

# **TL'ETINQOX GOVERNMENT**

## **FINANCIAL STATEMENTS**

**March 31, 2018**

**TI'etinqox Government  
Financial Statements  
For the year ended March 31, 2018**

**Financial Statements**

|                                                                          |                |
|--------------------------------------------------------------------------|----------------|
| Chief and Council and Managements Responsibility for Financial Reporting | <b>2</b>       |
| Audit Report                                                             | <b>3-4</b>     |
| Statement of Financial Position                                          | <b>5</b>       |
| Statement of Operations and Accumulated Surplus                          | <b>6</b>       |
| Statement of Changes in Net Debt                                         | <b>7</b>       |
| Statement of Cash Flows                                                  | <b>8</b>       |
| Summary of Significant Accounting Policies                               | <b>9 - 12</b>  |
| Notes to Financial Statements                                            | <b>12 - 38</b> |



## TL'ETINQOX GOVERNMENT

P.O. Box 168, Alexis Creek, B.C. V0L 1A0

Phone: 250-394-4212 \* Fax: 250-394-4275

Health Phone: 250-394-4240 \* Fax: 250-394-4234

### CHIEF AND COUNCIL AND MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Tl'etinqox Government 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 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.

Tl'etinqox 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.

Chief and Council review the Nation's financial statements and recommend their approval. 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 financial statements and the external auditor's report. Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. Chief and Council also appoint the engagement of the external auditors.

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

Chief

Councilor



**June 28, 2019**

**Independent Auditor's Report**

**To the Chief and Council of Tl'etinqox Government**

We have audited the accompanying financial statements of Tl'etinqox Government, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tl'etinqox Government as at March 31, 2018 and the results of its operations, its remeasurement gains and losses, change in its net debt and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

*PricewaterhouseCoopers LLP*

10-556 North Nechako Road, Prince George, BC, Canada V2K 1 A1  
T: +1 250 564 2515, F: +1 250 562 8722



**Emphasis of matter - Restated comparative information**

Without modifying our opinion, we draw attention to Note 19 to the financial statements, which explains that certain comparative information for the year ended March 31, 2017 has been restated. The financial statements of Tl'etinqox Government for the year ended March 31, 2017 (prior to the restatement of the comparative information) were audited by another auditor who expressed an unmodified opinion on those financial statements on June 18, 2018.

*PricewaterhouseCoopers LLP*  
**Chartered Professional Accountants**

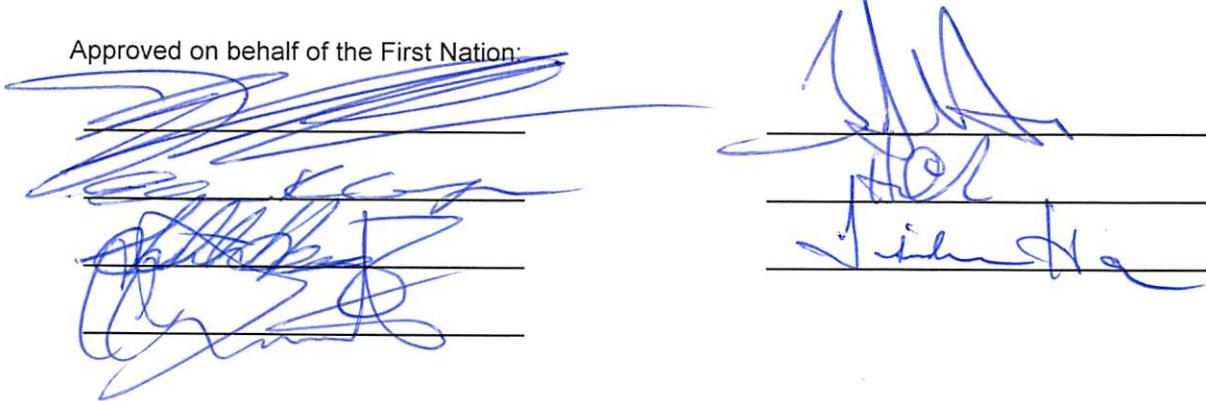
Prince George, BC

**TL'ETINQOX GOVERNMENT**  
**STATEMENT OF FINANCIAL POSITION**

March 31, 2018

|                                                      | <b>2018</b>          | <b>2017</b>             |
|------------------------------------------------------|----------------------|-------------------------|
|                                                      |                      | (restated)<br>(Note 19) |
| <b>FINANCIAL ASSETS</b>                              |                      |                         |
| Restricted cash (Note 4)                             | \$ 82,438            | \$ 76,995               |
| Accounts receivable (Note 5)                         | 1,875,455            | 599,555                 |
| Investment in government business entities (Note 10) | 845,458              | 225,132                 |
| Investment property                                  | 100,059              | -                       |
| Inventory                                            | <u>48,836</u>        | <u>58,079</u>           |
|                                                      | <u>2,952,246</u>     | <u>959,761</u>          |
| <b>LIABILITIES</b>                                   |                      |                         |
| Bank indebtedness (Note 3)                           | 1,248,547            | 342,298                 |
| Accounts payable (Note 6)                            | 1,114,119            | 743,624                 |
| Deferred revenue (Note 17)                           | 983,352              | 433,718                 |
| Due to related parties (Note 16)                     | 33,855               | 55,229                  |
| Long term debt (Note 7)                              | <u>1,775,634</u>     | <u>1,745,284</u>        |
|                                                      | <u>5,155,507</u>     | <u>3,320,153</u>        |
| <b>NET FINANCIAL DEBT</b>                            | <u>(2,203,261)</u>   | <u>(2,360,392)</u>      |
| <b>NON-FINANCIAL ASSETS</b>                          |                      |                         |
| Prepaid expenses                                     | 170,677              | 35,608                  |
| Tangible capital assets (Note 8)                     | <u>18,811,789</u>    | <u>19,137,590</u>       |
|                                                      | <u>18,982,466</u>    | <u>19,173,198</u>       |
| <b>ACCUMULATED SURPLUS (Note 9)</b>                  | <u>\$ 16,779,205</u> | <u>\$ 16,812,806</u>    |

Approved on behalf of the First Nation:



**TL'ETINQOX GOVERNMENT**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**For the year ended March 31, 2018**

|                                                                              | <b>2018</b><br><b>Budget</b><br>(Note 20) | <b>2018</b>                | <b>2017</b><br>(restated)<br>(Note 19) |
|------------------------------------------------------------------------------|-------------------------------------------|----------------------------|----------------------------------------|
| <b>REVENUE (NOTE 18)</b>                                                     |                                           |                            |                                        |
| Indigenous Services Canada                                                   | \$ 4,154,518                              | <b>5,157,028</b>           | \$ 4,439,819                           |
| Province of British Columbia                                                 | 864,140                                   | <b>3,496,919</b>           | 780,173                                |
| First Nations Health Authority                                               | 1,591,766                                 | <b>1,367,691</b>           | 1,821,141                              |
| First Nations Education Steering Committee                                   | 375,115                                   | <b>360,489</b>             | 382,895                                |
| CCATEC                                                                       | 92,284                                    | <b>62,741</b>              | 87,372                                 |
| Canada Mortgage and Housing Corporation                                      | 8,000                                     | <b>12,450</b>              | 8,000                                  |
| Gas Bar Sales                                                                | -                                         | <b>1,975,254</b>           | 1,794,852                              |
| Rental Revenue                                                               | 152,800                                   | <b>321,249</b>             | 150,032                                |
| Income in Investment in Business Enterprises                                 | -                                         | <b>620,326</b>             | 167,823                                |
| Other Revenue                                                                | 66,400                                    | <b>418,385</b>             | 374,286                                |
| Interest                                                                     | -                                         | <b>1,852</b>               | 1,899                                  |
| Gain (Loss) on Disposal of Tangible Capital Assets                           | <hr/><br><b>26,900</b>                    | <hr/><br><b>13,821,284</b> | <hr/><br>10,003,440                    |
|                                                                              | <hr/><br><b>7,305,023</b>                 | <hr/><br><b>13,821,284</b> | <hr/><br><b>10,003,440</b>             |
| <b>EXPENSES (NOTE 14 AND 18)</b>                                             |                                           |                            |                                        |
| Band Administration                                                          | 1,573,557                                 | <b>1,214,397</b>           | 1,076,231                              |
| Education                                                                    | 2,182,916                                 | <b>2,223,034</b>           | 2,137,481                              |
| Social Development                                                           | 1,146,122                                 | <b>969,764</b>             | 1,150,705                              |
| Capital Projects and Public Works                                            | 321,675                                   | <b>1,594,907</b>           | 1,455,719                              |
| Housing                                                                      | 188,750                                   | <b>91,187</b>              | 562,318                                |
| Own Source                                                                   | -                                         | <b>136,704</b>             | 76,241                                 |
| Emergency Operations Centre                                                  | -                                         | <b>4,236,982</b>           | -                                      |
| Health                                                                       | 1,532,737                                 | <b>1,264,533</b>           | 1,078,660                              |
| Natural Resource Opportunities                                               | 275,500                                   | <b>285,511</b>             | 418,926                                |
| Gas Bar Expenses                                                             | <hr/><br>-                                | <hr/><br><b>1,837,866</b>  | <hr/><br>1,773,358                     |
|                                                                              | <hr/><br><b>7,221,257</b>                 | <hr/><br><b>13,854,885</b> | <hr/><br>9,729,639                     |
| <b>ANNUAL SURPLUS</b>                                                        | <hr/><br><b>\$ 83,766</b>                 | <hr/><br><b>(33,601)</b>   | <hr/><br>273,801                       |
| <b>ACCUMULATED SURPLUS, BEGINNING OF THE YEAR<br/>AS PREVIOUSLY REPORTED</b> |                                           | <b>16,812,806</b>          | 16,324,093                             |
| <b>PRIOR PERIOD ADJUSTMENT (NOTE 19)</b>                                     |                                           | <b>-</b>                   | 214,912                                |
| <b>ACCUMULATED SURPLUS, BEGINNING OF THE YEAR<br/>AS RESTATED</b>            |                                           | <b>16,812,806</b>          | 16,539,005                             |
| <b>ACCUMULATED SURPLUS, END OF THE YEAR</b>                                  | <b>\$ 16,779,205</b>                      | <b>\$ 16,812,806</b>       |                                        |

**TL'ETINQOX GOVERNMENT**  
**STATEMENT OF CHANGES IN NET DEBT**  
**For the year ended March 31, 2018**

|                                                                  | <b>2018</b><br><b>Budget</b><br>(Note 20) | <b>2018</b>           | <b>2017</b><br>(restated)<br>(Note 19) |
|------------------------------------------------------------------|-------------------------------------------|-----------------------|----------------------------------------|
| <b>ANNUAL SURPLUS</b>                                            | <b>\$ 83,766</b>                          | <b>\$ (33,601)</b>    | <b>\$ 273,801</b>                      |
| <b>TANGIBLE CAPITAL ASSETS</b>                                   |                                           |                       |                                        |
| Purchase of tangible capital assets                              | (103,310)                                 | (613,842)             | (782,445)                              |
| Amortization of tangible capital assets                          | -                                         | 929,043               | 841,556                                |
| Amortization adjustment                                          | -                                         | -                     | 13,470                                 |
| Proceeds on sale of tangible capital assets                      | -                                         | 37,500                | 1,000                                  |
| (Gain) loss on disposal of tangible capital assets               | -                                         | (26,900)              | 4,852                                  |
|                                                                  | <b>(103,310)</b>                          | <b>325,801</b>        | <b>78,433</b>                          |
| <b>NON-FINANCIAL ASSETS</b>                                      |                                           |                       |                                        |
| Change in prepaid expense                                        | -                                         | (135,069)             | (1,822)                                |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>                          | <b>(19,544)</b>                           | <b>157,131</b>        | <b>350,412</b>                         |
| <b>NET FINANCIAL DEBT, BEGINNING OF THE YEAR</b>                 | <b>(2,360,392)</b>                        | <b>(2,360,392)</b>    | <b>(2,213,295)</b>                     |
| <b>PRIOR PERIOD ADJUSTMENT (NOTE 19)</b>                         | <b>-</b>                                  | <b>-</b>              | <b>(497,509)</b>                       |
| <b>NET FINANCIAL DEBT, BEGINNING OF THE YEAR<br/>AS RESTATED</b> | <b>-</b>                                  | <b>-</b>              | <b>(2,710,804)</b>                     |
| <b>NET FINANCIAL DEBT, END OF THE YEAR</b>                       | <b>\$ (2,379,936)</b>                     | <b>\$ (2,203,261)</b> | <b>\$ (2,360,392)</b>                  |

**TL'ETINQOX GOVERNMENT**  
**STATEMENT OF CASH FLOWS**  
**For the year ended March 31, 2018**

|                                                      | <b>2018</b>    | <b>2017</b>                    |
|------------------------------------------------------|----------------|--------------------------------|
|                                                      |                | (restated)<br>(Notes 2 and 19) |
| <b>OPERATING ACTIVITIES</b>                          |                |                                |
| Annual surplus                                       | \$ (33,601)    | \$ 273,801                     |
| Items not involving cash:                            |                |                                |
| Trust income                                         | (5,443)        | (5,166)                        |
| Income in Investment in Business Enterprises         | (620,326)      | (167,823)                      |
| Gain on disposal of tangible capital assets          | (26,900)       | 4,852                          |
| Amortization of tangible capital assets              | 929,043        | 841,556                        |
|                                                      | <hr/>          | <hr/>                          |
|                                                      | 242,773        | 947,220                        |
| Changes in non-cash working capital items:           |                |                                |
| Accounts receivable (Note 5)                         | (1,275,900)    | 802,560                        |
| Inventory                                            | 9,243          | (17,914)                       |
| Investment property                                  | (100,059)      | -                              |
| Prepaid expenses                                     | (135,069)      | (1,822)                        |
| Accounts payable (Note 6)                            | 370,495        | (656,816)                      |
| Deferred revenue (Note 17)                           | 549,634        | 433,718                        |
|                                                      | <hr/>          | <hr/>                          |
|                                                      | (581,656)      | 559,726                        |
| Cash from operations                                 | <hr/>          | <hr/>                          |
|                                                      | (338,883)      | 1,506,946                      |
| <b>CAPITAL ACTIVITIES</b>                            |                |                                |
| Proceeds from disposal of tangible capital assets    | 37,500         | 1,000                          |
| Acquisition of tangible capital assets               | (613,842)      | (782,445)                      |
|                                                      | <hr/>          | <hr/>                          |
|                                                      | (576,342)      | (781,445)                      |
| <b>INVESTING ACTIVITIES</b>                          |                |                                |
| Repayment of loans and advances from related parties | <hr/>          | <hr/>                          |
|                                                      | (21,374)       | (192,042)                      |
| <b>FINANCING ACTIVITIES</b>                          |                |                                |
| Long-term debt advances                              | 224,532        | 60,485                         |
| Long-term debt repayment                             | (194,182)      | (116,085)                      |
|                                                      | <hr/>          | <hr/>                          |
|                                                      | 30,350         | (55,600)                       |
| <b>(DECREASE) INCREASE IN CASH DURING THE YEAR</b>   | <hr/>          | <hr/>                          |
|                                                      | (906,249)      | 477,859                        |
| <b>CASH (DEFICIENCY), BEGINNING OF THE YEAR</b>      | <hr/>          | <hr/>                          |
|                                                      | (342,298)      | (820,157)                      |
| <b>CASH (DEFICIENCY), END OF THE YEAR</b>            | <hr/>          | <hr/>                          |
|                                                      | \$ (1,248,547) | \$ (342,298)                   |

**Tl'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

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

These 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.

Reporting Entity and Principles of Financial Reporting

Tl'etinqox Government (the “Nation”) 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.

Investments in Government Business Entities

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:

- Klatassine Resources Ltd.
- Klatassine Resources LLP
- Dechen Ventures Ltd.
- Dechen Ventures LP

Financial Instruments

The Nation recognizes and measures financial assets and financial liabilities on the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on the initial recognition. Financial instruments are subsequently measured at amortized cost as the Nation has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on the active market. Since no financial instruments are measured at fair value after the initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

Financial assets measured at cost include restricted cash, and accounts receivable.

Financial liabilities measured at cost include the bank indebtedness, accounts payable and accrued liabilities, due to related parties and long-term debt.

Inventory

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

**Tl'etinqox Government  
Financial Statements  
For the year ended March 31, 2018**

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

Revenue Recognition

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

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability in which case are recognized as deferred revenue and recognized in the statement of operations as the stipulation liabilities are settled.

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

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.

All other revenue is recognized in the period in which the events that give rise to the revenue occurs.

Funding Recoveries and Reimbursements

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

Ottawa Trust Fund

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.

Deferred Revenue

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 statement of financial position. The revenue is recognized in the statement of financial activity in the year in which it is used for the specified purpose.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.

**TL'etinqox Government  
Financial Statements  
For the year ended March 31, 2018**

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

Impairment of Long-lived Assets

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.

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 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 financial statements include the valuation of accounts receivable, accuracy of accounts payable and accrued liabilities, the useful life of tangible capital assets and the calculation of deferred revenue.

Tangible Capital Assets

Tangible capital assets are initially recorded at acquisition cost or cost of construction. Contributed tangible capital assets are recorded at their fair value at date of contribution.

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.

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                 | 4%   |
| Office and furniture equipment | 30%  |

Assets under construction are not amortized until fully in use.

**TI'etinqox Government  
Financial Statements  
For the year ended March 31, 2018**

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

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.

**2. CHANGES IN ACCOUNTING POLICY**

**TI'etinqox adopted the following new accounting policies:**

Cash flow statement – indirect method

Effective April 1, 2017, the Nation reverted back to the indirect method for the cash flow statement. The accounting change was applied retrospectively and the prior period was restated.

*PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions*

Effective April 1, 2017, the Nation adopted the recommendations relating to PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the financial statements of adopting the new Sections.

*PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights*

Effective April 1, 2017, the Nation adopted the recommendations relating to PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Statement Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

**TI'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**2. CHANGE IN ACCOUNTING POLICY, continued**

PS 3380 Contractual Rights establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

There was no material impact on the financial statements of adopting the new Sections.

**3. CASH (BANK INDEBTEDNESS)**

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 \$1,500,000 (2017 - \$500,000), variable rate of prime plus 0.5%. Prime for the year ended March 31, 2018 was 3.45% (2017 – 2.70%), secured by general security agreement.

**4. RESTRICTED CASH**

|                      | <b>2018</b>             | <b>2017</b>             |
|----------------------|-------------------------|-------------------------|
| Ottawa Trust revenue | \$ 69,814               | \$ 69,814               |
| Ottawa Trust capital | <u>12,624</u>           | <u>7,181</u>            |
|                      | <b><u>\$ 82,438</u></b> | <b><u>\$ 76,995</u></b> |

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 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**  
**Financial Statements**  
**For the year ended March 31, 2018**

**5. ACCOUNTS RECEIVABLE**

Accounts receivable by program area is summarized as follows:

|                               | <b>2018</b>                | <b>2017</b>              |
|-------------------------------|----------------------------|--------------------------|
|                               |                            | (restated)<br>(Note 19)  |
| Operating                     |                            |                          |
| Account receivable - ISC      | \$ 297,058                 | \$ 141,364               |
| Account receivable - other    | 431,729                    | 458,191                  |
| Accrued receivable - wildfire | <u>1,146,668</u>           | -                        |
|                               | <u><u>\$ 1,875,455</u></u> | <u><u>\$ 599,555</u></u> |

During the summer of 2017 the community of the Tl'etinqox Government was impacted by wildfires.

As a result the Nation recorded:

|                                                       |  |                            |
|-------------------------------------------------------|--|----------------------------|
| <b>Expenses</b>                                       |  |                            |
| Emergency Operations Centre                           |  | <u><u>\$ 4,011,333</u></u> |
| <b>Recoveries (Revenue)</b>                           |  |                            |
| Province of BC                                        |  | 1,781,419                  |
| Indigenous Services Canada                            |  | 353,558                    |
| Canadian Red Cross                                    |  | 233,240                    |
| First Nations Health Authority                        |  | <u>163,336</u>             |
|                                                       |  | <u><u>2,531,553</u></u>    |
| Accrued wildfire receivables as of March 31, 2018     |  | 1,479,780                  |
| Less allowance for doubtful accounts                  |  | <u>(333,112)</u>           |
| Net accrued wildfire receivables as of March 31, 2018 |  | <u><u>\$ 1,146,668</u></u> |

Subsequent to March 31, 2018 the Nation has received \$384,717 of the accrued wildfire receivable.

It is the Nation's policy to record management's best estimate of the amount of expenses related to the wildfire that will be recoverable. Actual amounts received could be different.

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**6. ACCOUNTS PAYABLE**

|                                | <b>2018</b>         | <b>2017</b>             |
|--------------------------------|---------------------|-------------------------|
|                                |                     | (restated)<br>(Note 19) |
| Operating                      | \$ 901,200          | \$ 707,159              |
| Funding recoverable            | 205,407             | -                       |
| Government remittances payable | <u>7,512</u>        | <u>36,465</u>           |
|                                | <b>\$ 1,114,119</b> | <b>\$ 743,624</b>       |

**TI'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**7. LONG TERM DEBT**

|                                                                                                                                                                                                                      | <b>2018</b>                | <b>2017</b>              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------|
| Mortgage term loan, repayable in monthly instalments of \$3,080, including fixed interest at 4.91% per annum, secured by a Government of Canada ministerial guarantee, maturing November 11th, 2020.                 | \$ 347,590                 | \$ 366,966               |
| Mortgage term loan, repayable in monthly instalments of \$3,815, including interest at 5.85% per annum, secured by a Government of Canada ministerial guarantee, maturing December 2019.                             | 244,095                    | 281,995                  |
| Demand loan, repayable in monthly average instalments of \$2,451, including interest is at prime plus 0.5% per annum (prime was 3.45% at March 31, 2018).                                                            | 253,739                    | 323,126                  |
| Fixed term loan, repayable in monthly installments of \$4,181, fixed interest rate of 3.14% per annum, maturing February 28th, 2022.                                                                                 | 680,318                    | 712,711                  |
| First Truck Centre Vancouver repayable in monthly installments of \$1,278, including fixed interest at 5.9% per annum, secured by specific equipment with a net book value of \$66,122 maturing September 3rd, 2021. | 48,393                     | 60,486                   |
| Inland Kenworth Loan repayable in monthly installments of \$4,309, including fixed interest at 5.69% per annum, secured by specific equipment with a net book value of \$247,760 maturing August 29th, 2022.         | 201,499                    | -                        |
| Less loan on demand                                                                                                                                                                                                  | 1,775,634                  | 1,745,284                |
| Less current portion                                                                                                                                                                                                 | 253,739                    | 1,284,317                |
|                                                                                                                                                                                                                      | <u>193,492</u>             | <u>155,970</u>           |
|                                                                                                                                                                                                                      | <u><b>\$ 1,328,403</b></u> | <u><b>\$ 304,997</b></u> |

Anticipated annual principal repayments over the next five years and thereafter are as follows:

|                     |            |
|---------------------|------------|
| 2019                | \$ 213,184 |
| 2020                | 216,372    |
| 2021                | 219,754    |
| 2022                | 215,566    |
| 2023 and thereafter | 910,758    |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**8. TANGIBLE CAPITAL ASSETS**

|                                | <b>2018</b>          | <b>2017</b>                         |                             |
|--------------------------------|----------------------|-------------------------------------|-----------------------------|
|                                |                      | (restated)<br>(Note 19)             |                             |
|                                | <b>Cost</b>          | <b>Accumulated<br/>Amortization</b> | <b>Cost</b>                 |
| Automotive equipment           | \$ 1,488,681         | \$ 1,042,064                        | \$ 1,192,332                |
| Buildings                      | 16,884,431           | 5,704,607                           | 16,884,431                  |
| Computers and software         | 39,768               | 5,965                               | -                           |
| Infrastructure                 | 10,738,202           | 3,921,532                           | 10,668,567                  |
| Office and furniture equipment | 1,299,995            | 965,120                             | 1,197,905                   |
| Assets under construction      | -                    | -                                   | -                           |
|                                | <b>\$ 30,451,077</b> | <b>\$ 11,639,288</b>                | <b>\$ 29,943,235</b>        |
| Net book value                 |                      | <b><u>\$ 18,811,789</u></b>         | <b><u>\$ 19,137,590</u></b> |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**8. TANGIBLE CAPITAL ASSETS, continued**

|                                 | 2018              |                      |                       |                     |                      |                           |                      |
|---------------------------------|-------------------|----------------------|-----------------------|---------------------|----------------------|---------------------------|----------------------|
|                                 | Automotive        | Buildings            | Computer and software | Infrastructure      | Office and furniture | Assets under Construction | Total                |
| <b>Cost</b>                     |                   |                      |                       |                     |                      |                           |                      |
| Opening balance                 | \$ 1,192,332      | \$ 16,884,431        | \$ -                  | \$ 10,668,567       | \$ 1,197,905         | \$ -                      | \$ 29,943,235        |
| Additions                       | 402,349           | -                    | 39,768                | 69,635              | 102,090              | -                         | 613,842              |
| Disposals                       | (106,000)         | -                    | -                     | -                   | -                    | -                         | (106,000)            |
| <br>Closing balance             | <br>1,488,681     | <br>16,884,431       | <br>39,768            | <br>10,738,202      | <br>1,299,995        | <br>-                     | <br>30,451,077       |
| <b>Accumulated amortization</b> |                   |                      |                       |                     |                      |                           |                      |
| Opening balance                 | 1,041,265         | 5,247,789            | -                     | 3,638,955           | 877,636              | -                         | 10,805,645           |
| Amortization                    | 96,199            | 456,818              | 5,965                 | 282,577             | 87,484               | -                         | 929,043              |
| Disposals                       | (95,400)          | -                    | -                     | -                   | -                    | -                         | (95,400)             |
| <br>Closing balance             | <br>1,042,064     | <br>5,704,607        | <br>5,965             | <br>3,921,532       | <br>965,120          | <br>-                     | <br>11,639,288       |
| <b>Net book value</b>           | <b>\$ 446,617</b> | <b>\$ 11,179,824</b> | <b>\$ 33,803</b>      | <b>\$ 6,816,670</b> | <b>\$ 334,875</b>    | <b>\$ -</b>               | <b>\$ 18,811,789</b> |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**8. TANGIBLE CAPITAL ASSETS, continued**

|                                 |                   |                      |                       |                     |                      |                           | 2017                 |
|---------------------------------|-------------------|----------------------|-----------------------|---------------------|----------------------|---------------------------|----------------------|
|                                 | Automotive        | Buildings            | Computer and software | Infrastructure      | Office and furniture | Assets under Construction | Total                |
| <b>Cost</b>                     |                   |                      |                       |                     | (restated)           | (restated)                | (restated)           |
| Opening balance                 | \$ 1,442,924      | \$ 16,884,431        | \$ 33,114             | \$ 10,120,183       | \$ 1,453,055         | \$ -                      | \$ 29,933,707        |
| Additions                       | -                 | -                    | -                     | 548,384             | 123,517              | -                         | 671,901              |
| Disposals                       | (250,592)         | -                    | (33,114)              | -                   | (378,667)            | -                         | (662,373)            |
| Closing balance                 | <u>1,192,332</u>  | <u>16,884,431</u>    | <u>-</u>              | <u>10,668,567</u>   | <u>1,197,905</u>     | <u>-</u>                  | <u>29,943,235</u>    |
| <b>Accumulated amortization</b> |                   |                      |                       |                     |                      |                           |                      |
| Opening balance                 | 1,253,186         | 4,784,079            | 33,114                | 3,532,775           | 1,003,986            | -                         | 10,607,140           |
| Amortization                    | 38,671            | 459,607              | -                     | 264,331             | 78,947               | -                         | 841,556              |
| Disposals                       | (250,592)         | -                    | (33,114)              | -                   | (372,753)            | -                         | (656,459)            |
| Adjustment                      | -                 | 4,103                | -                     | (158,151)           | 167,456              | -                         | 13,408               |
| Closing balance                 | <u>1,041,265</u>  | <u>5,247,789</u>     | <u>-</u>              | <u>3,638,955</u>    | <u>877,636</u>       | <u>-</u>                  | <u>10,805,645</u>    |
| <b>Net book value</b>           | <u>\$ 151,067</u> | <u>\$ 11,636,642</u> | <u>\$ -</u>           | <u>\$ 7,029,612</u> | <u>\$ 320,269</u>    | <u>\$ -</u>               | <u>\$ 19,137,590</u> |

**Tl'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**9. ACCUMULATED SURPLUS**

|                            | <b>2018</b>                 | <b>2017</b>                 |
|----------------------------|-----------------------------|-----------------------------|
|                            |                             | (restated)<br>(Note 19)     |
| Operating Deficit          | \$ (106,785)                | \$ (339,665)                |
| Equity in Capital Assets   | 16,803,552                  | 17,075,477                  |
| Equity in Government Trust | <u>82,438</u>               | <u>76,994</u>               |
|                            | <b><u>\$ 16,779,205</u></b> | <b><u>\$ 16,812,806</u></b> |

**10. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES**

The Nation has investments in the following entities

|                                           | <b>2018</b>              | <b>2017</b>              |
|-------------------------------------------|--------------------------|--------------------------|
|                                           |                          | (restated)<br>(Note 19)  |
| Dechen Ventures Limited Partnership - 99% | \$ 541,600               | \$ 123,709               |
| Dechen Ventures Ltd. - 100%               | 4,017                    | -                        |
| Klatassine Resources LLP - 99%            | 156,069                  | (42,273)                 |
| Klatassine Resources Ltd. - 100%          | 143,771                  | 143,695                  |
| Sigurdson's                               | <u>1</u>                 | <u>1</u>                 |
|                                           | <b><u>\$ 845,458</u></b> | <b><u>\$ 225,132</u></b> |

**Sigurdson's**

Sigurdson's (advance), a wholly-owned subsidiary of Tl'etinqox Government, is currently inactive and holds no assets.

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**10. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

**Dechen Ventures Limited Partnership**

Dechen Ventures Limited Partnership ("Dechen LP"), a partnership between TL'etinqox Government and Dechen Ventures Ltd. that is registered under the Companies Act of the Province of BC. The partnership operates in the forestry industry, providing vehicle operations, silviculture operations, management services and forestry operations in Alexis Creek.

A summary of the financial results for the year then ended is presented as follows:

**BALANCE SHEET**  
**March 31, 2018**

|                         | <b>2018</b>       | <b>2017</b>       |
|-------------------------|-------------------|-------------------|
| <b>ASSETS</b>           |                   |                   |
| Current Assets          | <b>\$ 584,141</b> | <b>\$ 152,292</b> |
| <b>LIABILITIES</b>      |                   |                   |
| Current Liabilities     | <b>\$ 37,070</b>  | <b>\$ 28,583</b>  |
| <b>PARTNERS' EQUITY</b> | <b>547,071</b>    | <b>123,709</b>    |
|                         | <b>\$ 584,141</b> | <b>\$ 152,292</b> |

**INCOME STATEMENT**  
**For the Year Ended March 31, 2018**

|                                | <b>2018</b>         | <b>2017</b>         |
|--------------------------------|---------------------|---------------------|
| <b>REVENUE</b>                 | <b>\$ 1,239,594</b> | <b>\$ 1,130,421</b> |
| <b>EXPENSES</b>                | <b>816,232</b>      | <b>1,002,314</b>    |
| <b>NET INCOME FOR THE YEAR</b> | <b>\$ 423,362</b>   | <b>\$ 128,107</b>   |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**10. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

Dechen Ventures Limited Partnership, continued

**STATEMENT OF PARTNERS' EQUITY**  
**For the Year Ended March 31, 2018**

|                                       | <b>2018</b>              | <b>2017</b>              |
|---------------------------------------|--------------------------|--------------------------|
| <b>EQUITY, TL'ETQUINOX GOVERNMENT</b> |                          |                          |
| Balance, beginning of the year        | \$ 123,709               | \$ (4,398)               |
| Income for the year                   | <u>417,891</u>           | <u>128,107</u>           |
|                                       | <b><u>541,600</u></b>    | <b><u>123,709</u></b>    |
| <b>EQUITY, DECHEN VENTURES LTD.</b>   |                          |                          |
| Balance, beginning of the year        | -                        | -                        |
| Income for the year                   | <u>5,471</u>             | <u>-</u>                 |
|                                       | <b><u>5,471</u></b>      | <b><u>-</u></b>          |
| <b>BALANCE AT END OF THE YEAR</b>     | <b><u>\$ 547,071</u></b> | <b><u>\$ 123,709</u></b> |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**10. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

**Dechen Ventures Ltd.**

Klatassine Resources Ltd., is a wholly-owned subsidiary of TL'etinqox Government. Klatassine Resources Ltd. is incorporated under the Business Corporations Act of British Columbia and was established to generate funds used to support the activities of the TL'etinqox Government.

**BALANCE SHEET**  
**March 31, 2018**

|                            | <b>2018</b>     | <b>2017</b>   |
|----------------------------|-----------------|---------------|
| <b>ASSETS</b>              | <b>\$ 5,571</b> | <b>\$ 100</b> |
| <b>LIABILITIES</b>         |                 |               |
| Current Liabilities        | \$ 1,500        | \$ -          |
| <b>SHAREHOLDERS EQUITY</b> |                 |               |
| Share Capital              | 100             | 100           |
| Retained Earnings          | 3,917           | -             |
|                            | 4,017           | 100           |
|                            | <b>\$ 5,517</b> | <b>\$ 100</b> |

**INCOME STATEMENT**  
**For the Year Ended March 31, 2018**

|                                                 | <b>2018</b>     | <b>2017</b> |
|-------------------------------------------------|-----------------|-------------|
| <b>REVENUE</b>                                  | \$ 5,471        | \$ -        |
| <b>EXPENSES</b>                                 | 1,500           | -           |
| <b>NET INCOME</b>                               | 3,971           | -           |
| <b>RETAINED EARNINGS, BEGINNING OF THE YEAR</b> | -               | -           |
| <b>RETAINED EARNINGS, YEAR END</b>              | <b>\$ 3,971</b> | <b>\$ -</b> |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**10. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

**Klatassine Resources LLP**

Klatassine Resources LLP (“Klatassine LLP”), a partnership between TL'etinqox Government and Klatassine Resources Ltd. that is registered under the Companies Act of the Province of BC. The partnership operates in the forestry industry, silviculture operations, and forestry operations in Alexis Creek.

A summary of the financial results for the year then ended is presented as follows:  
 Klatassine Resources LLP, continued

**BALANCE SHEET**  
**March 31, 2018**

|                                        | <b>2018</b>              | <b>2017</b>              |
|----------------------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                          |                          |                          |
| Current Assets                         | \$ 360,938               | \$ 123,408               |
| <b>PROPERTY AND EQUIPMENT</b>          | <u>66,584</u>            | <u>94,678</u>            |
|                                        | <u><u>\$ 427,522</u></u> | <u><u>\$ 218,086</u></u> |
| <b>LIABILITIES</b>                     |                          |                          |
| Current Liabilities                    | \$ 269,877               | \$ 260,359               |
| <b>PARTNERSHIP EQUITY (DEFICIENCY)</b> | <u>157,645</u>           | <u>(42,273)</u>          |
|                                        | <u><u>\$ 427,522</u></u> | <u><u>\$ 218,086</u></u> |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**10. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

**Klatassine Resources LLP, continued**

**INCOME STATEMENT**

**For the Year Ended March 31, 2018**

|                                                               | <b>2018</b>       | <b>2017</b>        |
|---------------------------------------------------------------|-------------------|--------------------|
| REVENUE                                                       | <u>\$ 298,244</u> | <u>\$ 395,463</u>  |
| EXPENSES                                                      | <u>98,326</u>     | <u>437,736</u>     |
| NET INCOME (LOSS)                                             | <u>199,918</u>    | <u>(42,273)</u>    |
| <br>PARTNERSHIP EQUITY (DEFICIENCY),<br>BEGINNING OF THE YEAR | <u>(42,273)</u>   | <u>-</u>           |
| <br>PARTNERSHIP EQUITY (DEFICIENCY),<br>END OF THE YEAR       | <u>\$ 157,645</u> | <u>\$ (42,273)</u> |

**STATEMENT OF PARTNERS' EQUITY**

**For the Year Ended March 31, 2018**

|                                              | <b>2018</b>       | <b>2017</b>       |
|----------------------------------------------|-------------------|-------------------|
| <br><b>EQUITY, TL'ETQUINOX GOVERNMENT</b>    |                   |                   |
| Balance, beginning of the year               | <u>\$ 123,709</u> | <u>\$ (4,398)</u> |
| Income for the year                          | <u>417,891</u>    | <u>128,107</u>    |
|                                              | <u>541,600</u>    | <u>123,709</u>    |
| <br><b>EQUITY, KLATASSINE RESOURCES LTD.</b> |                   |                   |
| Balance, beginning of the year               | <u>-</u>          | <u>-</u>          |
| Income for the year                          | <u>5,471</u>      | <u>-</u>          |
|                                              | <u>5,471</u>      | <u>-</u>          |
| <br><b>BALANCE AT END OF THE YEAR</b>        | <u>\$ 547,071</u> | <u>\$ 123,709</u> |

**TI'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**10. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

**Klatassine Resources Ltd.**

Klatassine Resources Ltd., a harvesting and silviculture company, that is registered under the Companies Act of the Province of BC operating in Alexis Creek British Columbia, is a wholly-owned subsidiary of TI'etinqox Government. Klatassine Resources Ltd. is incorporated under the Business Corporations Act of British Columbia and was established to generate funds used to support the activities of the TI'etinqox Government.

A summary of the financial results for the year then ended is presented as follows:

**BALANCE SHEET**  
**March 31, 2018**

|                            | <b>2018</b>              | <b>2017</b>              |
|----------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>              |                          |                          |
| PARTNERSHIP INTEREST       | \$ 1,576                 | \$ -                     |
| DUE FROM RELATED PARTY     | <u>143,695</u>           | <u>143,695</u>           |
|                            | <u><b>\$ 145,271</b></u> | <u><b>\$ 143,695</b></u> |
| <b>LIABILITIES</b>         |                          |                          |
| Current Liabilities        | <u>\$ 1,500</u>          | <u>\$ -</u>              |
| <b>SHAREHOLDERS EQUITY</b> |                          |                          |
| Share Capital              | 1                        | 1                        |
| Retained Earnings          | <u>143,770</u>           | <u>143,694</u>           |
|                            | <u><b>143,771</b></u>    | <u><b>143,695</b></u>    |
|                            | <u><b>\$ 145,271</b></u> | <u><b>\$ 143,695</b></u> |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**10. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued**

Klatassine Resources Ltd., continued

A summary of the financial results for the year then ended is presented as follows:

**INCOME STATEMENT**  
**For the Year Ended March 31, 2018**

|                                          | <u>2018</u>       | <u>2017</u>       |
|------------------------------------------|-------------------|-------------------|
| REVENUE                                  | \$ 1,576          | \$ -              |
| EXPENSES                                 | 1,500             | -                 |
| NET INCOME                               | 76                | -                 |
| RETAINED EARNINGS, BEGINNING OF THE YEAR | <u>143,694</u>    | <u>143,694</u>    |
| RETAINED EARNINGS, YEAR END              | <u>\$ 143,770</u> | <u>\$ 143,694</u> |

**11. CORRESPONDING FIGURES**

Certain corresponding amounts presented in the financial statements have been restated to conform to current year's presentation, see note 19.

**12. COMMITMENTS**

TL'etinqox Government is required to make the following future minimum lease payments on operating lease obligations over the next five years:

|       |           |
|-------|-----------|
| 2019  | \$ 24,173 |
| 2020  | 18,970    |
| 2021  | 7,313     |
| 2022  | 6,480     |
| 2023  | 7,020     |
| <hr/> |           |
| <hr/> |           |
| <hr/> |           |

**13. EMPLOYEE BENEFITS**

The Nation has a defined contribution plan providing pension benefits to certain employees. The pension cost charge represents contributions payable by the Nation to the plans and amount to \$96,412 (2017 - \$47,764).

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**14. EXPENSE BY OBJECT**

|                            | <b>2018</b>                 | <b>2017</b>                |
|----------------------------|-----------------------------|----------------------------|
|                            |                             | (restated)<br>(Note 19)    |
| Activities                 | \$ 72,654                   | \$ 46,786                  |
| Advertising                | 13,734                      | -                          |
| Allowance                  | 533,632                     | 554,878                    |
| Amortization               | 929,043                     | 841,556                    |
| Bad debts                  | 334,543                     | -                          |
| Band Member Assistance     | 10,849                      | 4,592                      |
| Bank Charges               | 33,338                      | 33,402                     |
| Catering                   | 176,527                     | 105,118                    |
| Consulting Fees            | 289,863                     | 308,337                    |
| Contract Services          | 900,288                     | 1,062,299                  |
| Cost of Sales, Gas Bar     | 1,565,365                   | 1,437,663                  |
| Donations                  | 31,605                      | 66,356                     |
| Equipment Rental           | 446,124                     | 52,084                     |
| Fees and Dues              | 23,599                      | 15,699                     |
| Fuel                       | 188,758                     | 98,922                     |
| Honoraria                  | 138,405                     | 159,207                    |
| Hot Lunch                  | 51,000                      | 50,400                     |
| Incentives                 | 53,089                      | 74,235                     |
| Income Assistance          | 559,975                     | 549,259                    |
| Insurance                  | 130,704                     | 117,590                    |
| Interest on Long-Term Debt | 71,871                      | 74,454                     |
| Materials and Supplies     | 885,271                     | 638,331                    |
| Office and Miscellaneous   | 66,603                      | 39,015                     |
| Professional Fees          | 394,071                     | 195,318                    |
| Rent                       | 170,007                     | 76,226                     |
| Repairs and Maintenance    | 214,938                     | 121,826                    |
| Room and Board             | 85,973                      |                            |
| Telephone                  | 72,812                      | 48,795                     |
| Training                   | 68,086                      | 57,906                     |
| Travel and Accommodation   | 436,633                     | 381,995                    |
| Tuition                    | 194,109                     | 225,594                    |
| Utilities                  | 179,704                     | 144,945                    |
| Wages and Benefits         | <u>4,531,712</u>            | <u>2,146,851</u>           |
|                            | <u><b>\$ 13,854,885</b></u> | <u><b>\$ 9,729,639</b></u> |

**15. ECONOMIC DEPENDENCE**

The Nation received a major portion of its revenues pursuant to a funding arrangement with Indigenous and Northern Affairs Canada 37% (2017 – 44%) and First Nation Health Authority 10% (2017 – 18%) for the year ended March 31, 2018.

**TI'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**16. DUE (TO) FROM RELATED PARTIES**

|                           | <b>2018</b>               | <b>2017</b>               |
|---------------------------|---------------------------|---------------------------|
|                           |                           | (restated)<br>(Note 19)   |
| Dechen Ventures LP        | \$ (41,766)               | \$ (59,506)               |
| Klatassine Resources Ltd. | 7,911                     | 4,286                     |
| Dechen - Gas bar          | -                         | (9)                       |
|                           | <b><u>\$ (33,855)</u></b> | <b><u>\$ (55,229)</u></b> |

Loan received from related parties are unsecured, non-interest bearing, and with no specific terms of repayment.

**17. DEFERRED REVENUE**

|                                            | <b>2017</b><br>(restated)<br>(Note 19) | <b>Additions</b>         | <b>Releases</b>          | <b>2018</b>              |
|--------------------------------------------|----------------------------------------|--------------------------|--------------------------|--------------------------|
| Indigenous Services Canada                 | \$ 323,897                             | \$ 460,456               | \$ 323,897               | \$ 460,456               |
| First Nations Health Authority             | 109,821                                | 422,896                  | 109,821                  | 422,896                  |
| First Nations Education Steering Committee | -                                      | 70,000                   | -                        | 70,000                   |
| Other                                      | -                                      | 30,000                   | -                        | 30,000                   |
|                                            | <b><u>\$ 433,718</u></b>               | <b><u>\$ 983,352</u></b> | <b><u>\$ 433,718</u></b> | <b><u>\$ 983,352</u></b> |

**18. SEGMENT DISCLOSURE**

TI'etinqox Government is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**Band Administration**

This item relates to the revenues and expenses that relate to the operations of TI'etinqox Government itself and cannot be directly attributed to a specific segment.

**Education**

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of TI'etinqox Government's Members.

**Social Development**

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

**TI'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**18. SEGMENT DISCLOSURE, continued**

**Capital Projects and Public Works**

This service area provides services relating to the development, maintenance and service of TI'etinqox Government's assets, infrastructure and common property.

**Housing**

This service area provides for social housing to the Members.

**Health**

This service area provides for health-related services and programs to the Members.

**Own Source**

This segment represents revenue and expenses from band activities and investments in government business entities

**Natural Resource Management**

This service area includes exploration of natural resources and development of natural resource revenues.

**TI'etinqox Gas Bar**

This service area includes selling gas and grocery to the Members and visitors.

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**18. SEGMENT DISCLOSURE, continued**

**2018**

|                          | Band Administration | Education         | Social Development | Capital Projects and Public Works | Housing            | Health             | Own Source        | Natural Resource  | Emergency Operations Centre | TL'etinqox Gas Bar | Total              |
|--------------------------|---------------------|-------------------|--------------------|-----------------------------------|--------------------|--------------------|-------------------|-------------------|-----------------------------|--------------------|--------------------|
| <b>Revenue</b>           |                     |                   |                    |                                   |                    |                    |                   |                   |                             |                    |                    |
| INAC                     | \$ 738,551          | \$ 1,989,112      | \$ 819,108         | \$ 267,705                        | \$ -               | \$ -               | \$ -              | \$ -              | \$ 1,342,552                | \$ -               | \$ 5,157,028       |
| Other                    | 42,696              | 656,190           | 312,721            | 255,785                           | 29,326             | 1,244,872          | 889,037           | 589,595           | 2,668,781                   | 2,184,004          | 8,873,007          |
|                          | <b>781,247</b>      | <b>2,645,302</b>  | <b>1,131,829</b>   | <b>523,490</b>                    | <b>29,326</b>      | <b>1,244,872</b>   | <b>889,037</b>    | <b>589,595</b>    | <b>4,011,333</b>            | <b>2,184,004</b>   | <b>14,030,035</b>  |
| <b>Expenses</b>          |                     |                   |                    |                                   |                    |                    |                   |                   |                             |                    |                    |
| Payroll                  | 477,968             | 727,067           | 217,182            | 209,080                           | 12,450             | 476,691            | 78,117            | -                 | 2,108,697                   | 224,460            | 4,531,712          |
| Other                    | 736,429             | 1,495,967         | 752,582            | 456,784                           | 78,737             | 787,842            | 58,587            | 285,511           | 2,128,285                   | 1,822,157          | 8,602,881          |
| Amortization             | -                   | -                 | -                  | 929,043                           | -                  | -                  | -                 | -                 | -                           | -                  | 929,043            |
|                          | <b>1,214,397</b>    | <b>2,223,034</b>  | <b>969,764</b>     | <b>1,594,907</b>                  | <b>91,187</b>      | <b>1,264,533</b>   | <b>136,704</b>    | <b>285,511</b>    | <b>4,236,982</b>            | <b>2,046,617</b>   | <b>14,063,636</b>  |
| <b>Surplus (deficit)</b> | <b>\$ (433,150)</b> | <b>\$ 422,268</b> | <b>\$ 162,065</b>  | <b>\$ (1,071,417)</b>             | <b>\$ (61,861)</b> | <b>\$ (19,661)</b> | <b>\$ 752,333</b> | <b>\$ 304,084</b> | <b>\$ (225,649)</b>         | <b>\$ 137,387</b>  | <b>\$ (33,601)</b> |

**2017**

(restated)  
 (Note 19)

|                          | Band Administration | Education          | Social Development | Capital Projects and Public Works | Housing             | Health           | Own Source        | Natural Resources | Emergency Operations Centre | TL'etinqox Gas Bar | Total             |
|--------------------------|---------------------|--------------------|--------------------|-----------------------------------|---------------------|------------------|-------------------|-------------------|-----------------------------|--------------------|-------------------|
| <b>Revenue</b>           |                     |                    |                    |                                   |                     |                  |                   |                   |                             |                    |                   |
| INAC                     | \$ 640,037          | \$ 1,584,952       | \$ 800,009         | \$ 1,153,632                      | \$ 261,189          | \$ -             | \$ -              | \$ -              | \$ -                        | \$ -               | \$ 4,439,819      |
| Other                    | 51,916              | 527,312            | 441,882            | 592,852                           | 44,085              | 1,130,115        | 194,916           | 785,691           | -                           | 1,794,852          | 5,563,621         |
|                          | <b>691,953</b>      | <b>2,112,264</b>   | <b>1,241,891</b>   | <b>1,746,484</b>                  | <b>305,274</b>      | <b>1,130,115</b> | <b>194,916</b>    | <b>785,691</b>    | <b>-</b>                    | <b>1,794,852</b>   | <b>10,003,440</b> |
| <b>Expenses</b>          |                     |                    |                    |                                   |                     |                  |                   |                   |                             |                    |                   |
| Payroll                  | 303,478             | 559,441            | 145,847            | 335,258                           | 48,406              | 400,538          | 20,004            | 81,064            | -                           | 252,815            | 2,146,851         |
| Other                    | 772,753             | 1,578,040          | 1,004,858          | 278,905                           | 513,912             | 678,122          | 56,237            | 337,862           | -                           | 1,520,543          | 6,741,232         |
| Amortization             | -                   | -                  | -                  | 841,556                           | -                   | -                | -                 | -                 | -                           | -                  | 841,556           |
|                          | <b>1,076,231</b>    | <b>2,137,481</b>   | <b>1,150,705</b>   | <b>1,455,719</b>                  | <b>562,318</b>      | <b>1,078,660</b> | <b>76,241</b>     | <b>418,926</b>    | <b>-</b>                    | <b>1,773,358</b>   | <b>9,729,639</b>  |
| <b>Surplus (deficit)</b> | <b>\$ (384,278)</b> | <b>\$ (25,217)</b> | <b>\$ 91,186</b>   | <b>\$ 290,765</b>                 | <b>\$ (257,044)</b> | <b>\$ 51,455</b> | <b>\$ 118,675</b> | <b>\$ 366,765</b> | <b>\$ -</b>                 | <b>\$ 21,494</b>   | <b>\$ 273,801</b> |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**19. PRIOR PERIOD ADJUSTMENTS**

During the preparation of the 2018 financial statements, management discovered there were certain items that had not been given correct accounting treatment in 2016 and 2017.

These items were as follows:

(a) Expensing of capital additions

In 2016 and 2017 there were infrastructure additions that had been previously recorded as expenses on the Statement of Operations. Management made the following adjustment to correct the errors:

|                                                            |                             |
|------------------------------------------------------------|-----------------------------|
| Tangible capital assets prior to restatement               | \$ 18,284,853               |
| 2017 infrastructure additions, previously expensed         | 46,480                      |
| 2016 infrastructure additions, previously expensed         | 822,956                     |
| 2017 amortization related to the above additions           | <u>(16,699)</u>             |
|                                                            | <u>852,737</u>              |
| Tangible capital assets after restatement - March 31, 2017 | <u><u>\$ 19,137,590</u></u> |
| Amortization prior to restatement                          | \$ 829,524                  |
| Prior period adjustment - amortization                     | 16,699                      |
| Prior period adjustment - amortization reclassification    | <u>(4,667)</u>              |
|                                                            | <u>12,032</u>               |
| Amortization, after restatement - March 31, 2017           | <u><u>\$ 841,556</u></u>    |

**TI'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**19. PRIOR PERIOD ADJUSTMENTS, continued**

(b) Recognition of contribution revenue

In 2017 there was an accounting error that resulted in the understatement of accounts receivable. In addition in 2017, other government transfer and contribution revenues were incorrectly recognized in the year, but should have been deferred, as they had not met the recognition criteria of the funder. These errors resulted in changes to accounts receivable, deferred revenue, net financial debt at the beginning of the year and revenue amounts for the year ended March 31, 2017.

|                     |                         |
|---------------------|-------------------------|
| Revenue             | \$ (476,447) increase   |
| Accounts receivable | 309,214 increase        |
| Deferred revenue    | (433,718) increase      |
| Accounts payable    | 103,858 decrease        |
| Opening Surplus     | <u>497,093</u> decrease |
| Net change          | <u><u>\$ -</u></u>      |

(c) Related party transactions and other miscellaneous adjustments

In 2017 certain related party transaction were incorrectly recorded. These errors resulted in changes to the investment in nation business entities, due to and from related parties and expense amounts for the year ended March 31, 2017.

|                                        |                    |
|----------------------------------------|--------------------|
| Expenses                               | \$ 131,624         |
| Investment in Nation business entities | (47,833)           |
| Due to related parties                 | (66,660)           |
| Prepaid expenses                       | (10,871)           |
| Opening Surplus                        | <u>(6,260)</u>     |
| Net change                             | <u><u>\$ -</u></u> |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**19. PRIOR PERIOD ADJUSTMENTS, continued**

The correction of these errors has resulted in the following changes to the 2017 statements:

**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2017**

|                                                    | <b>Reported amount</b> | <b>Adjustment</b> | <b>Restated amount</b> |
|----------------------------------------------------|------------------------|-------------------|------------------------|
| <b>Financial assets</b>                            |                        |                   |                        |
| Accounts receivable (note 19 a)                    | \$ 290,341             | \$ 309,214        | \$ 599,555             |
| Investment in Nation business entities (note 19 c) | 272,965                | (47,833)          | 225,132                |
| Due from related parties (note 19 c)               | 11,431                 | (11,431)          | -                      |
|                                                    | <hr/>                  | <hr/>             | <hr/>                  |
|                                                    | 249,950                |                   |                        |
| <b>Liabilities</b>                                 |                        |                   |                        |
| Bank indebtedness                                  | 342,416                | (118)             | 342,298                |
| Accounts payable (note 19 b)                       | 847,482                | (103,858)         | 743,624                |
| Deferred revenue (note 19 b)                       | -                      | 433,718           | 433,718                |
| Due to related parties (note 19 c)                 | -                      | 55,229            | 55,229                 |
|                                                    | <hr/>                  | <hr/>             | <hr/>                  |
|                                                    | 384,971                |                   |                        |
| <b>Non-financial assets</b>                        |                        |                   |                        |
| Prepaid expenses                                   | 46,479                 | (10,871)          | 35,608                 |
| Tangible capital assets (note 19 a)                | 18,284,853             | 852,737           | 19,137,590             |
|                                                    | <hr/>                  | <hr/>             | <hr/>                  |
|                                                    | 841,866                |                   |                        |
| Accumulated Surplus                                | <hr/>                  | <hr/>             | <hr/>                  |
|                                                    | \$ 16,105,961          | \$ 706,845        | \$ 16,812,806          |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**19. PRIOR PERIOD ADJUSTMENTS, continued**

**STATEMENT OF CHANGES IN NET DEBT**  
**March 31, 2017**

|                                                                | <u>As previously<br/>reported</u> | <u>Correction of<br/>errors</u> | <u>Restated<br/>amount</u> |
|----------------------------------------------------------------|-----------------------------------|---------------------------------|----------------------------|
| <b>Annual (deficit) surplus (note 19, a, b, and c)</b>         | <b>\$ (71,024)</b>                | <b>344,825</b>                  | <b>\$ 273,801</b>          |
| <b>Tangible capital assets</b>                                 |                                   |                                 |                            |
| Purchase of tangible capital assets (note 19 a)                | (631,746)                         | (150,699)                       | (782,445)                  |
| Amortization of tangible capital assets                        | 829,524                           | 12,032                          | 841,556                    |
| Amortization adjustment                                        | -                                 | 13,470                          | 13,470                     |
| Proceeds on sale of tangible capital assets                    | 20,971                            | (19,971)                        | 1,000                      |
| Gain on disposal of tangible capital assets                    | -                                 | <u>4,852</u>                    | <u>4,852</u>               |
|                                                                | <u>218,749</u>                    | <u>(140,316)</u>                | <u>78,433</u>              |
| <b>Non-financial assets</b>                                    |                                   |                                 |                            |
| Change in prepaid expense                                      | (12,692)                          | 10,870                          | (1,822)                    |
| Change in Ottawa Trust Funds                                   | 5,165                             | (5,165)                         | -                          |
| Equity change in long term investments                         | <u>(115,701)</u>                  | <u>115,701</u>                  | <u>-</u>                   |
|                                                                | <u>(123,228)</u>                  | <u>121,406</u>                  | <u>(1,822)</u>             |
| Transfer to from surplus                                       | <u>(36,573)</u>                   | <u>36,573</u>                   | <u>-</u>                   |
| (Decrease) increase in net financial assets                    | <u>(12,076)</u>                   | <u>(362,488)</u>                | <u>350,412</u>             |
| Net financial debt at the beginning of the year                | (2,213,295)                       |                                 | (2,213,295)                |
| Prior period adjustment (note 19 b)                            | <u>-</u>                          |                                 | <u>(497,509)</u>           |
| Net financial debt at the beginning of the year<br>as restated | <u>-</u>                          |                                 | <u>(2,710,804)</u>         |
| Net financial debt at the end of the year                      | <u>\$ (2,225,371)</u>             |                                 | <u>\$ (2,360,392)</u>      |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**19. PRIOR PERIOD ADJUSTMENTS, continued**

**STATEMENT OPERATIONS**  
**For the year ended March 31, 2017**

|                                                    | <u>As Previously<br/>Reported</u> | <u>Correction of<br/>Errors</u> | <u>Reclass</u> | <u>As<br/>Restated</u> |
|----------------------------------------------------|-----------------------------------|---------------------------------|----------------|------------------------|
| <b>Revenue (Note 18)</b>                           |                                   |                                 |                |                        |
| Indigenous and Northern Affairs Canada (note 19 b) | \$ 4,236,822                      | \$ 202,997                      | \$ -           | \$ 4,439,819           |
| Province of British Columbia                       | -                                 | -                               | 780,173        | 780,173                |
| Gas Bar sales                                      | 1,797,701                         | -                               | (2,849)        | 1,794,852              |
| First Nations Health Authority (note 19 b)         | 1,312,179                         | 370,517                         | 138,445        | 1,821,141              |
| Forest Resource Opportunity                        | 801,987                           | -                               | (801,987)      | -                      |
| First Nations Education Steering Committee         | 453,763                           | -                               | (70,868)       | 382,895                |
| Income in investment in business enterprises       | -                                 | -                               | 167,823        | 167,823                |
| Other income (note 19 b)                           | 649,592                           | (97,067)                        | (267,240)      | 285,285                |
| Administration recovery                            | (54,122)                          | -                               | 54,122         | -                      |
| Rental revenue                                     | 147,922                           | -                               | 2,110          | 150,032                |
| CCATEC                                             | 76,799                            | -                               | 10,573         | 87,372                 |
| Canada Mortgage and Housing Corporation            | 8,000                             | -                               | -              | 8,000                  |
| Interest                                           | 304                               | -                               | 1,595          | 1,899                  |
| Net relationship trust                             | -                                 | -                               | 45,000         | 45,000                 |
| Sponsorship                                        | -                                 | -                               | 44,001         | 44,001                 |
| Travel reimbursements                              | 21,510                            | -                               | (21,510)       | -                      |
| Culture camp                                       | 26,358                            | -                               | (26,358)       | -                      |
| Fundraising                                        | 48,178                            | -                               | (48,178)       | -                      |
| Loss on disposal of tangible capital assets        | -                                 | -                               | (4,852)        | (4,852)                |
|                                                    | <u>\$ 9,526,993</u>               | <u>\$ 476,447</u>               | <u>\$ -</u>    | <u>\$ 10,003,440</u>   |

**TL'etinqox Government**  
**Financial Statements**  
**For the year ended March 31, 2018**

**19. PRIOR PERIOD ADJUSTMENTS, continued**

**STATEMENT OPERATIONS**  
**For the year ended March 31, 2017**

|                                                                                | <u>As Previously<br/>Reported</u> | <u>Correction of<br/>Errors</u> | <u>Reclass</u>  | <u>As<br/>Restated</u> |
|--------------------------------------------------------------------------------|-----------------------------------|---------------------------------|-----------------|------------------------|
| <b>Expenses (Note 14 and 18)</b>                                               |                                   |                                 |                 |                        |
| Band administration                                                            | \$ 1,958,559                      | \$ -                            | \$ (882,328)    | \$ 1,076,231           |
| Education                                                                      | 2,274,616                         | -                               | (137,135)       | 2,137,481              |
| Social development                                                             | 817,831                           | -                               | 332,874         | 1,150,705              |
| Capital projects and public works (note 19 a)                                  | 736,511                           | 12,027                          | 707,181         | 1,455,719              |
| Housing                                                                        | 655,055                           | -                               | (92,737)        | 562,318                |
| Own source (note 19 c)                                                         | -                                 | 76,241                          | -               | 76,241                 |
| Health                                                                         | 1,433,773                         | -                               | (355,113)       | 1,078,660              |
| Natural resources (note 19 c)                                                  | (62,593)                          | 21,400                          | 460,119         | 418,926                |
| Gas bar expenses (note 19 c)                                                   | <u>1,784,263</u>                  | <u>21,956</u>                   | <u>(32,861)</u> | <u>1,773,358</u>       |
|                                                                                | <u>9,598,015</u>                  | <u>131,624</u>                  | <u>-</u>        | <u>9,729,639</u>       |
| <b>Annual (deficit) surplus</b>                                                | <u>(71,022)</u>                   | <u>\$ 344,823</u>               | <u>\$ -</u>     | <u>273,801</u>         |
| <b>Accumulated surplus at beginning of<br/>the year as previously reported</b> | <u>16,324,093</u>                 |                                 |                 | <u>16,324,093</u>      |
| <b>Prior period adjustment (Note 19)</b>                                       | <u>-</u>                          |                                 |                 | <u>214,912</u>         |
| <b>Accumulated surplus at the beginning of<br/>the year as restated</b>        | <u>-</u>                          |                                 |                 | <u>16,539,005</u>      |
| <b>Prior year unknown difference</b>                                           | <u>(147,108)</u>                  |                                 |                 | <u>-</u>               |
| <b>Accumulated surplus at the end of the year</b>                              | <u>\$ 16,105,963</u>              |                                 |                 | <u>\$ 16,812,806</u>   |

**Tl'etinqox Government  
Financial Statements  
For the year ended March 31, 2018**

**20. BUDGETED FIGURES**

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Tl'etinqox Government Band Council Resolution dated August 20, 2018.