

TL'ETINQOX-T'IN GOVERNMENT OFFICE

SUMMARY FINANCIAL STATEMENTS

March 31, 2014

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX-T'IN GOVERNMENT OFFICE

INDEX

For the year ended March 31, 2014

SUMMARY FINANCIAL STATEMENTS

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TL'ETINQOX-T'IN GOVERNMENT OFFICE

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CHIEF AND COUNCIL AND MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Tl'etinqox-T'in Government Office are the responsibility of management and have been approved by Chief and Council.

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

Tl'etinqox-T'in Government Office maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance the financial information is relevant, reliable and accurate and the Government Office's assets are appropriately accounted for and adequately safeguarded.

Chief and Council are responsible for ensuring the integrity of the Government Office's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the law and that management fulfils its responsibilities for financial reporting. Chief and Council are ultimately responsible for reviewing and approving the financial statements.

Chief and Council review Tl'etinqox-T'in Government Office's financial statements and recommends their approval. 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 annual report, the financial statements and the external auditors' report. Chief and Council take this information into consideration when approving the financial statements for issuance to the Members. Chief and Council also consider the engagement of the external auditors.

RHB SCHMITZ de GRACE
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CHIEF AND COUNCIL AND MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING, continued

The financial statements have been audited by RHB Schmitz de Grace, Chartered Accountants in accordance with Canadian generally accepted auditing standards on behalf of the members. RHB Schmitz de Grace, Chartered Accountants have full and free access to Chief and Council.

Williams Lake, BC
January 12, 2015

Chief

Councilor

Councilor

Councilor

Councilor

Councilor

Councilor

RHB SCHMITZ de GRACE
Chartered Accountants

RHB SCHMITZ de GRACE

Chartered Accountants

Partners

- Lynn Ross, CPA, CA
- Norm Hildebrandt, CPA, CA
- Allison Beswick, CPA, CA

• Denotes professional corporation

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INDEPENDENT AUDITORS' REPORT

To the Members of Tl'etinqox-T'in Government Office

We have audited the accompanying summary financial statements of Tl'etinqox-T'in Government Office, which comprise the summary statement of financial position as at March 31, 2014, and the summary statements of financial activities, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the 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 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 public sector accounting 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 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.

RHB SCHMITZ de GRACE

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INDEPENDENT AUDITORS' REPORT, continued

Basis for Qualified Opinion

Management has advised us that they were not able to determine the cost of, or related amortization on, the tangible capital assets owned by the Government Office as at April 1, 2009. We were unable, by alternative means, to complete our examination of the cost of, and related amortization on, the tangible capital assets. Accordingly, we were not able to determine what adjustments might be necessary to tangible capital assets and accumulated surplus.

The Government Office derives revenue from retail sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the general ledger.

In addition, the Government Office was unable to provide financial information for its 100% owned subsidiaries, Tl'etinqox Logging Ltd., Klatassine Resources Ltd. and business interest in Dechen Ventures, for the year ending March 31, 2014. Accordingly, we were unable to determine whether any adjustments might be necessary to investments and advances and excess expenses for the year.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the summary financial statements present fairly, in all material respects, the financial position of Tl'etinqox-T'in Government Office as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Prince George, BC
January 12, 2015



Chartered Accountants

March 31, 2014

CONTINGENT LIABILITIES (Note 11)

Approved on behalf of the First Nation:

Paul R. H.
H. H.
H. H.

Henry H. Cooper

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX-T'IN GOVERNMENT OFFICE
SUMMARY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 4,720,203	\$ 3,972,154
Gas Bar	1,863,530	1,755,432
Health Canada	1,036,928	1,036,500
Province of British Columbia - Forest and Range Opportunities	680,173	680,172
Administrative fees	575,401	319,115
Other income	238,304	237,848
First Nations Education Steering Committee (FNESC)	190,139	166,538
Rent	208,041	446,831
Province of British Columbia	83,242	166,445
First People's Heritage, Language and Culture Council	20,000	20,000
Cariboo Chilcotin Aboriginal Training Employment Centre (CCATEC)	16,328	35,886
BC Hydro	8,105	-
Canadian Mortgage and Housing Corporation	4,512	105,016
Interior Health	-	12,644
BCAAFC ECD	-	1,400
	<u>9,644,906</u>	<u>8,955,981</u>
EXPENSES		
Operating expenses (Schedule)	9,532,786	8,369,467
Amortization of tangible capital assets	519,871	607,063
	<u>10,052,657</u>	<u>8,976,530</u>
EXCESS EXPENSES BEFORE OTHER ITEMS	<u>(407,751)</u>	<u>(20,549)</u>
OTHER ITEMS		
Trust income (Note 17)	7,625	4,778
Provision for advances made to Klatassine Resources Ltd.	-	(244,835)
Federal government funding adjustments (Note 18)	-	(82,462)
	<u>7,625</u>	<u>(322,519)</u>
EXCESS EXPENSES FOR THE YEAR	<u>(400,126)</u>	<u>(343,068)</u>
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR	<u>9,264,143</u>	<u>9,607,211</u>
ACCUMULATED SURPLUS AT END OF THE YEAR	<u>\$ 8,864,017</u>	<u>\$ 9,264,143</u>

RHB SCHMITZ de GRACE
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TL'ETINQOX-T'IN GOVERNMENT OFFICE
SUMMARY STATEMENT OF CHANGES IN NET DEBT

For the year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
ANNUAL DEFICIT	\$ (400,126)	\$ (343,068)
TANGIBLE CAPITAL ASSETS		
Acquisition	-	(25,500)
Amortization	<u>519,871</u>	<u>607,063</u>
	<u>519,871</u>	<u>581,563</u>
NON-FINANCIAL ASSETS		
Use (acquisition) of prepaid expenses	<u>67,798</u>	<u>(27,599)</u>
DECREASE IN NET DEBT	187,543	210,896
NET DEBT AT BEGINNING OF THE YEAR	<u>(954,334)</u>	<u>(1,165,230)</u>
NET DEBT AT END OF THE YEAR	<u><u>\$ (766,791)</u></u>	<u><u>\$ (954,334)</u></u>

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX-T'IN GOVERNMENT OFFICE
SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Annual deficit	\$ (400,126)	\$ (343,068)
Items not involving cash:		
Trust income	(7,625)	(4,778)
Provision for advances made to Klatassine Resources Ltd.	-	244,835
Amortization of tangible capital assets	<u>519,871</u>	<u>607,063</u>
	112,120	504,052
Changes in non-cash working capital items:		
Accounts receivable	(389,887)	(286,228)
Inventory	8,625	17,476
Prepaid expenses	67,799	(27,599)
Accounts payable and accrued liabilities	550,611	31,360
Due to related party	<u>33,000</u>	<u>-</u>
Cash from operations	<u>382,268</u>	<u>239,061</u>
INVESTING ACTIVITIES		
Advances to Klatassine Resources Ltd.	<u>-</u>	<u>(244,835)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>-</u>	<u>(25,500)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt, net	<u>(93,616)</u>	<u>(299,710)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	288,652	(330,984)
CASH DEFICIENCY AT BEGINNING OF THE YEAR	<u>(561,267)</u>	<u>(230,283)</u>
CASH DEFICIENCY AT END OF THE YEAR	<u><u>\$ (272,615)</u></u>	<u><u>\$ (561,267)</u></u>

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TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These summary financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

Reporting Entity and Principles of Financial Reporting

Tl'etinqox-T'in Government Office reporting entity includes Tl'etinqox-T'in Government Office and all related entities which are accountable to the Government Office and are either owned or controlled by the Government Office.

These financial statements summarize the assets, liabilities, revenue, expenses and excess expenses for the following funds:

- Operations Fund
- CMHC Social Housing Fund

Interfund revenues, expense, assets and liabilities have been eliminated.

Incorporated business entities which Tl'etinqox-T'in Government Office does not significantly influence are included in the summary financial statements using the cost method. These include:

- Tsilhqot'in Economic Development Corp.
- Tsilhqot'in Forest Products Inc.
- River West Forest Products Ltd.

Incorporated business entities, which are owned and significantly influenced by Tl'etinqox-T'in Government Office and which are not dependent on Government Office for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

- Klatassine Resources Ltd.
- Tl'etinqox Logging Ltd.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is measured using the average weighted cost method.

Revenue Recognition

Revenue and expenditures 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 measureable until cash is received are accounted for at that time.

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Chartered Accountants

TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Home Improvement Loans

Home improvement loans on the New On Reserve Housing Approach Fund are expensed as repairs or improvement costs as incurred. The receipt of loan payments are recorded as revenue in the New On Reserve Housing Approach Fund as received.

Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on the basis of straight-line over the estimated useful life of the tangible capital asset commencing during the first full year of its productive use as follows:

The annual amortization rates are based on the following estimated lives:

Buildings and infrastructure	4% - 5%
Furniture and equipment	20% - 30%
Automotive	30%

Amortization – CMHC Social Housing

CMHC 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.

Financial Instruments

Measurement of financial instruments

The Government Office initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Government Office subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Financial assets measured at amortized cost include accounts receivable and trust assets.

The entity has designated investments in Government Business Entities to be measured at fair value.

Financial liabilities measured at amortized cost include bank indebtedness (both restricted and unrestricted), accounts payable and accrued liabilities, due to related party and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Government Office's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period occurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 year. Actual results could differ from management's best estimates as additional information becomes available in the future.

TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Recoveries of Funding and Agency Reimbursements

Funding received from federal government sources in the form of conditional transfer payments are subject to recovery by the Crown. The Crown may also reimburse expenditures upon determining adherence to the terms and conditions of payment for a specific purpose. Recoveries and reimbursements are accounted for in the period they are recovered or received.

2. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Government	\$ 862,952	\$ 403,443
Other	<u>284,686</u>	<u>354,308</u>
	<u><u>\$ 1,147,638</u></u>	<u><u>\$ 757,751</u></u>

3. RESTRICTED CASH AND REPLACEMENT RESERVE

Under the terms of the Government Office's Social Housing Agreement with Canada Mortgage and Housing Corporation ("CMHC"), a separate replacement reserve account is maintained. The funds in this account may only be used for repairs and maintenance as approved by CMHC. At year-end, the reserve is not fully funded and is in technical default of their agreement with CMHC.

	<u>2014</u>	<u>2013</u>
Replacement Reserve	\$ 26,444	\$ 317,823
Restricted cash	<u>-</u>	<u>-</u>
Unfunded portion	<u><u>\$ 26,444</u></u>	<u><u>\$ 317,823</u></u>

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TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

4. TANGIBLE CAPITAL ASSETS

	2014				2013	
	Cost	Additions	Disposals	Accumulated Amortization	Net Book Value	Net Book Value
Automotive equipment	\$ 1,385,686	-	-	\$ 1,265,689	\$ 119,997	\$ 172,111
Buildings and infrastructure	13,610,234	-	-	4,773,673	8,836,561	9,204,752
Furniture and fixtures	1,111,111	-	-	905,453	205,658	268,708
	<u>16,107,031</u>	<u>-</u>	<u>-</u>	<u>6,944,815</u>	<u>9,162,216</u>	<u>9,645,571</u>
CMHC Social Housing	2,857,376	-	-	2,543,162	314,214	331,962
Tl'etinqox Trading						
Building	238,788	-	-	122,723	116,065	120,900
Equipment	184,673	-	-	146,360	38,313	52,245
	<u>423,461</u>	<u>-</u>	<u>-</u>	<u>269,083</u>	<u>154,378</u>	<u>173,145</u>
	<u>\$ 19,387,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,757,060</u>	<u>\$ 9,630,808</u>	<u>\$ 10,150,678</u>

5. INVESTMENTS AND ADVANCES

	2014	2013
Cost method		
Tsilhqot'in Economic Development Corp. (20%)		
- shares	\$ 1	\$ 1
Tsilhqot'in Forest Products Inc. (20%)		
- shares	1	1
River West Forest Products Ltd. (34%)		
- cost	1	1
- advances	551,989	551,989
	<u>551,990</u>	<u>551,990</u>
Modified Equity Method		
Tl'etinqox Logging Ltd. (100%)		
- shares	100	100
Klastassine Resources Ltd. (100%)		
- shares	1	1
	<u>\$ 552,093</u>	<u>\$ 552,093</u>

All advances made to the 100% owned subsidiaries have been allowed for as collectability is uncertain.

Shares are held in trust on behalf of the membership by specific members under a trust agreement.

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

5. INVESTMENTS AND ADVANCES, continued

The financial information for Klatassine Resources Ltd. and Tl'etinqox Logging Ltd. was not available as of the audit report date.

6. BANK INDEBTEDNESS

Bank indebtedness consists of cheques written in excess of funds on deposit, drawn on an operating line authorized to \$600,000 bearing interest at prime plus 2%.

7. DUE TO RELATED PARTY

	<u>2014</u>	<u>2013</u>
Klatassine Resources Ltd. - wholly owned subsidiary	<u>\$ 72,676</u>	<u>\$ 39,676</u>

The above advances are unsecured, non-interest bearing with no specific terms of repayment.

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TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

8. LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
Mortgage repayable in monthly instalments of \$4,195 including interest at 5.5% per annum, secured by a Government of Canada ministerial guarantee, due to renew August 2015	\$ 441,436	\$ 467,232
Mortgage repayable in monthly instalments of \$3,815 including interest at 5.85% per annum, secured by a Government of Canada ministerial guarantee, due to renew December 2014	365,510	390,218
Loan, repayable in monthly instalments of \$1,602 including interest at 8.25% per annum, secured by specific equipment with a netbook value of \$44,149, matures in 2016	35,161	50,774
Mortgage repayable in monthly instalments of \$1,547 including interest at 3.41% per annum, secured by a Government of Canada ministerial guarantee, due to renew September 2013	18,279	35,899
Ford Credit Canada, monthly instalments of \$411, interest at 0% per annum, secured by specific equipment with a net book value of \$10,320, matures in June 2014	1,648	6,593
Ford Credit Canada, monthly instalments of \$411, interest at 0% per annum, secured by specific equipment with a net book value of \$10,303, matures in June 2014	<u>1,645</u>	<u>6,579</u>
	863,679	957,295
Current portion	<u>108,645</u>	<u>91,955</u>
	<u><u>\$ 755,034</u></u>	<u><u>\$ 865,340</u></u>

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

2015	\$ 108,645
2016	\$ 54,932
2017	\$ 58,128
2018	\$ 61,511
2019	\$ 65,090

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TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

9. CMHC SOCIAL HOUSING FUND

	<u>2014</u>	<u>2013</u>
Replacement Reserve	\$ 26,444	\$ 317,823
Contributed Surplus	329,078	329,078
Surplus (Excess expenses)	<u>39,232</u>	<u>(229,933)</u>
	<u>\$ 394,754</u>	<u>\$ 416,968</u>

10. COMMITMENTS

The Government Office has entered into an operating lease agreement for office equipment requiring annual lease payments of \$21,588.

11. CONTINGENT LIABILITIES

Recoveries of Government Funding

Under the terms of agreements with AANDC and other government agencies, certain surpluses may be recoverable and if so, repayable to the government. The amount of the liability, if any, of the Government Office is not determinable at this time.

Solid Waste Landfill

The Government Office operates a solid waste landfill. The nature of and costs involved in the closure and post-closure of this landfill is yet to be determined, therefore, a reasonable estimate of the costs is unknown at this time. No provision for these costs has been made in these financial statements.

Ministerial Guarantees

The Government Office has loans which are secured by Ministerial guarantees totaling \$876,403 at March 31, 2014 (2013 - \$1,257,005).

12. ECONOMIC DEPENDENCE

The Government Office received a major portion of its revenues pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada (AANDC).

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TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

13. RELATED PARTY TRANSACTIONS

During the year, advances were made to Klatassine Resources Ltd. for \$33,000 (2013 - \$39,744) for loan payments on logging equipment which is reported as rental revenue in the financial statements.

These transactions are in the normal course of business and have been valued at the exchange amount, which is the amount of consideration established by and agreed to by the related parties.

14. PENSION PLAN

The Government Office has a pension plan through Manulife Financial that is funded 50% by the Government Office and 50% by the employee. The funds are held in a money market fund and were fully funded at the end of the year. Contributions expensed during the year were \$33,529 (2013 - \$32,690).

15. RECONCILIATION OF AANDC FUNDING AGREEMENT REVENUE

Pursuant to the instructions provided by Aboriginal Affairs and Northern Development Canada Year-end Reporting Handbook for First Nations, Tribal Councils and First Nation Political Organizations, the following reconciliation has been prepared:

AANDC revenue as per summary financial statements	\$ 4,720,203
Recipient total as per 2013/2014 AANDC funding confirmation	<u>4,720,203</u>
Variance	<u>\$ -</u>

16. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2009, First Nations in British Columbia were required to implement the CICA Public Sector Accounting Handbook Section 3150 – Tangible Capital Assets. Under this Section, First Nations must now provide for amortization of tangible capital assets on an annual basis, where previously no amortization was being recorded.

The Government Office has yet to adopt the changes under Section 3150. As a result, it was unable to determine the costs of, or related amortization on, its tangible capital assets as at April 1, 2009. In all other respects, the changes required have been implemented. Consequently, entries which may be required to adjust the carrying value of tangible capital assets have not been recorded.

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TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

17. TRUST ASSETS

The following funds are held on deposit with AANDC for use by the First Nation:

	2014			2013
	Capital	Revenue	Total	Total
Balance at beginning of the year	\$ 69,813	\$ 25,909	\$ 95,722	\$ 90,945
Interest and other	-	7,625	7,625	4,778
Balance at end of the year	<u>\$ 69,813</u>	<u>\$ 33,534</u>	<u>\$ 103,347</u>	<u>\$ 95,723</u>

The Ottawa Trust Accounts arise from monies from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the consolidated revenue fund of the Government of Canada 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.

18. FEDERAL GOVERNMENT FUNDING ADJUSTMENTS

	2014	2013
AANDC	\$ -	\$ (61,788)
CMHC	-	(20,674)
	<u>\$ -</u>	<u>\$ (82,462)</u>

19. INTANGIBLE ASSETS

In the March 31, 2001 fiscal year, the government office acquired trapping rights for \$12,000.

20. INCOME TAX

Tl'etinqox-T'in Government Office is tax exempt as a public body performing a function of government in Canada under Section 149 (1)(c) of the Income Tax Act.

21. FINANCIAL INSTRUMENT RISKS

Risks and concentrations

The Government Office is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure as at March 31, 2014.

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX-T'IN GOVERNMENT OFFICE
NOTES TO THE SUMMARY FINANCIAL STATEMENTS

March 31, 2014

21. FINANCIAL INSTRUMENT RISKS, continued

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Government Office is exposed to this risk mainly in respect of its bank indebtedness, accounts payable and accrued liabilities and long-term debt.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Nation's main credit risks relate to its accounts receivable. The Government Office provides credit to its client in the normal course of operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Government Office has no significant transactions completed in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Government Office is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Government Office to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating rate instruments subject the Nation to related cash flow risk.

Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Government Office is not exposed to significant other price risk.