956,783	
Business development	148,084	-	-	-	-	-	-	-	148,084	
Canada Post	30,438	-	-	-	-	-	-	-	30,438	
CMHC	-	-	-	29,573	-	-	-	-	29,573	
Fisheries and Oceans Canada	114,200	-	-	-	-	-	-	-	114,200	
Ottawa Trust	-	-	-	-	-	-	-	7,177	7,177	
Rental	-	-	88,900	-	115,258	2,220	-	-	206,378	
Tahltan Heritage Trust	-	-	-	-	-	-	-	24,042	24,042	
Transfers	70,019	-	(180,212)	-	110,193	19,733	(19,733)	-	-	
Other	953,388	15,930	83,836	247,423	-	92,187	-	-	1,392,764	
	1,434,922	778,838	462,663	247,423	255,024	336,898	382,185	(19,733)	3,909,439	
Expenditures										
Advertising	836	-	14,266	-	-	-	-	-	15,102	
Amortization	-	-	-	-	38,606	-	-	252,636	291,242	
Automotive	12,827	-	6,874	832	1,544	9,895	163	-	32,135	
Contract services	141,566	2,850	57,965	228,172	53,785	265,724	28,913	-	778,975	
Honoraria	-	-	35,550	-	-	-	-	-	35,550	
Insurance	16,517	-	49,673	-	52,047	13,502	-	-	131,739	
Materials and supplies	46,908	2,885	11,721	53,922	11,299	5,650	82,299	-	214,684	
Office	2,800	3,435	44,448	-	10,555	528	101	-	61,867	
Professional fees	17,176	-	85,322	-	6,472	118,356	-	-	227,326	
Rental	16,800	16,800	25,570	(39,395)	1,068	8,400	46,893	-	76,136	
Repairs and maintenance	39,209	-	2,732	-	1,415	3,944	-	-	47,300	
Rooms and board	-	480,024	-	-	-	-	-	-	480,024	
Salaries and benefits	169,470	44,057	259,602	6,320	27,905	68,734	64,545	-	640,633	
Telephone and utilities	16,651	1,874	22,162	1,597	24,034	48,351	27,777	-	142,446	
Travel and accommodation	28,695	21,041	34,568	94,360	3,973	2,378	4,362	-	189,377	
Tuition and training	1,348	210,580	1,051	1,650	-	-	-	-	214,629	
Other	143,555	5,274	52,809	97,084	12,030	224,021	111,957	-	646,730	
	654,358	788,820	704,313	444,542	244,733	769,483	367,010	-	4,225,895	
Surplus of revenue										
(expenditures) for the year *	\$ 780,564	\$ (9,982)	\$ (241,650)	\$ (197,119)	\$ 10,291	\$ (432,585)	\$ 15,175	\$ (19,733)	\$ (221,417)	\$ (316,456)

\* Before income/loss from investments in government business enterprises and partnerships



**Tahltan Indian Band**  
**Notes to Consolidated Financial Statements**  
**Condensed Financial Information**  
**(Unaudited)**

March 31, 2015

22. Condensed Financial Information

	Stikine River Song Cafe and General Store Ltd.	Tahltan Nation Development Limited Partnership	Tahltan Centre Ltd.	2015 Total	2014 Total
<b>Assets</b>					
Current	\$ 8,498	\$ 7,226,320	\$ 39,902	\$ 7,274,720	\$ 3,812,354
Non-current	21,376	5,723,765	169,676	5,914,817	2,331,380
	<b>\$ 29,874</b>	<b>\$ 12,950,085</b>	<b>\$ 209,578</b>	<b>\$ 13,189,537</b>	<b>\$ 6,143,734</b>
<b>Liabilities</b>					
Current	\$ 8,510	\$ 1,859,810	\$ 99,027	\$ 1,967,347	\$ 762,361
Non-current	216,609	1,721,432	127,000	2,065,041	1,344,335
	<b>225,119</b>	<b>3,581,242</b>	<b>226,027</b>	<b>4,032,388</b>	<b>2,106,696</b>
<b>Equity (deficit)</b>	<b>(195,245)</b>	<b>9,368,843</b>	<b>(16,449)</b>	<b>9,157,149</b>	<b>4,037,038</b>
	<b>\$ 29,874</b>	<b>\$ 12,950,085</b>	<b>\$ 209,578</b>	<b>\$ 13,189,537</b>	<b>\$ 6,143,734</b>
<b>Revenue</b>	<b>\$ 45,959</b>	<b>\$ 17,781,841</b>	<b>\$ 1,087,018</b>	<b>\$ 18,914,818</b>	<b>\$ 8,905,829</b>
<b>Expenditures</b>	<b>149,866</b>	<b>15,074,861</b>	<b>1,148,305</b>	<b>16,373,032</b>	<b>7,810,179</b>
<b>Net income (loss)</b>	<b>\$ (103,907)</b>	<b>\$ 2,706,980</b>	<b>\$ (61,287)</b>	<b>\$ 2,541,786</b>	<b>\$ 1,095,650</b>

Please note that above financial information reflects 100% of the entities assets, liabilities and equity, revenue and expenditures.