

Financial Statements of

**CARRIER SEKANI TRIBAL COUNCIL**

Year ended March 31, 2015

# CARRIER SEKANI TRIBAL COUNCIL

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Year ended March 31, 2015

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## CHIEFS' AND MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Carrier Sekani Tribal Council (the "Tribal Council") and all the information in this annual report are the responsibility of management and have been approved by the Chiefs of the Tribal Council.

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. 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.

Carrier Sekani Tribal Council 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 Tribal Council's assets are appropriately accounted for and adequately safeguarded.

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

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

The financial statements have been audited by KPMG in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG have full and free access to the Chiefs of the Carrier Sekani Tribal Council.

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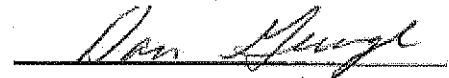
Chief Martin Louie, Nadleh Whut'en Band



Chief Stanley Thomas, Saik'uz First Nation

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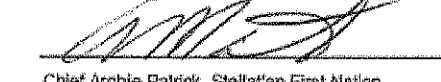
Chief John Allen French, Takla Lake First Nation



Chief Dan George, Burns Lake Band

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Chief Fred Sam, Nak'azdli Indian Band



Chief Archie Patrick, Stellat'en First Nation



Chief Justa Monk, Tl'azt'en Nation

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Chief Karen Ogeri, Wet'suwet'en First Nation



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## INDEPENDENT AUDITORS' REPORT

To the Members of Carrier Sekani Tribal Council

We have audited the accompanying financial statements of Carrier Sekani Tribal Council, which comprise the statement of financial position as at March 31, 2015, the statements of operations, changes in members' deficiency and cash flows 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 our 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, we consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Carrier Sekani Tribal Council as at March 31, 2015, and its results of operations, changes in member's deficiency and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Other Matter*

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the schedules is presented for additional analysis and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*KPMG LLP*

Chartered Accountants

July 29, 2015

Prince George, Canada

# CARRIER SEKANI TRIBAL COUNCIL

## Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 2)	\$ 485,553	\$ -
Accounts receivable (note 3)	1,197,929	1,243,716
Prepaid expenses	20,310	19,546
	<u>1,703,792</u>	<u>1,263,262</u>
Loans receivable (note 4)	12,107,535	12,107,535
Tangible capital assets (note 5)	700,711	746,232
	<u>\$ 14,512,038</u>	<u>\$ 14,117,029</u>
<b>Liabilities and Members' Deficiency</b>		
Current liabilities:		
Bank indebtedness (note 2)	\$ -	\$ 89,253
Accounts payable and accrued liabilities (note 6)	733,418	384,252
Deferred revenue	26,730	572,175
Current portion of long term debt (note 7)	241,548	39,745
	<u>1,001,696</u>	<u>1,085,425</u>
Long-term debt (note 7)	14,897,054	15,138,518
Members' deficiency:		
Invested in tangible capital assets	502,129	525,543
Deficit	(1,888,841)	(2,632,457)
	<u>(1,386,712)</u>	<u>(2,106,914)</u>
Contingent liability (note 8)		
	<u>\$ 14,512,038</u>	<u>\$ 14,117,029</u>

See accompanying notes to financial statements.

# CARRIER SEKANI TRIBAL COUNCIL

## Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
<b>Revenues:</b>		
Aboriginal Affairs and Northern Development Canada	\$ 729,045	\$ 905,979
BC Oil and Gas Commission	130,000	-
Department of Fisheries and Oceans	426,800	513,826
Minister of Aboriginal Relations	2,222,175	197,825
Other funding and miscellaneous income	276,733	520,445
Pacific Natural Gas	200,000	-
Province of British Columbia	14,000	50,000
PTP ASEP Training Society	7,050	63,450
Rent	41,379	37,428
TransCanada	495,000	1,022,434
TRICORP	-	180,000
	4,542,182	3,491,387
<b>Expenditures:</b>		
Advertising	1,660	175
Amortization	57,211	42,183
Bad debts	15,302	55,598
Consulting fees	1,147,950	888,246
Donations and scholarships	3,099	10,839
Equipment leasing	-	1,000
Equipment rental and purchases	15,660	30,754
Facilitation fees	-	5,426
Freight and duties	166	264
Honorarium	87,657	82,164
Insurance	45,071	44,411
Interest and bank charges	5,813	6,296
Interest on long-term debt	17,961	19,740
Meetings	108,112	81,370
Materials and supplies	88,840	229,995
Office and general	588	6,615
Professional fees	360,218	73,782
Property taxes	32,734	28,522
Rent	10,822	12,800
Repairs and maintenance	64,480	183,413
Salaries and benefits	970,332	1,175,827
Telephone	18,043	20,799
Training	16,169	37,027
Travel	727,956	311,225
Utilities	26,136	25,213
	3,821,980	3,373,684
<b>Surplus for the year</b>	<b>\$ 720,202</b>	<b>\$ 117,703</b>

See accompanying notes to financial statements.

# CARRIER SEKANI TRIBAL COUNCIL

## Statement of Changes in Members' Deficiency

Year ended March 31, 2015, with comparative information for 2014

	Invested in Tangible Capital Assets	Deficit	2015 Total	2014 Total
Balance, beginning of year	\$ 525,543	\$ (2,632,457)	\$ (2,106,914)	\$ (2,224,617)
Surplus (deficit) for the year	(57,211)	777,413	720,202	117,703
Acquisition of tangible capital assets	11,690	(11,690)	-	-
Repayment of long-term debt	22,107	(22,107)	-	-
Balance, end of year	\$ 502,129	\$ (1,888,841)	\$ (1,386,712)	\$ (2,106,914)

See accompanying notes to financial statements.



# CARRIER SEKANI TRIBAL COUNCIL

## Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Surplus for the year	\$ 720,202	\$ 117,703
Items not involving cash:		
Amortization	57,211	42,183
	<u>777,413</u>	<u>159,886</u>
Change in non-cash operating working capital:		
Accounts receivable	45,787	(983,668)
Prepaid expenses	(764)	(9,223)
Accounts payable and accrued liabilities	349,166	182,933
Deferred revenue	(545,445)	523,381
	<u>626,157</u>	<u>(126,691)</u>
Financing activities:		
Repayment of long-term debt	(39,661)	(37,881)
Investing activities:		
Purchase of tangible capital assets	(11,690)	(45,000)
Decrease in cash and cash equivalents	574,806	(209,572)
(Bank indebtedness) cash and cash equivalents, beginning of year	(89,253)	120,319
Cash and cash equivalents (bank indebtedness), end of year	<u>\$ 485,553</u>	<u>\$ (89,253)</u>

See accompanying notes to financial statements.

# CARRIER SEKANI TRIBAL COUNCIL

Notes to Financial Statements

Year ended March 31, 2015

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Carrier Sekani Tribal Council (the "Tribal Council") is incorporated under the Canada Corporations Act and is organized to represent the following member organizations:

Nadleh Whut'en Band  
Nak'azdli Indian Band  
Saik'uz First Nation  
Stellat'en First Nation  
Takla Lake First Nation  
Tl'azt'en Nation  
Ts'il Kaz Koh First Nation  
Wet'suwet'en First Nation

## 1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Tribal Council's significant accounting policies are as follows:

### (a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

### (b) Tangible capital assets:

Tangible capital assets are valued at acquisition cost. In addition to being recorded as an addition to tangible capital assets during the year, a corresponding transfer is made from the applicable operating fund to equity in tangible capital assets in the year of acquisition.

Amortization is provided using the following methods and annual rates:

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Asset	Basis	Rate
Buildings	Declining balance	4%
Machinery and equipment	Declining balance	20%

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Assets that no longer provide long-term service potential for the Tribal Council are written down to residual value.

# CARRIER SEKANI TRIBAL COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2015

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## 1. Significant accounting policies (continued):

### (c) Revenue recognition:

The Tribal Council is funded primarily through agreements with various ministries of the provincial and federal governments. Contributions pursuant to these agreements are recognized as revenue evenly over the course of the relevant agreements. Where a portion of the contribution relates to a future period, it is deferred and recorded on the statement of financial position as deferred revenues.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated or collection is reasonably assured.

### (d) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying amounts of tangible capital assets and provision for impairment of accounts receivable. Actual results could differ from those estimates.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Tribal Council has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

# CARRIER SEKANI TRIBAL COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2015

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## 1. Significant accounting policies (continued):

### (e) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Tribal Council determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Tribal Council expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

## 2. Cash and cash equivalents (bank indebtedness):

Cash and cash equivalents (bank indebtedness) are comprised of the following:

	2015	2014
Cash (cheques issued in excess of funds on deposit)	\$ 365,493	\$ (64,762)
Guaranteed investment certificates, at fair market value	120,060	5,509
Operating line	-	(30,000)
	\$ 485,553	\$ (89,253)

## 3. Accounts receivable:

	2015	2014
Trade receivable	\$ 1,167,920	\$ 1,191,801
Sales tax receivable	30,009	47,412
	\$ 1,197,929	\$ 1,243,716

# CARRIER SEKANI TRIBAL COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2015

## 4. Loans receivable:

Loans receivable represent advances made to certain of the Tribal Council's member organizations to assist with land claims negotiations. These loans are subject to the same terms as the First Nation Loan Agreement received from Aboriginal Affairs and Northern Development Canada as detailed in note 7.

The amounts due are recoverable as a first charge against treaty benefits paid to the respective Tribal Council member organizations by Aboriginal Affairs and Northern Development Canada. Loans receivable from the Tribal Council's member organizations are as follows:

	2015	2014
Nadleh Whut'en Band	\$ 1,407,264	\$ 1,407,264
Nak'azdli Indian Band	1,673,341	1,673,341
Saik'uz First Nation	1,889,719	1,889,719
Stellat'en First Nation	1,097,273	1,097,273
Takla Lake First Nation	1,575,579	1,575,579
Tl'azt'en Nation	2,044,583	2,044,583
Ts'il Kaz Koh First Nation	1,079,074	1,079,074
Wet'suwet'en First Nation	1,340,702	1,340,702
	<b>\$ 12,107,535</b>	<b>\$ 12,107,535</b>

## 5. Tangible capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 160,000	\$ -	\$ 160,000	\$ 160,000
Buildings	621,379	187,941	433,438	451,498
Machinery and equipment	384,530	277,257	107,273	134,734
	<b>\$ 1,165,909</b>	<b>\$ 465,198</b>	<b>\$ 700,711</b>	<b>\$ 746,232</b>

## 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,116 (2014 – \$5,029).

# CARRIER SEKANI TRIBAL COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2015

## 7. Long-term debt:

	2015	2014
Aboriginal Affairs and Northern Development Canada - Comprehensive Land Claims loan, non-interest bearing. Due on the earlier of March 31, 2016 (extended from March 31, 2012) or the date on which the claim is settled. Secured by proceeds of any settlement against claim.	\$ 200,000	\$ 200,000
Aboriginal Affairs and Northern Development Canada - First Nation Loan Agreement, non-interest bearing until the loan becomes due and then bearing interest at the Consolidated Revenue Fund lending rate to Crown Corporations as set by the Federal Minister of Finance. Due on the earlier of November 3, 2016 (extended from November 3, 2011), the seventh year after the date of signing of an Agreement-in-Principle, or the date on which a treaty is signed. Secured by a first charge against benefits paid under a treaty to the Tribal Council.	14,582,343	14,582,343
Royal Bank of Canada, term loan, repayable in blended monthly instalments of \$4,802, bearing interest at 4.75%. Due July 2017. Secured by a general security agreement on land and building.	356,259	395,920
	<u>15,138,602</u>	<u>15,178,263</u>
Less current portion	241,548	39,745
	<u>\$ 14,897,054</u>	<u>\$ 15,138,518</u>

Should the land claims not be settled by the stipulated due dates and the negotiation of the claims remain in progress, the repayment terms of the comprehensive land claims loans may, upon recommendation of the B.C. Treaty Commission, be extended by five years, or a period deemed appropriate to coincide with the anticipated claims settlement date.

# CARRIER SEKANI TRIBAL COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2015

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## 7. Long-term debt (continued):

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Principal repayments are due as follows:

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2016	\$ 241,548
2017	14,625,957
2018	271,097
	<hr/>
	\$ 15,138,602

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## 8. Contingent liability:

Recoveries of Government Funding:

Under the terms of the agreements with Aboriginal Affairs and Northern Development Canada and other government agencies, certain surpluses may be recoverable and repayable to the government. The amount of the liability, if any, of the Tribal Council is not determinable at this time.

## 9. Reconciliation of Aboriginal Affairs and Northern Development Canada funding agreement revenue:

Pursuant to the instructions provided by Aboriginal Affairs and Northern Development Canada ("AANDC") Year-end Reporting Handbook for First Nations, Tribal Council and First Nation Political Organizations dated January 2011, the following reconciliation has been prepared:

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Recipient total as per 2014/2015 funding confirmation	\$ 729,045
AANDC revenue as per financial statements	729,045

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## 10. Economic dependence:

The Tribal Council receives a major portion of its revenues pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada. Any disruptions in this funding would have a significant impact on the Tribal Council.

# CARRIER SEKANI TRIBAL COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2015

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## 11. Financial risks:

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Tribal Council deals with creditworthy counterparties to mitigate the risk of financial loss from defaults.

### (b) Interest rate risk:

The Tribal Council operating loan has a variable interest rate based on prime plus a margin. As a result, the Tribal Council is exposed to interest rate risk due to fluctuations in the prime rate.