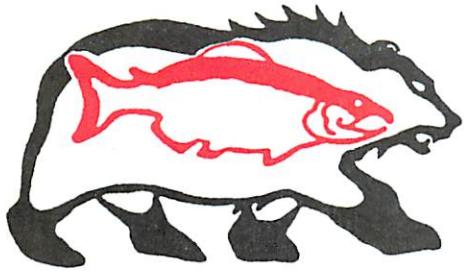


RED BLUFF INDIAN BAND



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CHIEF AND COUNCIL AND MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Lhtako Dene Nation 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.

Chief and Council maintain systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that the Nation's assets are appropriately accounted for and adequately safeguarded.

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

Chief and Council review Lhtako Dene Nation's financial statements and recommend their approval. Chief and Council meet periodically with management, as well as the independent auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the independent auditor's report. Chief and Council also consider the engagement of the independent auditor.

The financial statements have been audited by Fraser Bevz Broughton Chartered Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Fraser Bevz Broughton Chartered Accountants LLP has full and free access to Chief and Council.

Chief

Councillor

LHTAKO DENE NATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

INDEX

1. Independent Auditor's Report
2. Statement of Financial Position
3. Statement of Changes in Net Financial Assets
4. Statement of Operations
5. Statement of Cash Flow
6. Notes to the Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Members,
Lhtako Dene Nation,

We have audited the accompanying financial statements of the **Lhtako Dene Nation**, which comprise the Statement of Financial Position as at March 31, 2014 and the Statement of Changes in Net Financial Assets, Operations, and Cash Flow for the year then ended, and notes comprising 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 risk 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.

(continued)



INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the **Lhtako Dene Nation** as at March 31, 2014, and the results of its changes in net financial assets, operations, and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

The financial statements for the year ended March 31, 2013 were audited by another firm of chartered accountants and are presented for comparative purposes.

July 24, 2014
Quesnel, British Columbia

*Fraser Bevz Broughton
Chartered Accountants LLP*

Fraser Bevz Broughton
Chartered Accountants LLP

LHTAKO DENE NATION

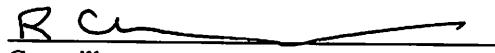
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STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash (note 4)	\$ 351,889	\$ 385,138
Cash restricted as to use (note 5)	115,975	115,999
Accounts receivable (note 6)	83,002	208,853
Trust funds held by Canada (note 7)	<u>860,951</u>	<u>812,183</u>
	<u>1,411,817</u>	<u>1,522,173</u>
LIABILITIES		
Bank advances (note 8)	74,695	40,000
Accounts payable and accrued liabilities (note 9)	128,339	141,336
Deferred revenue (note 10)	95,193	89,419
Forgivable loans (note 11)	34,860	46,720
Provision for silviculture responsibility	107,631	115,108
Long term debt (note 12)	<u>356,527</u>	<u>413,650</u>
	<u>797,245</u>	<u>846,233</u>
NET FINANCIAL ASSETS	<u>614,572</u>	<u>675,940</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	2,118,358	2,180,551
Prepaid expenses	<u>17,452</u>	<u>12,441</u>
	<u>2,135,810</u>	<u>2,192,992</u>
MEMBERS' EQUITY	<u>\$ 2,750,382</u>	<u>\$ 2,868,932</u>
MEMBERS' EQUITY		
Unrestricted (note 14) - page 4.1	\$ 2,608,295	\$ 2,730,645
Replacement reserve (note 15)	<u>142,087</u>	<u>138,287</u>
	<u>\$ 2,750,382</u>	<u>\$ 2,868,932</u>

Approved on Behalf of the Lhtako Dene Nation


Z. Boecker
Chief


R. C. Councillor

2013	2014	NET REVENUE FOR THE YEAR	\$ (122,350)	Amortization	132,194	Net contribution by (to) replacement reserve	134,266	Increase in prepaid expenses	(47,067)	Tangible capital asset acquisitions	(106,493)	INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(61,368)	NET FINANCIAL ASSETS - Beginning of year	650,417	NET FINANCIAL ASSETS - End of year	675,940

FOR THE YEAR ENDED MARCH 31, 2014

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

LHTAKO DENÉ NATION

LHTAKO DENE NATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014

4.1

	Budget <u>2014</u> (unaudited)	<u>2014</u>	<u>2013</u>
REVENUES - page 4.2	\$ 1,265,490	\$ 1,499,486	\$ 1,357,676
DEFERRED REVENUE FROM PRIOR YEAR	-	89,419	89,419
DEFERRED REVENUE TO FOLLOWING YEAR	<u>-</u>	<u>(95,193)</u>	<u>(89,419)</u>
	1,265,490	1,493,712	1,357,676
EXPENSES - page 4.2	<u>1,325,453</u>	<u>1,431,430</u>	<u>1,413,598</u>
NET REVENUE BEFORE THE FOLLOWING	<u>(59,963)</u>	<u>62,282</u>	<u>(55,922)</u>
OTHER INCOME (EXPENSES)			
Gain on disposal of tangible capital assets	-	30,000	-
Insurance proceeds on fidelity claim	-	-	100,000
CMHC authorized adjustment for maturing units	-	-	53,527
Recovery by AANDC	-	(130,344)	(49,384)
Recovery by Health Canada	<u>-</u>	<u>(84,288)</u>	<u>-</u>
	<u>-</u>	<u>(184,632)</u>	<u>104,143</u>
NET REVENUE FOR THE YEAR	(59,963)	(122,350)	48,221
MEMBERS' EQUITY - Beginning of year	<u>2,730,645</u>	<u>2,730,645</u>	<u>2,682,424</u>
MEMBERS' EQUITY - End of year to page 2	\$ 2,670,682	\$ 2,608,295	\$ 2,730,645

LHTAKO DENE NATION

4.2

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

	<u>Budget</u> <u>2014</u> (unaudited)	<u>2014</u>	<u>2013</u>
REVENUES			
Federal Government			
AANDC - Operating	\$ 639,635	\$ 639,635	\$ 638,621
AANDC - Capital	18,348	18,348	49,116
First Nations Health Authority	-	92,035	-
Health Canada	184,070	92,035	182,059
CMHC	11,860	59,677	9,845
CCATEC	6,157	6,157	-
Fisheries	5,500	4,500	5,325
Province of British Columbia	261,920	260,810	206,381
Rentals	12,000	73,833	53,741
Spanish Mountain Gold Mines	16,000	15,295	50,000
FNESC	13,000	21,548	-
West Fraser Mills Ltd.	-	38,062	-
Interest	-	24,008	45,600
Trans-Mountain Pipelines	25,000	25,000	25,000
New Relationships Trust	-	20,400	-
First Peoples' Heritage, Language and Culture Committee	-	-	15,000
Other	<u>72,000</u>	<u>108,143</u>	<u>76,988</u>
TOTAL REVENUES - to page 4.1	\$ 1,265,490	\$ 1,499,486	\$ 1,357,676
EXPENSES			
Administration	\$ 437,852	\$ 359,115	\$ 374,880
Amortization	-	134,266	132,194
Capital projects	17,938	8,810	79,665
Education	87,578	86,108	97,923
Health and well-being	184,070	209,928	183,647
Housing	-	41,539	54,310
Natural resources	39,100	90,064	28,028
Public works	160,700	120,378	73,371
Social development	<u>398,215</u>	<u>381,222</u>	<u>389,580</u>
TOTAL EXPENSES - to page 4.1	\$ 1,325,453	\$ 1,431,430	\$ 1,413,598

See accompanying notes.

LHTAKO DENE NATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2014

5.

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net revenue for the year	\$ (122,350)	\$ 48,221
Items not involving cash:		
Gain on sale of tangible capital assets	(30,000)	-
Amortization	134,266	132,194
Changes in non-cash operating items:		
Increase (decrease) in replacement reserve	3,800	(47,067)
Increase (decrease) in cash restricted as to use	24	(825)
Decrease in accounts receivable	125,851	31,819
Increase in deferred revenue	5,774	-
Decrease in accounts payable and accrued liabilities	(12,997)	(142,269)
Decrease in provision for silviculture responsibility	(7,477)	-
Increase in prepaid expenses	<u>(5,011)</u>	<u>(1,332)</u>
	<u>91,880</u>	<u>20,741</u>
Cash flows used in investing activities:		
Increase in trust funds held by Canada	<u>(48,768)</u>	<u>(65,866)</u>
Cash flows from (used in) financing activities:		
Increase in bank advances	34,695	30,000
Increase (decrease) in forgivable loans	(11,860)	46,720
Repayment of long term debt	<u>(57,123)</u>	<u>(49,635)</u>
	<u>(34,288)</u>	<u>27,085</u>
Cash flows from (used in) capital activities:		
Proceeds on sale of tangible capital assets	30,000	-
Tangible capital assets acquisitions	<u>(72,073)</u>	<u>(106,493)</u>
	<u>(42,073)</u>	<u>(106,493)</u>
DECREASE IN CASH	(33,249)	(124,533)
CASH - Beginning of year	<u>385,138</u>	<u>509,671</u>
CASH - End of year	\$ <u>351,889</u>	\$ <u>385,138</u>

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2014****1. PURPOSE**

The Lhtako Dene Nation (the "Nation"), also known as the Red Bluff Indian Band, is an Indian Band of the Carrier Nation located in the Cariboo Region of British Columbia.

2. BASIS OF PRESENTATION

In order to satisfy the requirements of the year-end reporting handbook of Aboriginal Affairs and Northern Development Canada (AANDC) these financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the CICA Public Sector Accounting Handbook, which encompasses the following:

- a. The focus of PSAB statements is on the financial position of the Lhtako Dene Nation and the changes thereto. The Statement of Financial Position includes all the assets and liabilities of the Nation. Financial assets are economic resources controlled by the Nation as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the Nation to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.
- b. Fund Accounting

The Lhtako Dene Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operation of each fund are set out in the supplementary schedules. The Nation maintains the following funds:

- The Operations Fund which reports the general activities of the Nation.
- The Capital Fund which reports the capital projects of the Nation together with their related financing, other than those capital projects funded by CMHC.
- The Trust Fund which reports on the trust funds owned by the Nation and held by third parties.
- The CMHC Housing Fund which reports assets, liabilities, revenues, expenses and reserves specifically related to housing funded by CMHC.

c. Reporting Entity and Principles of Financial Reporting

The Lhtako Dene Nation reporting entity includes the Nation Government and all related entities which are accountable to the Nation Chief and Council and are either owned or controlled by the Nation.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2014****2. BASIS OF PRESENTATION (continued)**

The financial statements include the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Nation government administration (operating and capital funds)
- Nation Trust Fund (comprising the Trust Funds Held by Canada)
- Nation CMHC Housing Fund

3. SIGNIFICANT ACCOUNTING POLICIES**a. Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

b. Tangible Capital Assets

Tangible capital assets are non-financial assets having physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuing basis; and
- Are not for sale in the ordinary course of operations.

Tangible capital assets purchased are recorded at cost. Tangible capital assets contributed are recorded at their fair market value as at the date of contribution.

Tangible capital assets are amortized over their expected useful life using the declining balance method at the following rates:

Buildings	4%
Community infrastructures	4%
Computer equipment	30%
Automotive equipment	30%
Office furniture and equipment	20%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Tangible Capital Assets (continued)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated statement of operations.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

c. Amortization - CMHC Social Housing

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

d. Deferred Revenue

The Nation records committed surpluses in the capital fund to be used in the completion of ongoing capital projects as deferred revenue.

e. Surplus Recoveries and Deficit Funding

Under the terms of various funding agreements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

f. Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that give rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Revenue Recognition (continued)

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is 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.

Revenue related to fees or services in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

g. Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, and rates for depreciation and amortization. Actual results could differ from those estimates.

4. CASH 2014 2013

Cash includes the following:

Unrestricted operating accounts:

Operations	\$ 305,445	\$ 385,136
CMHC	<u>46,444</u>	<u>2</u>
	\$ 351,889	\$ 385,138

5. RESTRICTED CASH

CMHC Replacement Reserve	\$ 444	\$ 468
Silviculture responsibility deposits	<u>115,531</u>	<u>115,531</u>
	\$ 115,975	\$ 115,999

LHTAKO DENE NATION

6.5

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2014****5. RESTRICTED CASH (continued)**

Under the terms of the Nation's Social Housing Agreement with CMHC, a separate replacement reserve account is maintained. The funds in this account may only be used for repairs and maintenance in accordance with the operating agreement.

6. ACCOUNTS RECEIVABLE	<u>2014</u>	<u>2013</u>
Nation members	\$ 22,931	\$ 20,876
Geronimo Squinas	<u>64,186</u>	<u>64,186</u>
	<u>87,117</u>	<u>85,062</u>
Others:		
Federal Government:		
AANDC	-	59,401
CCATEC	6,157	-
Craig Buchan	177,338	177,338
Bruce Clement	30,000	-
Dene Development	10,000	10,000
All Other	<u>14,314</u>	<u>18,976</u>
	<u>237,809</u>	<u>265,715</u>
	324,926	350,777
Allowance for doubtful accounts	<u>241,924</u>	<u>141,924</u>
	<u>83,002</u>	<u>208,853</u>

7. TRUST FUNDS HELD BY CANADA

Revenue	\$ 200,852	\$ 152,084
Capital	<u>660,099</u>	<u>660,099</u>
	<u>860,951</u>	<u>812,183</u>

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

Funds on deposit in the Ottawa Trust Accounts may be withdrawn by Nation Council Resolution.

LHTAKO DENE NATION

6.6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

8. BANK ADVANCES	<u>2014</u>	<u>2013</u>
Outstanding cheques	\$ 14,695	\$ -
Revolving line of credit	<u>60,000</u>	<u>40,000</u>
	\$ 74,695	\$ 40,000
<p>The Nation has a revolving line of credit with the Royal Bank of Canada with an authorized limit of \$100,000. Outstanding advances on the line of credit bear interest at prime plus 1.5%. The Nation has provided a general security agreement as security.</p>		
<p>The Bank's prime rate as at March 31, 2014 was 3%.</p>		
9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>2014</u>	<u>2013</u>
AANDC	\$ 11,846	\$ 21,092
Trade accounts	55,661	63,597
Carrier Chilcotin Tribal Council	27,096	27,096
Accrued payrolls	15,736	11,551
Accrued accounts	<u>18,000</u>	<u>18,000</u>
	\$ 128,339	\$ 141,336
10. DEFERRED REVENUE		
Sewage collection Dragon Lake	\$ 71,249	\$ 71,249
Housing approach	12,600	12,600
Unearned rent - Band	4,478	4,478
Category 2 mould renovation project	1,092	1,092
Drainage and water systems	5,364	-
ACRS Group 2	<u>410</u>	<u>-</u>
	\$ 95,193	\$ 89,419

LHTAKO DENE NATION

6.7

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2014**

11. FORGIVABLE LOANS	<u>2014</u>	<u>2013</u>
CMHC RRAP	\$ <u>34,860</u>	\$ <u>46,720</u>

During the year the Nation received loans under the CMHC Critical Repairs Program. The loans are forgivable over the remainder of their five year term.

Amounts forgivable are as follows:

2015	11,860
2016	11,892
2017	9,563
2018	<u>1,545</u>
	\$ <u>34,860</u>

12. LONG-TERM DEBT	<u>2014</u>	<u>2013</u>
Royal Bank of Canada		
Mortgage repayable in monthly instalments of \$2,840 including interest at 2.52% per annum, secured by certain assets and a Government of Canada ministerial guarantee, due to renew December 1, 2017	\$ 149,905	\$ 179,777
Mortgage repayable in monthly instalments of \$2,113 including interest at 3.33% per annum, secured by certain assets and a Government of Canada ministerial guarantee, due to renew February 1, 2015	142,936	163,134
Demand loan repayable in monthly instalments of \$546 including interest at 2.72%, due to renew December 1, 2017	<u>56,976</u>	<u>61,905</u>
Carried forward	\$ <u>349,817</u>	\$ <u>404,816</u>

LHTAKO DENE NATION

6.8

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

12. LONG-TERM DEBT (continued)	<u>2014</u>	<u>2013</u>
Brought forward	\$ 349,817	\$ 404,816
Mortgage repayable in monthly instalments of \$232 including interest at 8.01% per annum, secured by certain assets and a Government of Canada ministerial guarantee	<u>6,710</u>	<u>8,834</u>
	<u><u>356,527</u></u>	<u><u>413,650</u></u>

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

2015	\$ 58,922
2016	60,617
2017	62,361
2018	61,799
2019	52,093
Thereafter	<u>60,735</u>
	<u><u>356,527</u></u>

13. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			<u>2014</u>	<u>2013</u>
Buildings and infrastructure	\$ 3,038,508	\$ 1,265,597	\$ 1,772,911	\$ 1,772,578
Equipment	132,327	82,520	49,807	62,259
Computer equipment	31,241	28,442	2,799	2,803
CMHC housing	<u>893,453</u>	<u>600,612</u>	<u>292,841</u>	<u>342,911</u>
	<u><u>4,095,529</u></u>	<u><u>1,977,171</u></u>	<u><u>2,118,358</u></u>	<u><u>2,180,551</u></u>

During the year ended March 31, 2014 the Nation made the following tangible capital asset purchases:

Band hall renovations	\$ 71,236
Office furniture	<u>837</u>

During the year ending March 31, 2014, the Nation sold a skidder for \$30,000. \$ 72,073

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

13. TANGIBLE CAPITAL ASSETS (continued)

There were no write-downs of tangible capital assets during the year ended March 31, 2014 (2013 - \$NIL).

DETAILS OF ACCUMULATED AMORTIZATION:	Balance as at April 1, 2013	Adjustment on sale	2014 Provision	Balance as at March 31, 2014
Buildings and infrastructure	\$ 1,194,694	\$ -	\$ 70,903	\$ 1,265,597
Equipment	100,068	(30,000)	12,452	82,520
Computer equipment	27,601	-	841	28,442
CMHC housing	<u>550,542</u>	<u>-</u>	<u>50,070</u>	<u>600,612</u>
	<u>\$ 1,872,905</u>	<u>\$ (30,000)</u>	<u>\$ 134,266</u>	<u>\$ 1,977,171</u>

14. MEMBERS' EQUITY

Operations Fund	\$ 2,111,537	\$ 2,314,032
Capital Fund	(31,639)	(47,263)
Investment Fund	3,393	3,393
Trust Fund	860,951	812,183
CMHC Housing Fund	<u>(335,947)</u>	<u>(351,700)</u>
	<u>\$ 2,608,295</u>	<u>\$ 2,730,645</u>

15. REPLACEMENT RESERVE

Balance	\$ <u>142,087</u>	\$ <u>138,287</u>
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Under the terms of the Nation's Housing agreement with CMHC, a separate replacement reserve account is to be maintained. The funds in this account may only be used for repairs and maintenance as approved by CMHC. As at March 31, 2014, the Nation had unfunded reserves of \$141,643 (2013 - \$137,819), and is in technical default of its agreement with CMHC.

LHTAKO DENE NATION

6.10

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

16. CONTINGENT LIABILITIES

Government Funded Programs

Under the terms of agreements with Aboriginal Affairs and Northern Development Canada and other government agencies, certain surpluses may be recoverable and so repayable to the government. Other than funding repayable amounts already recorded in these financial statements, the amount of additional liability, if any, of the Nation is not determinable at this time.

Membership Loan Guarantee

The Nation has guaranteed a \$60,100 loan on behalf of an individual Nation member, and is contingently liable for repayment on default. As at March 31, 2014, the loan is in good standing.

The Nation has also guaranteed the housing program loans with CMHC, aggregating \$156,931 as at March 31, 2014.

17. ECONOMIC DEPENDENCE

The Nation receives a significant portion of its revenues pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada. The Nation's ability to continue operations would be severely hampered should this funding be discontinued.

18. RECONCILIATION OF AANDC FUNDING AGREEMENT REVENUE

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

Recipient total as per 2013/2014 AANDC funding confirmation	\$ <u>657,983</u>
AANDC revenue reported on Statement of Operations	
Operating	\$ <u>639,635</u>
Capital	<u>18,348</u>
	\$ <u>657,983</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Nation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Nation's risk exposure and concentration as of March 31, 2014.

The Nation's financial instruments consist of cash, cash restricted to use, accounts receivable, trust funds held by Canada, bank advances, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Nation is exposed to financial risk that arises from the credit quality of the entities to which it provides services and the potential that a counter party will fail to perform its obligation. The Nation is exposed to credit risk from tenants. An allowance for doubtful accounts is established based upon factors surrounding the credit of specific accounts, historical trends and other information. Credit risk arises from the possibility that the entities to which the Nation provided services may experience financial difficulty and be unable to fulfil their obligations. The Nation has a number of tenants which minimizes the concentration of credit risk.

20. EXPENSES BY OBJECT	<u>2014</u>	<u>2013</u>
Salaries, wages and benefits	\$ 105,198	\$ 116,293
Materials and supplies	83,635	78,847
Contracted services	407,658	380,253
Rent, maintenance and utilities	83,067	90,169
Honoraria	102,143	114,992
Insurance	20,989	24,961
Tuition	67,466	70,807
Interest	19,327	25,587
Amortization	134,266	132,194
Travel	85,687	81,508
Social assistance	321,144	296,787
All other service delivery costs	900	1,200
	<u>\$ 1,431,430</u>	<u>\$ 1,413,598</u>