



DEAN MASON  
& COMPANY INC  
CHARTERED ACCOUNTANTS

## Independent Auditor's Report

To the Members of  
Lheidli T'enneh Band

We have audited the accompanying financial statements of Lheidli T'enneh Band, which comprise the statement of financial position as at March 31, 2013, and the statements of revenue, expenditures and accumulated surplus, change in net financial assets and cash flows for the year then ended, and 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 First Nation'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 First Nation'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 qualified audit opinion.

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*Basis for Qualified Opinion*

The activity of First Nation (PTP) Group Limited Partnership Ltd. (FNLP (PTP)) has been included in the financial statements on a modified equity basis as described in Note 2. The valuation of which is not susceptible to satisfactory audit verification, as the December 31, 2012 financial statements for the FNLP (PTP) have not yet been released. Accordingly, our verification of this investment is limited to the amount recorded in the records of the Nation and we were not able to determine whether any adjustments might be necessary.

*Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, present fairly, in all material respects, the financial position of the First Nation as at March 31, 2013 and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Dean Mason & Company Inc.*  
**CHARTERED ACCOUNTANTS**

Prince George, British Columbia  
July 29, 2013

# **LHEIDLI T'ENNEH BAND**

## **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2013**

### **1. DESCRIPTION OF OPERATIONS**

Lheidli T'enneh is a self-governed First Nations Band and operates on the Lheidli T'enneh First Nation reserve and its head office is located in Prince George. Off-reserve aboriginal communities are also located throughout the North East and Southern areas of Prince George.

### **2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### **(a) Fund Accounting**

The First 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 purposes of presentation in the consolidated Summary Financial Statements. Detail of the operations of each fund are set out in the supplementary schedules. The First Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

#### **(b) Inventory held for sale**

Inventory is recorded at the lower of cost and net realizable value based on average costing method determined by purchase price.

#### **(c) Investments**

Investments with significant influence are accounted for on a modified equity basis. Portfolio investments are accounted for on a cost basis.

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**LHEIDLI T'ENNEH BAND**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Tangible Capital Assets**

Tangible capital assets are recorded except for reserve lands, natural resources and cultural resources which are not recorded.

Amortization on capital projects in progress will commence when the projects are complete and the assets are considered available for use.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows

Automotive equipment	5 years	Straight line
Boats and fisheries equipment	10 years	Straight line
Buildings	30 years	Straight line
Computer equipment	3 years	Straight line
Fuel tanks	20 years	Straight line
Land improvements	50 years	Straight line
Machinery and equipment	10 years	Straight line
Office furniture and equipment	8 years	Straight line
Portable classrooms	15 years	Straight line
Recreation site	20 years	Straight line
Roads	50 years	Straight line
Signage	10 years	Straight line
Social housing	25 years	Straight line
Water systems	30 years	Straight line
Website development	10 years	Straight line

**(e) Revenue Recognition**

Funding received under the terms of agreements is recognized as revenue when received. Funding received but not yet expended is included in the applicable statement of revenue and expenditure.

**(f) Surplus recoveries and deficit funding**

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

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## LHEIDLI T'ENNEH BAND

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013

#### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (g) Financial Instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash (restricted and unrestricted), temporary investments, accounts receivable, long-term investments, due from related party, and note receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to related party, long term debt, treaty loan and replacement reserve.

The entity has not designated any financial asset or financial liability to be measured at fair value.

##### Credit risk

Lheidli T'enneh Band has an extensive history with its funding agencies and customer base and does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable.

##### Fair values

Financial instruments with short-term maturity are reflected in these financial statements at carrying values, which approximate fair values due to their short-term nature. The carrying values of the restricted cash, trust assets, and long-term debt approximate fair values as the terms and conditions of the arrangements are comparable to current market terms and conditions for similar items. It is not practical to determine the fair value of the investments in related entities due to the investments having no active market and no specific terms of repayment.

##### Financial risk

The financial risk is the impact of Lheidli T'enneh Band's income from fluctuations in interest rates and the degree of volatility of these rates. Lheidli T'enneh Band does not use derivative instruments to reduce its exposure to financial risk.

##### (h) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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## LHEIDLI T'ENNEH BAND

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013

#### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (i) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

##### (j) Net Debt

The First Nation's financial statements are presented so as to highlight net debt as a the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

#### 3. CHANGES IN ACCOUNTING POLICIES

##### Portfolio Investments

The First Nation adopted the use of the equity method for Portfolio investments as in accordance with the Public Sector Accounting Board standard PS 3450.020. Portfolio investments are no longer recorded at cost. Instead, they are recorded using the equity method requiring the First Nation to record the investment at Fair Market Value. Unless the Portfolio investment does not have a active market in which to obtain a quote in this case they are recorded at cost as per Public Sector Accounting Board standard PS 3450.039. As a result of this change there has been no change in the value of the Portfolio Investments.

##### Investment in Government Business Entities

The First Nation adopted Investment in Government Business Partnerships reporting in 2013 in accordance with the Public Sector Accounting Board standard PS 3060. Investment in Government Business Partnerships are no longer recorded at cost. Instead, they are recorded using the modified equity method requiring the recording of the First Nation's portion of equity in the partnership. The prior period has been restated to reflect this change. As a result, the prior year surplus has been ...

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**LHEIDLI T'ENNEH BAND****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2013****4. ACCOUNTS RECEIVABLE**

	<b>2013</b>	<b>2012</b>
Aboriginal Affairs & Northern Development Canada	\$ 6,320	\$ 6,586
Band Member Loans	675	5,758
Canada Forest Products Ltd.	34,346	167
Canada Mortgage and Housing Corporation	-	11,241
Federal Government	80,113	53,082
Habitat Conservation Trust Foundation	-	13,575
Lazy F-D Ranches	-	15,496
PGNAETA	3,647	50,794
Province of BC	-	17,231
Receiver General	34,273	65,708
Rental Revenue	136,361	47,431
Union of BC Municipalities	4,000	-
Other Accounts Receivable	12,238	29,137
	<b>311,973</b>	<b>316,206</b>
Allowance for doubtful accounts	<b>(95,040)</b>	<b>(9,748)</b>
	<b>\$ 216,933</b>	<b>\$ 306,458</b>

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**LHEIDLI T'ENNEH BAND****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2013****5. LONG-TERM INVESTMENTS**

	<b>2013</b>	2012
Investment in Lheit Lit'en Development Corporation	<b>\$ (751,718)</b>	\$ (708,355)
Investments in Tano T'enneh Limited Partnership	<b>3,377,856</b>	2,742,679
FN (PTP) Group Limited Partnership (606 Units)	<b>1</b>	1
	<b>\$ 2,626,139</b>	\$ 2,034,325

Lheit Lit'en Development Corporation is a wholly owned subsidiary of the Band which in turn holds a 100% interest in Chunzoohl Forest Products Limited. During the year, the Development Corporation had expenditures in excess of revenues in the amount of \$ (2012 - \$698,085). These changes in net assets have been included in the Investment in Lheit Lit'en Development Corporation. Financial statements for this controlled entity are available for review.

Effective April 1, 2009, Lheidli T'enneh Band acquired 2,208,549 partnership units amounting to a 99.99% ownership in Tano T'enneh Limited Partnership which in turn holds a 50% interest in LTN Contracting Ltd. During the year, the Partnership had revenue in excess of expenditure of \$ (2012 - \$1,094,846). These changes in net assets have been included in the Investment in Tano T'enneh Limited Partnership. Financial statements for this partnership are available for review.

**6. ADVANCES TO RELATED PARTIES**

	<b>2013</b>	2012
LTN Education Fund	<b>\$ 10,469</b>	\$ 40,707
Tano T'enneh Limited Partnership	<b>166,016</b>	165,630
CMHC Social Housing	<b>350,134</b>	273,996
	<b>\$ 526,619</b>	\$ 480,333

Advances to Lheit Lit'en Development Corporation, a wholly owned subsidiary of Lheidli T'enneh Band are unsecured, non-interest bearing with no set terms of repayment.

Advances to LTN Education Fund, a wholly owned subsidiary of Lheit Lit'en Development Corporation are unsecured, non-interest bearing with no set terms of repayment.

Advances to Tano T'enneh Limited Partnership, a related party, are unsecured, non-interest bearing with no set terms of repayment.

**7. INVESTMENT IN GOVERNMENT BUSINESS ENTITIES**

Lheidli T'enneh Band owns 1 common share in FN (PTP) General Corporation. This investment has been accounted for on a cost basis.

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**LHEIDLIT'ENNEH BAND****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2013****8. INVESTMENT IN LHEIT LIT'EN DEVELOPMENT CORPORATION**

The fiscal year end of Lheit Lit'en Development Corporation is March 31. The financial summary of Lheit Lit'en Development Corporation from the March 31, 2013 audited financial statements, is summarized as follows:

	2013	2012
<b>ASSETS</b>		
Cash	\$ 273,111	\$ 138
Due from related parties	2,822,720	2,823,036
Property, plant and equipment	6,417	8,219
Promissory note receivable	1,825,435	1,736,587
	<u>4,927,683</u>	<u>4,567,980</u>
<b>LIABILITIES</b>		
Accounts payable	360,608	395,366
Due to related parties	1,710,225	1,403,094
Investment in related party	1,581,019	1,557,739
Promissory note payable	2,027,546	1,928,862
	<u>5,679,398</u>	<u>5,285,061</u>
<b>NET EQUITY AS PER BALANCE SHEET</b>	<u>(717,081)</u>	<u>(708,352)</u>
<b>REVENUE AND EXPENSES</b>		
Revenue	88,847	629,784
Expenses	100,200	727,365
Loss in equity of Chunzoolh Forest Products Limited	(23,281)	(609,233)
<b>NET LOSS</b>	<u>\$ (34,634)</u>	<u>\$ (706,814)</u>

Lheit Lit'en Development Corporation is a wholly owned subsidiary of the Band, which in turn holds a 100% interest in Chunzoolh Forest Products Limited.

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**LHEIDLI T'ENNEH BAND****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2013****9. INVESTMENT IN TANO T'ENNEH LIMITED PARTNERSHIP**

The fiscal year end of Tano T'enneh Limited Partnership is March 31. The financial summary of Tano T'enneh Limited Partnership" from the March 31, 2013 audited financial statements, is summarized as follows:

	2013	2012
<b>ASSETS</b>		
Cash and short term deposits	\$ 48,211	\$ 2,791
Accounts receivable	-	18,927
Advances to related parties	3,574,137	4,279,101
Investment in subsidiary	252,395	208,345
Timber harvest contracts	83,546	84,000
	<u>3,958,289</u>	<u>4,593,164</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	54,319	21,226
Due to government agencies	47,097	217,974
Silviculture liabilities	345,436	345,436
Advances from related party	166,016	165,630
	<u>612,868</u>	<u>750,266</u>
<b>NET EQUITY AS PER BALANCE SHEET</b>	<u>3,345,421</u>	<u>3,842,928</u>
<b>REVENUE AND EXPENSES</b>		
Revenue	606,948	1,199,175
Expenses	254,425	87,114
<b>NET INCOME</b>	<u>\$ 352,523</u>	<u>\$ 1,112,061</u>

Lheidli T'enneh Band owns 2,229,142 partnership units amounting to a 99.99% ownership interest in Tano T'enneh Limited Partnership, which in turn holds a 50% interest in LTN Contracting Ltd.

**10. PROMISSORY NOTE RECEIVABLE**

Promissory note is receivable from Lheit Lit'en Development Corporation unsecured bearing interest at prime plus 2.0% per annum, with no set terms of repayment.

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**LHEIDLI T'ENNEH BAND****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2013****11. OTTAWA TRUST FUNDS**

	2013	2012
Surplus, beginning of year	\$ 2,970	\$ 2,966
Interest earnings	906	918
Transfer to First Nations Land Management revenues	(884)	(914)
	<u>\$ 2,992</u>	<u>\$ 2,970</u>

**12. RESTRICTED CASH**

	2013	2012
Funded replacement reserve		
Under the terms of the Nation's Housing Agreement with Canada Mortgage and Housing Corporation (CMHC), a separate replacement reserve account is maintained. The funds in this account may only be used for repairs and maintenance as approved by CMHC.	\$ 371,825	\$ 348,414
Funded treaty activity		
Consists of funds dedicated to dispute resolution of issues arising under the terms of the Settlement Negotiation Agreement.	105,812	148,812
	<u>\$ 477,637</u>	<u>\$ 497,226</u>

**13. ACCOUNTS PAYABLE**

	2013	2012
Trade accounts payable	\$ 321,296	\$ 97,090
Accrued accounts payable	96,984	76,413
Accrued wages	36,633	39,886
Accrued interest payable	3,082	3,082
Employee deductions payable	15,851	11,792
Vacation payable	17,410	31,098
	<u>\$ 491,256</u>	<u>\$ 259,361</u>

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**LHEIDLI T'ENNEH BAND****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2013****14. ADVANCES FROM RELATED PARTIES**

	<b>2013</b>	2012
Chunzoolh Forest Products Ltd.	<b>\$ 229,013</b>	\$ 230,195
Lheit Lit'en Development Corporation	<b>11,158</b>	11,157
CMHC Social Housing	<b>273,990</b>	211,853
	<b>\$ 514,161</b>	\$ 453,205

Advances from Chunzoolh Forest Products Limited, a company related by being a wholly owned subsidiary of Lheit Lit'en Development Corporation are unsecured, non-interest bearing with no set terms of repayment.

Advances from Lheit Lit'en Development Corporation, a wholly owned subsidiary of Lheidli T'enneh Band are unsecured, non-interest bearing with no set terms of repayment.

**15. LONG-TERM DEBT**

	<b>2013</b>	2012
CMHC mortgage, repayable in monthly installments of \$2,567 including interest at 2.57% per annum, maturing on August 1, 2024, secured by a Ministerial guarantee and social housing with a net book value of \$887,643.	<b>\$ 305,334</b>	\$ 327,386
CMHC mortgage, repayable in monthly installments of \$1,054 including interest at 1.39% per annum, maturing on August 1, 2027, secured by a Ministerial guarantee and social housing with a net book value of \$887,643.	<b>165,329</b>	171,042
CMHC mortgage, repayable in monthly installments of \$2,080 including interest at 1.65% per annum, maturing on May 1, 2017, secured by a Ministerial guarantee and social housing with a net book value of \$887,643.	<b>100,608</b>	123,154
Royal Bank mortgage, repayable in monthly installments of \$1,165 including interest at 4.25% per annum, maturing on November 2, 2013, secured by a Ministerial guarantee and social housing with a net book value of \$887,643.	<b>68,221</b>	79,029
Royal Bank mortgage, repayable in monthly installments of \$1,934 including interest at 3.24% per annum, maturing on April 1, 2014, secured by a Ministerial guarantee and social housing with a net book value of \$887,643.	<b>68,100</b>	88,738

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**LHEIDLI T'ENNEH BAND****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2013****15. LONG-TERM DEBT, continued**

	<b>2013</b>	2012
CMHC mortgage, repayable in monthly installments of \$2,554 including interest at 2.86% per annum, maturing on December 1, 2023, secured by a Ministerial guarantee and social housing with a net book value of \$887,643.	<b>284,202</b>	305,772
	<b>\$ 991,794</b>	\$ 1,095,121

Should the bank not demand repayment of the demand loans, principal portion of long-term debt due within the next five years:

2014	<b>\$ 112,591</b>
2015	<b>115,584</b>
2016	<b>118,664</b>
2017	<b>100,354</b>
2018 and thereafter	<b>544,601</b>
	<b>\$ 991,794</b>

**16. TREATY LOAN**

Treaty loan is an Aboriginal Affairs and Northern Development Canada, promissory note, representing advances for negotiations with the British Columbia Treaty Commission. Repayment provisions for these loans are outlined in Sections 13.0 and 14.0 of the Negotiation Support Agreement. It is a non-interest bearing loan to paid out over a 10-year period after the signing of Final Agreement between Lheidli T'enneh Band, the Government of Canada and the Government of British Columbia.

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**LHEIDLI T'ENNEH BAND**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**17. REPLACEMENT RESERVES**

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the Band is required to make annual deposits of \$22,926 to a replacement reserve bank account to cover the cost of replacing certain capital items in the rental housing projects financed by CMHC. Similarly, an operating reserve must be established to fund the ongoing operating costs of the rental housing projects financed by CMHC. As at March 31, 2013, the replacement reserve was over funded.

	<b>2013</b>	2012
Balance, beginning of year	\$ 333,845	\$ 310,919
Contributions required during the year	22,926	22,926
Disbursement for capital purchases	(2,471)	-
	<u>\$ 354,300</u>	<u>\$ 333,845</u>

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**LHEIDLI T'ENNEH BAND****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2013****18. TANGIBLE CAPITAL ASSETS**

	Cost	Additions	Disposals	Accumulated amortization	2013 Net book value
Automotive equipment	\$ 28,185	\$ -	\$ -	\$ 21,185	\$ 7,000
Boats and fisheries equipment	106,372	-	-	68,726	37,646
Buildings	245,614	-	-	128,059	117,555
Capital projects in progress	1,000,661	308,808	-	-	1,309,470
Computer equipment	66,574	13,602	-	62,377	17,799
Fuel tanks	207,268	-	-	98,452	108,816
Land improvements	251,442	-	-	76,102	175,340
Machinery and equipment	105,354	5,395	-	104,583	6,166
Office furniture and equipment	41,110	10,057	-	19,162	32,005
Portable classrooms	108,265	-	-	44,535	63,730
Recreation site	295,656	-	-	44,257	251,399
Roads	1,050,665	-	-	551,031	499,634
Signage	40,724	-	-	10,181	30,543
Social housing	2,414,749	-	-	1,527,106	887,643
Water systems	1,040,725	-	-	587,999	452,726
Website development	14,718	-	-	3,680	11,039
	<b>\$ 7,018,082</b>	<b>\$ 337,862</b>	<b>\$ -</b>	<b>\$ 3,347,435</b>	<b>\$ 4,008,511</b>

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**LHEIDLI T'ENNEH BAND****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2013**

	Cost	Additions	Disposals	Accumulated amortization	2012 Net book value
Automotive equipment	\$ 18,185	\$ 10,000	\$ -	\$ 19,185	\$ 9,000
Boats and fisheries equipment	103,852	3,964	1,444	61,447	44,925
Buildings	245,614	-	-	119,872	125,742
Capital projects in progress	1,000,661	119,240	119,240	-	1,000,661
Computer equipment	54,873	14,283	2,582	55,321	11,253
Fuel tanks	207,268	-	-	88,089	119,179
Land improvements	251,442	-	-	71,073	180,369
Machinery and equipment	104,130	70,428	69,204	104,191	1,163
Office furniture and equipment	35,040	7,551	1,481	13,815	27,295
Portable classrooms	108,265	-	-	37,317	70,948
Recreation site	196,365	99,291	-	29,474	266,182
Roads	1,050,665	-	-	530,018	520,647
Signage	40,724	-	-	6,109	34,616
Social housing	2,414,749	-	-	1,438,176	976,573
Water systems	1,040,725	-	-	553,308	487,417
Website development	14,718	-	-	2,208	12,511
	<u>\$ 6,887,276</u>	<u>\$ 324,757</u>	<u>\$ 193,951</u>	<u>\$ 3,129,603</u>	<u>\$ 3,888,481</u>

**19. CONTINGENT LIABILITY**

Lheidli T'enneh Band has a demand revolving credit facility agreement with the Royal Bank of Canada for \$300,000 bearing interest at prime plus 1.25% per annum. This facility revolves in increments of \$25,000 and is secured by a general security agreement with a fixed charge over equipment.

**20. B.C. TREATY COMMISSION FUND**

In August 1994, the member of the Band entered into a loan agreement to finance treaty negotiations with the Government of Canada and the Province of British Columbia. The specific terms of repayment are contained in Section 4.6.1 of the agreement, but the understanding is that upon reaching a final settlement, the entire debt will be repaid from the settlement.

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## LHEIDLI T'ENNEH BAND

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013

#### 21. CANADA MORTGAGE AND HOUSING CORPORATION SUBSIDY

The Band has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 95 (previously 56.1) of the National Housing Act to reduce mortgage interest expense to as low as 2.0% per annum to enable the projects to provide housing to low income individuals. The amount of assistance received in the year was \$80,636 (2012 - \$71,238).

#### 22. ECONOMIC DEPENDENCE

Lheidli T'enneh Band receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs & Northern Development Canada. The Band's ability to operate certain programs depends on the continuation of this funding.

#### 23. PRIOR PERIOD ADJUSTMENT

Due to changes in revenues identified, some of the prior year figures have been restated. The impact of changes to the 2012 figures are as follows:

	<b>As previously reported</b>	Increase (Decrease)	Restated
Advances to related parties	\$ 206,336	\$ 273,996	\$ 480,332
Advances from related parties	(241,352)	(211,853)	(453,205)
Replacement reserves	347,847	14,002	333,845
Accumulated Surplus	1,450,320	76,145	1,526,465
	<b>\$ 1,450,320</b>	<b>\$ -</b>	<b>\$ 1,526,465</b>