

Rec'd Aug 8

2017

**Tl'etinqox Government  
Consolidated Financial Statements  
For the year ended March 31, 2017**

**Tl'etinqox Government  
Consolidated Financial Statements  
For the year ended March 31, 2017**

**Contents**

<b>Management's Responsibility for Financial Reporting</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3 - 4</b>
<b>Consolidated Financial Statements</b>	
Exhibit A - Consolidated Statement of Financial Position	5
Exhibit B - Consolidated Statement of Changes in Net Debt	6
Exhibit C - Consolidated Statement of Operations	7
Exhibit D - Consolidated Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 12
Notes to Consolidated Financial Statements	13 - 23

## Management's Responsibility for Financial Reporting

---

The accompanying consolidated financial statements of T'lelinqox Government are the responsibility of management and have been approved by the Administrator and the Finance Officer of the Nation.

The consolidated 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.

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

T'lelinqox Government is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through the Nation's Council.

The Chief and Council review the Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Nation Council.

*[Handwritten signature]*  
Administrator

---

Finance Officer

## Independent Auditor's Report

### To the Members of Tl'etinqox Government

We have audited the accompanying consolidated financial statements of Tl'etinqox Government, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of change in net debt, operations 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 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 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 unqualified audit opinion.

**BDO**

**Unqualified Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ti'etinqox Government as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Bob Gauthier*

Chartered Professional Accountants

Kamloops, British Columbia

July 18, 2018

**Tl'etinqox Government**  
**Exhibit A - Consolidated Statement of Financial Position**

**As at March 31**

**2017**

**2016**

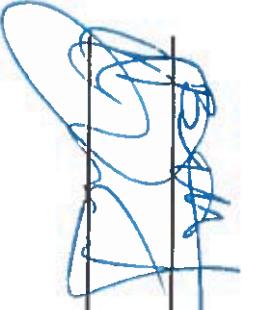
**Financial Assets**  
**Restricted cash (Note 2)** \$ 76,995 \$ 71,829  
**Accounts receivable (Note 3)** 290,341 1,402,115  
**Investment in Nation business entities (Note 8)** 272,965 157,264  
**Inventory** 58,079 40,165  
**Due from related parties** 11,431 136,813

	<b>709,811</b>	<b>1,808,186</b>
<b>Liabilities</b>		
Bank indebtedness (Note 1)	342,416	820,157
Accounts payable (Note 4)	847,482	1,400,440
Long term debt (Note 5)	1,745,284	1,800,884
	<b>2,935,182</b>	<b>4,021,481</b>
<b>Net Financial Debt</b>	<b>(2,225,371)</b>	<b>(2,213,295)</b>

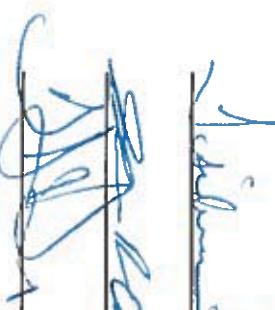
	<b>46,479</b>	<b>33,786</b>
<b>Non-financial Assets</b>		
Prepaid expense	18,284,853	18,503,602
Tangible capital assets (Note 6)	<b>18,331,332</b>	<b>18,537,388</b>
	<b>\$ 16,105,961</b>	<b>\$ 16,324,093</b>

**Accumulated Surplus (Note 7)**

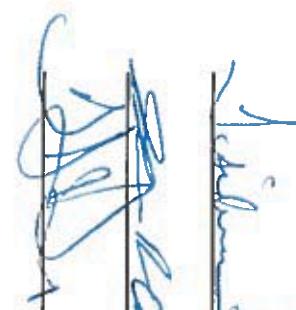
Approved on behalf of the Band Council:

, Councillor

, Councillor

, Councillor

**Tl'etinqox Government  
Exhibit B - Consolidated Statement of Change in Net Debt**

**For the year ended March 31**

**2017**

**(Restated)  
(Note 12)**

**2016**

<b>Surplus - Exhibit C</b>	<b>\$ (71,024)</b>	<b>\$ 3,409,581</b>
Purchases of tangible capital assets	(631,746)	(5,631,801)
Amortization of tangible capital assets	829,524	478,784
Proceeds on sale of tangible capital assets	<u>20,971</u>	<u>-</u>
	<u>218,749</u>	<u>(5,153,017)</u>
Change in prepaid expense	(12,692)	11,852
Change in Ottawa Trust Funds	5,165	2,015
Loan advances for housing	-	(653,172)
Equity change in contributed surplus in band housing	(115,701)	85,881
Equity change in long term investments		(59,297)
	<u>(123,228)</u>	<u>(612,721)</u>
Transfers to/from surplus	<u>(36,573)</u>	<u>552,912</u>
Increase (decrease) in net financial assets	(12,076)	(1,803,245)
Net financial debt, beginning of year	<u>(2,213,295)</u>	<u>(410,050)</u>
<b>Net financial debt, end of year</b>	<b>\$ (2,225,371)</b>	<b>\$ (2,213,295)</b>

**T'leitinqox Government  
Exhibit C - Consolidated Statement of Operations**

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	\$ 3,249,348	\$ 4,236,820	\$ 8,334,768
First Nations Health Authority	1,289,582	1,312,179	1,544,522
Travel reimbursement	-	21,510	22,207
Forest Resource Opportunity	554,140	801,987	559,663
CCATEC	-	76,799	51,718
Interest	36	304	415
Rental revenue	-	147,922	196,678
Gas Bar revenue	1,648,894	1,797,701	1,610,551
First Nations Education Steering Committee	24,000	453,763	74,999
Canada Mortgage and Housing Corporation	-	8,000	26,444
Culture Camp	-	26,358	97,104
Fundraising	1,111,080	48,178	52,780
Other income	717,908	649,592	521,343
Administration (recovery)	-	(54,122)	(65,609)
 	<b>8,594,988</b>	<b>9,526,991</b>	<b>13,027,583</b>
<b>Expenses</b>			
Band Administration	1,912,721	1,958,559	1,985,532
Education	1,762,677	2,274,616	1,738,100
Social development	1,009,708	817,831	965,749
Capital Projects and Public Works	822,832	736,511	956,278
Housing	178,034	655,055	458,334
Health	1,260,122	1,433,773	1,352,897
Natural resources	-	(62,593)	568,918
Gas bar expenses	1,648,894	1,784,263	1,592,194
 	<b>8,594,988</b>	<b>9,598,015</b>	<b>9,618,002</b>
 <b>Surplus for the year</b>	<b>\$ -</b>	<b>\$ (71,024)</b>	<b>\$ 3,409,581</b>

**Tl'etinqox Government**  
**Exhibit D - Consolidated Statement of Cash Flows**

For the year ended March 31	2017	2016
<b>Operating activities</b>		
Cash receipts from various sources	\$ 9,780,477	\$ 12,336,329
Cash paid to employees and supplies	(9,265,348)	(9,349,766)
Interest paid, net of interest received	(90,002)	(34,200)
<b>Cash flows from operating activities</b>	<hr/> <hr/> 425,127	<hr/> <hr/> 2,952,363
<b>Investing activities</b>		
Proceeds from sale (Purchase) of capital assets	218,749	(5,631,801)
Change in prepaid expenses	-	(37,761)
Change in Ottawa trust	5,166	-
Change in investment in business entities	<hr/> <hr/> (115,701)	<hr/> <hr/> 75,408
<b>Cash flows from investing activities</b>	<hr/> <hr/> 108,214	<hr/> <hr/> (5,594,154)
<b>Financing activity</b>		
Proceeds from issuance (repayment) of long term debt	<hr/> <hr/> (55,600)	<hr/> <hr/> 491,122
<b>Net increase (decrease) in cash and cash equivalents</b>	<hr/> <hr/> 477,741	<hr/> <hr/> (2,150,669)
<b>Cash (bank indebtedness) and cash equivalents, beginning of year</b>	<hr/> <hr/> (820,157)	<hr/> <hr/> 1,330,512
<b>Bank indebtedness and cash equivalents, end of year</b>	<hr/> <hr/> \$ (342,416)	<hr/> <hr/> \$ (820,157)

## Tl'etinqox Government Summary of Significant Accounting Policies

March 31, 2017

<b>Basis of Presentation</b>	<p>These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CPA Canada Public Sector Accounting Handbook which encompasses the following principles.</p>
<b>Reporting Entity and Principles</b>	<p>Tl'etinqox Government reporting entity includes Tl'etinqox Government and all related entities which are accountable to Tl'etinqox Government and are either owned or controlled by the Tl'etinqox Government.</p>
<b>Financial Instruments</b>	<p>The financial statements consolidate the assets, liabilities and results of operations for the following incorporated entities:</p> <ul style="list-style-type: none"><li>- Tl'etinqox Trade</li></ul>
<b>Cash and Cash Equivalents</b>	<p>All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific entity, transactions amongst entities have not been necessarily eliminated on the individual schedules.</p>
<b>Financial Instruments</b>	<p>Incorporated business entities which Tl'etinqox Government does not significantly influence are accounted for in the summary financial statements using the cost method. This category is comprised of the investment in River West Forest Products Ltd.</p> <p>Business entities, which are owned or controlled by the Tl'etinqox Government and which are not dependent on the Nation for their continuing operations, are included in the summary financial statements using the modified equity method. These include:</p> <ul style="list-style-type: none"><li>- Klatassine Resources Limited</li><li>- Dechen Ventures Limited Partnership</li></ul>
<b>Cash and Cash Equivalents</b>	<p>Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.</p>

## Tl'etinqox Government Summary of Significant Accounting Policies

---

**March 31, 2017**

---

### **Use of Estimates**

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates included in these consolidated financial statements include the valuation of accounts receivable, accuracy of accounts payable and accrued liabilities, and calculation of deferred revenue.

### **Inventory**

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

### **Tangible Capital Assets**

Property, equipment and infrastructure expenses are valued at acquisition cost or cost of construction.

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenses are also recorded as an addition to the assets of the Capital Fund with a corresponding increase in equity in tangible capital assets.

### **Amortization**

Tangible capital assets recorded are amortized annually with a corresponding reduction in equity in tangible capital assets. Tangible capital assets are amortized over their expected useful lives on a declining balance basis at the following rates:

Automotive equipment	30%
Buildings	4%
Computers and software	100%
Infrastructure	5%
Office and furniture equipment	30%

In the year of acquisition, 50% of the normal amortization is recorded. Assets under construction are not amortized until fully in use.

## Tl'etinqox Government Summary of Significant Accounting Policies

---

March 31, 2017

---

<b>Revenue Recognition</b>	<p>Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements, which relates to a subsequent fiscal period, is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.</p>
<b>Rental Revenue</b>	<p>Rental revenue is recognized when a tenant commences occupancy and rent is due. Tl'etinqox Government retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.</p>
<b>All other revenue</b>	<p>All other revenue is recognized in the period in which the events that give rise to the revenue occurs.</p>
<b>Government Transfers</b>	<p>Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period which events give rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.</p>
<b>Rents Receivable</b>	<p>CMHG does not allow or recognize bad debts recorded in the financial statements of Social Housing and will not subsidize rental arrears.</p>
<b>Ottawa Trust Fund</b>	<p>Tl'etinqox Government uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in the revenue of the Nation upon withdrawal from the Ottawa Trust Fund.</p>
<b>Deferred Revenue</b>	<p>Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of financial activity in the year in which it is used for the specified purpose.</p>
<b>Impairment of Long-lived Assets</b>	<p>In the event that facts and circumstances indicate that the Nation's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The Nation considers that no circumstances exist that would require such an evaluation.</p>

## TL'etinqox Government Summary of Significant Accounting Policies

---

March 31, 2017

---

### Leased Assets

Leases are entered into that transfer substantially all of 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 Nation, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

## Tl'etinqox Government Notes to Consolidated Financial Statements

March 31, 2017

### 1. Cash

	2017	2016
Operating	<u>\$ (342,416)</u>	<u>\$ (820,157)</u>

Cash is held in Canadian Chartered Banks and earns interest at the current prevailing rates for business operating accounts.

Included in above are approved operating lines of credit totaling \$470,482.81 (2016 - \$786,166), at variable rate of prime plus 0.5%.

### 2. Restricted Cash

	2017	2016
Ottawa Trust revenue	<u>\$ 69,814</u>	<u>\$ 69,814</u>
Ottawa Trust capital	<u>7,181</u>	<u>2,015</u>
	<u><u>\$ 76,995</u></u>	<u><u>\$ 71,829</u></u>

The Ottawa Trust accounts arise from monies derived 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. These funds are restricted in their use. The Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Nation and Nation members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

## Tl'etinqox Government Notes to Consolidated Financial Statements

March 31, 2017

### 3. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2017	2016
Operating		
Account receivable - INAC	\$ 141,364	\$ 1,349,004
Account receivable - other	<u>148,977</u>	<u>53,111</u>
	<u><u>\$ 290,341</u></u>	<u><u>\$ 1,402,115</u></u>

### 4. Accounts Payable

	2017	2016
Operating		
Government remittances payable	\$ 817,181	\$ 1,361,103
	<u>30,301</u>	<u>39,337</u>
	<u><u>\$ 847,482</u></u>	<u><u>\$ 1,400,440</u></u>