

Consolidated Financial Statements of

SLIAMMON FIRST NATION

Year ended March 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Sliammon First Nation (the "First Nation") and all the information in this report are the responsibility of management and have been approved by Chief and Council of the First Nation.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects, including the consolidated financial position of the First Nation and the results of its consolidated operations and its consolidated cash flows.

The First Nation 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 First Nation's assets are appropriately accounted for and adequately safeguarded.

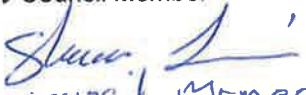
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal 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 auditors' report. Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. In addition, Chief and Council also consider the engagement of the First Nation's external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. KPMG LLP have full access to the First Nation's Chief and Council.


Chief


Council Member

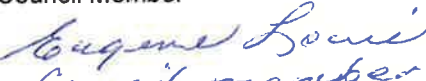

Council Member


Council Member


Council Member


Council Member


Council Member


Council member

July 28, 2015



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INDEPENDENT AUDITORS' REPORT

To Chief and Council and Members of Sliammon First Nation

We have audited the accompanying consolidated financial statements of Sliammon First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of operations and accumulated surplus, changes in net debt, remeasurement gains and losses 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sliammon First Nation as at March 31, 2015, and the results of its consolidated operations, its consolidated changes in net debt, its consolidated remeasurement gains and losses and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

Without modifying our opinion, we draw attention to note 1(i), which indicates why the consolidated financial statements do not report budget figures, which are required in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'.

Chartered Accountants

Kelowna, Canada

July 28, 2015

SLIAMMON FIRST NATION

Consolidated Statement of Financial Position

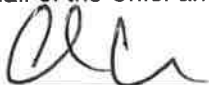
March 31, 2015, with comparative information for 2014

	2015	2014
Financial Assets		
Cash and cash equivalents (note 2)	\$ 1,426,365	\$ 2,023,555
Restricted cash and investments (note 2)	11,295,685	10,523,007
Accounts receivable (note 3)	1,349,921	1,685,743
Investments in business enterprises (note 4)	3,892,957	2,159,140
	<u>17,964,928</u>	<u>16,391,445</u>
Liabilities		
Bank indebtedness (note 5)	253,122	90,211
Accounts payable and accrued liabilities	2,159,466	2,276,679
Deferred revenue (note 6)	10,147,558	10,121,758
Long-term debt (note 7)	13,658,826	13,897,424
Replacement reserve (note 8)	139,962	118,153
	<u>26,358,934</u>	<u>26,504,225</u>
Net debt	(8,394,006)	(10,112,780)
Non-Financial Assets		
Tangible capital assets (note 9)	9,859,967	8,936,180
Prepaid expenses and deposits	155,842	152,815
	<u>10,015,809</u>	<u>9,088,995</u>
Accumulated surplus (deficit)	\$ 1,621,803	\$ (1,023,785)
Accumulated surplus (deficit) is comprised of:		
Accumulated surplus (deficit) (note 10)	\$ 1,264,648	\$ (1,154,670)
Accumulated remeasurement gains	357,155	130,885
	<u>\$ 1,621,803</u>	<u>\$ (1,023,785)</u>

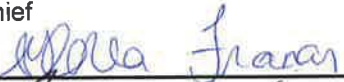
Contingencies (note 14)

See accompanying notes to consolidated financial statements.

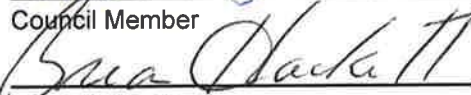
On behalf of the Chief and Council:



Chief




Council Member




Council Member



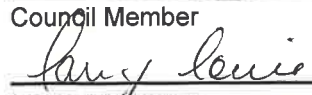
Council Member



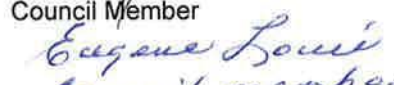
Council Member



Council Member



Council Member



Council member

SLIAMMON FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

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

	2015 Budget (note 1(i))	2015	2014
Revenue:			
Transfers from other governments:			
Aboriginal Affairs and Northern Development			
Canada	\$ -	\$ 7,336,184	\$ 6,294,683
Province of British Columbia	-	1,341,546	1,403,604
Federal government	-	1,732,259	1,712,014
Canada Mortgage and Housing Corporation			
subsidy	-	43,259	38,525
First Nation Education Steering Committee	-	180,854	29,887
Interest	-	53,038	71,837
Rental	-	304,988	437,780
Lease	-	161,095	160,345
Property and other taxes	-	260,229	267,308
Fishing licenses	-	100,553	108,124
Other revenue	-	935,185	901,725
Equity in earnings of business enterprises			
(note 4)	-	1,649,950	737,215
	-	14,099,140	12,163,047
Expenses (Schedule 1):			
Band administration	-	3,350,023	2,997,990
Capital	-	408,581	450,322
Education	-	2,134,032	2,140,835
Fisheries	-	375,418	333,970
Forestry	-	5,678	1,421
Health	-	2,045,370	2,050,227
Housing	-	417,553	466,156
Land and resources	-	170,277	237,438
Social development	-	998,187	1,106,681
Social housing	-	83,526	91,382
Taxation	-	231,338	331,361
Treaty	-	1,459,839	1,643,984
	-	11,679,822	11,851,767
Surplus	-	2,419,318	311,280
Accumulated deficit, beginning of the year		(1,154,670)	(1,465,950)
Accumulated deficit, end of year	\$	1,264,648	\$ (1,154,670)

See accompanying notes to consolidated financial statements.

SLIAMMON FIRST NATION

Consolidated Statement of Changes in Net Debt

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

	2015 Budget (note 1(i))	2015	2014
Surplus	\$ -	\$ 2,419,318	\$ 311,280
Changes to non-financial assets:			
Acquisition of tangible capital assets	-	(1,464,498)	(526,032)
Amortization of tangible capital assets	-	540,711	517,368
Net book value of tangible capital assets disposed	-	-	1,994
	-	(923,787)	(6,670)
Net (acquisition) use of prepaid expenses and deposits	-	(3,027)	81,868
		1,492,504	386,478
Net remeasurement gains		226,270	130,885
Decrease in net debt	-	1,718,774	517,363
Net debt, beginning of year	-	(10,112,780)	(10,630,143)
Net debt, end of year	\$ -	\$ (8,394,006)	\$ (10,112,780)

See accompanying notes to consolidated financial statements.

SLIAMMON FIRST NATION

Consolidated Statement of Remeasurement Gains and Loss

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

	2015	2014
Portfolio investments:		
Accumulated remeasurement gains and losses, beginning of year	\$ 130,885	\$ -
Unrealized gains on portfolio investments (note 2)	226,270	130,885
Accumulated measurement gains and losses, end of year	\$ 357,155	\$ 130,885

See accompanying notes to consolidated financial statements.

SLIAMMON FIRST NATION

Consolidated Statement of Cash Flows

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

	2015	2014
Cash provided by (used in):		
Operating activities:		
Cash received from Aboriginal Affairs and Northern Development Canada	\$ 7,728,244	\$ 5,771,008
Cash received from grants, property taxes, user fees, rent and other revenue	4,932,830	5,809,634
Cash paid to employees and suppliers	(11,044,909)	(10,955,340)
Interest received	53,038	71,837
Interest paid	(117,743)	(316,319)
	1,551,460	380,820
Financing activities:		
Net (repayment) advances from bank indebtedness	162,911	(187,998)
Repayment of long-term debt	(238,597)	(221,781)
Proceeds from long-term debt	-	-
Increase (decrease) in replacement reserves	21,809	(80,885)
	(53,877)	(490,664)
Capital activities:		
Acquisition of tangible capital assets	(1,464,498)	(526,032)
Proceeds on disposal of tangible capital assets	-	7,200
	(1,464,498)	(518,832)
Investing activities:		
Net decrease (increase) in restricted cash and investments	(546,408)	726,751
Net (investment in) advances from business enterprises (note 4)	(83,867)	245,001
	(630,275)	971,752
Increase in cash and cash equivalents	(597,190)	343,076
Cash and cash equivalents, beginning of year	2,023,555	1,680,479
Cash and cash equivalents, end of year	\$ 1,426,365	\$ 2,023,555
Non-cash investing, financing and capital activities:		
Equity in earnings of business enterprises (note 4)	\$ 1,649,950	\$ 737,215
Unrealized gain on investments	226,270	130,885

See accompanying notes to consolidated financial statements.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2015

Sliammon First Nation provides local government, education and social development services to its members and was established under the Indian Act (Canada).

1. Basis of presentation and significant accounting policies:

These consolidated financial statements include the assets, liabilities, and results of operations of the Sliammon First Nation (the "First Nation") and all related entities and organizations subject to control by Chief and Council. No inclusion has been made of assets, liabilities, revenue or expenses of First Nation members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for governments, as established by the Canadian Public Sector Accounting Board ("PSAB"), which encompasses the following principles:

(a) Fund accounting:

The First Nation uses fund accounting procedures, which results in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been consolidated for presentation in these financial statements.

(b) Reporting entity and basis of consolidation:

The First Nation's reporting entity includes the Sliammon First Nation government and all related entities, which are accountable for the administration of their financial affairs and resources to the First Nation and are either owned or controlled by the First Nation.

i) Consolidated entities:

These financial statements consolidate the assets, liabilities and results of operations of the following organizations and entities:

- Sliammon Treaty Society
- Tla'Amin Community Health Board Society

All inter-entity transactions and balances have been eliminated on consolidation.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

1. Basis of presentation and significant accounting policies (continued):

(b) Reporting entity and basis of consolidation (continued):

ii) Investment in government business enterprises:

The First Nation records its investments in government business enterprises (GBE) and government business partnerships (GBP) on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

The First Nation's government business enterprises investments consist of the following:

- Sliammon Development Corporation - 100% interest
- Tla'Amin Timber Products Ltd. - 100% interest
- Grace Harbour Oyster Company Ltd. - 100% interest

The First Nation's government business partnerships investments consist of following partnerships:

- Thichum Forest Products Limited Partnership - 99.99% interest
- Salish Seas Fisheries Limited Partnership - 33% interest
- PRSC Limited Partnership - 16.67% interest

(c) Cash and cash equivalents:

Cash and cash equivalents includes, cash and investments in highly liquid money market funds, readily convertible to cash.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

1. Basis of presentation and significant accounting policies (continued):

(d) Revenue recognition:

Government transfers and grant revenue are recognized as the First Nation becomes entitled to the funding under the terms of applicable funding agreements and is recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Rental and lease revenue is recognized on a monthly basis as income is earned and when collection is reasonable assured. Property and other tax revenues are recognized at the time the taxes are levied.

Other revenue, including sales of goods and provision of services and fishing licenses are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

1. Basis of presentation and significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available for use.

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

Asset	Amount
Buildings and improvements	4%
Infrastructure	4%
Computers and equipment	10-20%

When management determines that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down to its net recoverable amount.

All intangible assets and items inherited by right of the First Nation, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in the First Nation's consolidated financial statements.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

1. Basis of presentation and significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of financial and non-financial 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 reporting period. Actual results could differ from those estimates.

Significant areas requiring management estimates include the recoverable amount of accounts receivable, and the useful lives of and net future economic benefits associated with tangible capital assets. Management reviews these estimates on a periodic basis and at least annually. Where necessary, management makes adjustments to these benefits prospectively.

(g) Segmented disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The First Nation has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in note 18 and Schedule 2 to the consolidated financial statements.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

1. Basis of presentation and significant accounting policies (continued):

(h) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the First Nation to be recorded at fair value. All other financial instruments, including financial instruments with related parties for which fair value cannot be estimated, are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss, calculated as the excess of the net recoverable amount of the asset and its carrying value, is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

(i) Budget data:

As no formal budget was approved by Chief and Council for the 2015 fiscal year, budget data has not been presented.

(j) Accounting pronouncements issued but not yet effective::

The Public Sector Accounting Board (PSAB) recently issued accounting pronouncements that are applicable to financial statements relating to fiscal years beginning on or after April 1, 2017 as follows; Related Party Disclosures (PS 2200) and Inter-entity Transactions (PS 3420). The First Nation is in the process of reviewing the impact of these new accounting pronouncements.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

2. Unrestricted and restricted cash, cash equivalents and investments:

The First Nation maintains its cash balances in several financial institutions in British Columbia. The Canada Deposit Insurance Corporation (CDIC) insures each of these accounts up to \$100,000. The aggregate funds held in each institution may exceed the CDIC insured limit from time to time and specific funds held by each institution may not be covered by CDIC Insurance. Management does not anticipate any material effect on the consolidated financial position of the First Nation as a result of these concentrations.

Certain cash and cash equivalents have been internally restricted by the First Nation or externally restricted by federal or provincial government authorities for the following specific purposes. Restricted cash and investments includes bank accounts with interest rates ranging from nil% to 1.9% and investments in Canadian and Provincial government bonds (stated interest rates of 1.0% to 6.0%), investment trusts, mutual funds, and equity investments that are quoted in an active market.

	2015	2014
Internally restricted:		
Sand replacement	\$ 300,000	\$ 262,167
Lands and resources	9,893,321	8,886,654
Taxation	593,696	739,357
Elder care facility	12,155	12,163
Klahanie study - internally restricted surplus	51,437	-
Tla'Amin Community Health Board Society - restricted surplus	246,759	243,820
Sliammon Treaty Society - restricted surplus	-	134,648
	11,097,368	10,278,809
Externally restricted:		
Social Housing replacement reserve	139,962	184,006
Ottawa Trust	58,355	60,192
	198,317	244,198
	\$ 11,295,685	\$ 10,523,007

As at March 31, 2015, the total fair value of the First Nation's portfolio investments exceeded their cost amount by \$357,155 (2014 - \$130,885), which has been reflected in the First Nation's statement of remeasurement gains and losses.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

3. Accounts receivable:

	2015	2014
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 889,412	\$ 1,281,472
Government of Canada	100,846	153,514
Province of British Columbia	3,295	-
Canada Mortgage and Housing Corporation	2,961	-
Other	344,356	241,308
	1,340,870	1,676,294
First Nation members	2,124,413	2,028,111
Less allowance for doubtful accounts		
First Nation members	(2,115,362)	(2,018,662)
	9,051	9,449
	\$ 1,349,921	\$ 1,685,743

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

4. Investments in business enterprises:

	2015	2014
Government business enterprises	\$ 421,495	\$ 1,716,431
Government business partnerships	3,471,462	442,709
	<u>\$ 3,892,957</u>	<u>\$ 2,159,140</u>

The change the First Nation's investment in business enterprises consists of the following:

	2015	2014
Equity in earnings of business enterprises	\$ 1,649,950	\$ 737,215
Net advances to (from) business enterprises	(1,620,608)	69,998
Net contribution in (drawings from) business partnerships:	1,704,475	(314,999)
	<u>\$ 1,733,817</u>	<u>\$ 492,214</u>

(a) Government business enterprises (GBE):

(i) The First Nation has made investments in to wholly-owned incorporated entities, summarized as follows:

	2015	2014
Sliammon Development Corporation (SDC):		
Investment in shares, at cost	\$ 7	\$ 7
Advances	(61,947)	(48,994)
	<u>(61,940)</u>	<u>(48,987)</u>
Tla'Amin Timber Products Ltd. (TTP):		
Investment in shares, at cost	30	30
Investment, contributed surplus	450,000	450,000
Advances	(1,550,214)	57,441
Accumulated equity in earnings	1,583,619	1,257,947
	<u>483,435</u>	<u>1,765,418</u>
Grace Harbour Oyster Company Ltd. (GHOC):		
Investment in shares, at cost	-	-
	<u>\$ 421,495</u>	<u>\$ 1,716,431</u>

Advances to GBE's are unsecured, non-interest bearing and have no stated terms of repayment.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

4. Investments in business enterprises (continued):

(a) Government business enterprises (GBE) (continued):

SDC oversees economic opportunities for the Tla'Amin Nation and the purpose of the SDC is to foster the economic and social betterment of the Tla'Amin people. TTP works in partnership with other companies to manage the logging and forestry resources. GHOC is an inactive company that formerly operated an oyster plant. The fiscal year end of each of the GBE's is March 31 and the financial information provided in note 4(a)(ii) is as at and for the periods ended March 31, 2015.

(ii) Financial information for wholly-owned incorporated entities is summarized as follows:

SDC	2015	2014
Balance sheet information:		
Assets	\$ 3,438,830	\$ 3,626,068
Liabilities	4,981,834	5,103,703
Shareholder's deficiency	(1,543,004)	(1,477,635)
Results of operations:		
Revenue	3,889,287	3,871,371
Expenses, including income taxes	3,904,773	3,911,903
Net earnings	(15,486)	(40,532)

TTP	2015	2014
Balance sheet information:		
Assets	\$ 1,706,347	\$ 1,768,168
Liabilities	2,751	60,191
Shareholder's equity	1,703,596	1,707,977
Results of operations:		
Revenue	3,232	53
Expenses (recoveries), including income taxes	7,613	(92,079)
Net earnings	(4,381)	92,132

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

4. Investments in business enterprises (continued):

(b) Government business partnerships (GBP):

(i) The First Nation's investment in GBP's consists of the following:

	2015	2014
Thichum Forest Products Limited Partnership (TFPLP):		
Partnership equity interest	\$ 1,602,782	\$ 211,289
Salish Seas Fisheries Limited Partnership (SSFLP):		
Partnership equity interest	256,146	231,420
PRSC Limited Partnership (PRSCLP):		
Partnership equity interest	1,612,534	-
	\$ 3,471,462	\$ 442,709

Advances to and from GBP's are unsecured, non-interest bearing and have no stated terms of repayment.

TFPLP:

The First Nation and TFPLP formed a limited partnership, TFPLP, in which the First Nation is a limited partner holding 99.99% of units.

SSFLP:

The First Nation, Tsleil-Wauthuth Nation and Musqueam Indian Band formed a limited partnership, SSFLP in which the First Nation is a limited partner holding 33% of units. The First Nation also holds a 33% interest Salish Seas Fisheries General Partner Ltd., which has a net realizable value of \$nil (2014 - \$nil) as at March 31, 2015.

PRSCLP:

In the current year, the First Nation purchased 16.67% of the partnership units in PRSCLP.

The fiscal year end of the GBP's is March 31 and the financial information provided in note 4(b)(ii) is as at and for the periods ended March 31.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

4. Investments in business enterprises (continued):

(b) Government business partnerships (GBP) (continued):

(ii) Financial information relating to the First Nation's GBP investments is as follows:

TFPLP	2015	2014
Balance sheet information:		
Assets	\$ 2,352,361	\$ 673,565
Liabilities	464,248	371,103
Partnership equity	1,888,113	302,462
Results of operations:		
Revenues	7,515,780	856,668
Expenses	5,932,004	330,327
Net earnings	1,583,776	526,341
SSFLP	2015	2014
Balance sheet information:		
Assets	\$ 972,509	\$ 637,431
Liabilities	204,072	2,500
Partnership equity	768,437	634,931
Results of operations:		
Revenues	399,043	368,833
Expenses	175,537	173,696
Net earnings	223,506	195,137
PRSCLP	2015	2014
Balance sheet information:		
Assets	\$ 4,830,848	\$ -
Liabilities	24,133	-
Partnership equity	4,806,715	-
Results of operations:		
Revenues	-	-
Expenses	(22,727)	-
Net earnings	22,727	-

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

5. Bank indebtedness:

The First Nation holds an operating line of credit with Bank of Montreal with a credit limit of \$350,000. The line of credit bears interest at the bank's prime rate and is secured by the general security agreement. Advances in excess of the credit limit bear interest at a rate of 21%.

The First Nation holds an operating line of credit with Royal Bank of Canada with a credit limit of \$250,000. The line of credit bears interest at the bank's prime rate plus 1.0% and is secured by the general security agreement.

6. Deferred revenue:

Deferred revenue represents monies received of which the funds are restricted for specific projects or programs and of which the expenses have not yet been incurred.

	2015	2014
Lease revenue	\$ 10,129,862	\$ 10,107,942
Other	17,696	13,816
	<u>\$ 10,147,558</u>	<u>\$ 10,121,758</u>

Net change in deferred revenue for the year was as follows:

	2015	2014
Balance, beginning of year	\$ 10,121,758	\$ 9,775,300
Contribution received	146,411	471,143
Amounts recorded in revenue	(120,611)	(124,685)
Balance, end of year:	<u>\$ 10,147,558</u>	<u>\$ 10,121,758</u>

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

7. Long-term debt:

	2015	2014
Treaty loan payable		
Advances from AANDC, interest free until the loan becomes due and payable (note 7(a))	\$ 11,116,754	\$ 11,116,754
Social Housing Program		
Mortgages, secured by a Ministerial Guarantee from AANDC, repayable in total monthly installments of \$12,083 including interest ranging from 1.62% to 2.61%, maturing between August 2015 to December 2022	415,643	501,218
All Nations Trust Company		
Mortgage, fully repaid during the year	-	32,055
Bank of Montreal		
Mortgages, secured by social assistance payments and assignment of insurance proceeds, repayable in total monthly installments of \$16,851 including interest ranging from 3.8% to 3.97%, maturing in March, 2018 and July, 2019	2,098,735	2,186,470
John Deere financing		
Equipment financing, secured by specific equipment, repayable in monthly installments of \$2,769 including interest of nil%, maturing February 2016	27,695	60,927
	\$ 13,658,827	\$ 13,897,424

Scheduled principal payments on long-term debt for the next five years are as follows:

2016	\$ 229,699
2017	197,918
2018	204,719
2019	209,745
2020	201,833

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

7. Long-term debt (continued):

(a) Treaty loan payable:

The treaty loan is comprised of advances from AANDC, based on First Nation Loan Agreements. These advances are interest free until the date the loan becomes due and payable at the earliest of the following dates:

- (i) the date a signed treaty takes effect unless otherwise agreed to in the treaty,
- (ii) the later of:
 - the twelfth anniversary of the date of the first loan advanced which occurred in October, 1994,
 - the extension due date; and
- (iii) the date the Federal Minister of AANDC demands payment of the loan due to an event of default.

On August 30, 2005, the First Nation signed an Extension Agreement with the Government of Canada and BCTC to extend the date in clause (ii) above, to October 18, 2016. The First Nation has signed the Treaty agreement, with an effective date of April 1, 2016.

8. Replacement reserve:

Under the terms of the First Nations Social Housing agreement with CMHC, the replacement reserve account is to be credited annually by an amount of \$28,070. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by CMHC. Withdrawals are credited to accumulated interest first and then principal. As at March 31, the funds in the reserve consisted of the following:

	2015	2014
Balance, beginning of the year	\$ 118,153	\$ 199,038
Contributions	27,180	28,070
Interest	3,584	4,267
Expenses	(8,955)	-
Net matured unit adjustment		
CMHC assessed value	-	-
Matured unit adjustment	-	(113,222)
	-	(113,222)
Balance, end of year	\$ 139,962	\$ 118,153

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

9. Tangible capital assets:

	Buildings and improvements	Infrastructure	Computers & Equipment	2015	2014
Cost:					
Beginning of year	\$ 14,186,036	\$ 3,318,871	\$ 1,595,685	\$ 19,100,592	\$ 18,599,480
Acquisitions	848,147	228,430	387,921	1,464,498	526,032
Disposals	-	-	(84,957)	(84,957)	(24,920)
Balance, end of year	15,034,183	3,547,301	1,898,649	20,480,133	19,100,592
Accumulated amortization:					
Balance, beginning of year	7,345,342	1,507,858	1,311,212	10,164,412	9,669,970
Amortization	355,713	77,009	107,989	540,711	517,368
Disposals	-	-	(84,957)	(84,957)	(22,926)
Balance, end of year	7,701,055	1,584,867	1,334,244	10,620,166	10,164,412
Net book value, end of year	\$ 7,333,128	\$ 1,962,434	\$ 564,405	\$ 9,859,967	\$ 8,936,180

Included in buildings and improvements is construction in progress of \$769,234, (2014 - \$111,369), in relation to the new administration building.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

10. Accumulated surplus (deficit):

	2015	2014
Financial surplus (deficit):		
Unrestricted operating deficit	\$ (6,409,797)	\$ (7,804,791)
Internally restricted surplus (note 11)	298,196	434,419
	(6,111,601)	(7,370,372)
Invested in tangible capital assets (note 12)	7,317,894	6,155,510
Externally restricted surplus (note 13)	58,355	60,192
	\$ 1,264,648	\$ (1,154,670)

11. Internally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Expenses	Ending Balance
Tla'Amin Community					
Health Board Society:					
Capital reserve	\$ 131,661	\$ 3,270	\$ -	\$ -	\$ 134,931
Elder care facility	43,106	1,874	-	8,089	53,069
Canadian disability resource council	64,647	1,399	-	(7,287)	58,759
Treaty	134,648	-	-	(134,648)	-
Klahanie study	60,357	-	-	(8,920)	51,437
	\$ 434,419	\$ 6,543	\$ -	\$ (142,766)	\$ 298,196

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

12. Invested in tangible capital assets:

(a) Investment in tangible capital assets:

	2015	2014
Tangible capital assets	\$ 9,859,967	\$ 8,936,180
Less financed by:		
Long-term debt	(2,542,073)	(2,780,670)
	\$ 7,317,894	\$ 6,155,510

(b) Change in invested in tangible capital assets:

	2015	2014
Balance, beginning of year	\$ 6,155,510	\$ 5,927,058
Acquisition of tangible capital assets	1,464,498	526,032
Amortization of tangible capital assets	(540,711)	(517,368)
Net book value of tangible capital assets disposed	-	(1,993)
Repayment of long-term debt	238,597	221,781
Balance, end of year	\$ 7,317,894	\$ 6,155,510

13. Externally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Transfers	Ending Balance
Ottawa Trust Funds	\$ 60,192	\$ 2,452	\$ 2,305	\$ (6,594)	\$ 58,355

The Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. These funds are restricted in their use, of which the First Nation is generally permitted to use for a purpose that will promote the general progress and welfare of the First Nation and First Nation members. The management of the funds is primarily governed by the sections of the Indian Act.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

14. Contingencies:

(a) Housing loan guarantees:

The First Nation is contingently liable as guarantor of housing loans for members in the amount of \$1,215,137 (2014 - \$1,313,823) under the Federal Ministerial Loan Guarantee Program.

(b) 2011 referendum:

On July 26, 2011, the First Nation held a referendum, pursuant to which it transferred \$2,309,744 from its Land Lease Investment account to offset a deficit in its Band Administration program. The transfer is to be repaid over a period of 30 years from land lease revenues and the Forest Range Agreement.

15. Related party transactions:

Transactions with GBE's and GBP's (note 4) for the year ended March 31, 2015, included the following:

(a) The First Nation received rent revenue of \$12,000 (2014 - \$12,000) from SDC.

(b) The First Nation received funding of \$48,580 (2014 - \$46,544) from AANDC for community economic development that was transferred to SDC. The First Nation has recorded the revenue in AANDC transfers and the related expense in capital expense.

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

16. Financial instruments:

(a) Credit risk:

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in a financial loss. The First Nation holds its cash and cash equivalents, with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation (note 2).

(b) Liquidity risk:

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations as they become due. The First Nation monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due.

The First Nation is subject to non-financial covenants and restrictions in relation to its long-term debt loan and mortgages. As at March 31, 2015, the First Nation was in compliance with these covenants and restrictions.

The following table summarizes the contractual maturities of the Band's financial liabilities:

In thousands of dollars	March 31, 2015			
	On demand	Up to 1 year	Over 1 year	Total
Bank indebtedness	\$ 253	\$ -	\$ -	\$ 253
Accounts payable and accrued liabilities	2,159	-	-	2,159
Long term debt	-	230	13,429	13,659
Replacement reserves	140	-	-	140
	\$ 2,552	\$ 230	\$ 13,429	\$ 16,211

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

16. Financial instruments (continued):

(b) Liquidity risk (continued):

In thousands of dollars				March 31, 2014	
	On demand	Up to 1 year	Over 1 year	Total	
Bank indebtedness	\$ 90	\$ -	\$ -	\$ 90	
Accounts payable and accrued liabilities	2,277	-	-	2,277	
Long-term debt	-	237	13,660	13,897	
Replacement reserves	118	-	-	118	
	\$ 2,485	\$ 237	\$ 13,660	\$ 16,382	

(c) Interest rate and cash flow risk:

Interest rate risk relates to the impact of changes in interest rates on the First Nation's future cash inflows from its investments and future cash outflows on its long-term debt. The First Nation's cash and cash equivalents are held in cash or short term money market instruments, accordingly, the First Nation is not subject to significant interest rate risk in regards to these financial assets.

The First Nation is subject to interest rate and cash flow risk with respect to its long-term debt, as disclosed in note 7. The First Nation manages interest rate risk through negotiations with lenders at origination or renewal of loan agreements.

17. Economic dependence:

The First Nation receives a major portion of its revenues pursuant to a funding agreement with AANDC. Any disruption in this funding could have a negative effect on First Nation operations.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

18. Segmented information:

Segmented information has been identified based upon lines of service provided by the First Nation. Services are provided by controlled Societies, departments and their activities are reported by functional are in the body of the financial statements. Certain lines of service that have been separately disclosed are summarized below, with activity for the year ended March 31, 2015 summarized in Schedule 2.

(a) Band administration

Band administration provides the functions of corporate administration, finance, human resources, legislative services, elected officials and cultural activities.

(b) Capital

Capital provides the function of maintaining for parks and lands.

(c) Education

Education is responsible for administering and facilitating education programs such as secondary education, university qualifying credit courses and community education programs.

(d) Fisheries

Fisheries relates to the operations of fishing, licensing, hatcheries and other fisheries related programs.

(e) Forestry

Forestry includes funding for and expenses related to the First Nation's forestry licenses, permits, and forestry operations.

(f) Health

Health is operated through Tla'Amin Community Health Board Society, a community organization whose focus is to improve and maintain health, lifestyle and wellness in the First Nation.

(g) Housing

Housing includes revenue and expenses related to rental housing units owned or managed on behalf of others by the First Nation.

SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

18. Segmented information (continued):

(h) Land and resources

Land and resources includes revenue and expenses to maintain the First Nation's land, buildings and infrastructure.

(i) Social development

Social development provides social programs to First Nation members.

(j) Social Housing Program

The Social Housing Program administers the CMHC program to provide and advocate for secure, affordable housing under the CMHC program.

(k) Taxation

Taxation includes revenues from property tax levies, goods and services tax and funds received from impact benefits and costs related to the administration of the property taxation department.

(l) Treaty

Treaty relates to funding, revenue and expenses relating to the First Nation's treaty negotiations with the governments of Canada and British Columbia.

19. Comparative figures:

Certain 2014 comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

SLIAMMON FIRST NATION

Schedule 1 - Consolidated Expenses by Object

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

	2015	2014
Accounting and legal	\$ 702,723	\$ 636,892
Amortization (note 9)	540,711	517,368
Allowance for doubtful accounts	96,700	225,000
Consulting	1,095,130	1,149,854
Education	1,598,920	1,606,972
Gain on disposal of tangible capital assets	-	(5,206)
Grants and bursaries	65,358	66,402
Honouraria	244,002	223,351
Housing	186,939	260,297
Insurance	191,579	163,357
Interest	117,743	316,319
Miscellaneous	154,109	81,914
Programming	473,432	374,080
Repairs and maintenance	320,911	419,489
Replacement reserve (recovery)	27,140	(85,152)
Social Health and child benefits	1,040,318	1,097,065
Supplies	443,813	440,860
Telephone and utilities	301,939	303,127
Travel and training	266,633	348,885
Wages and benefits	3,811,722	3,710,893
	\$ 11,679,822	\$ 11,851,767

Schedule 2 - Segmented Information

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

Year ended March 31, 2015									
	Revenue					Surplus (deficit)	Financial Surplus		
	AANDC	Other	Contributions to (from) Other Programs	Total	Expenses		March 31, 2014	Transfers	March 31, 2015
Band administration	\$ 814,082	\$ 2,430,460	\$ (25,384)	\$ 3,219,158	\$ 3,350,023	\$ (176,285)	\$ (4,975,357)	\$ (1,627,683)	\$ (6,449,657)
Capital	272,243	102,240	-	374,483	408,581	11,322	1,173,555	-	1,184,877
Education	1,971,982	249,973	-	2,221,955	2,134,032	87,923	1,878,678	-	1,966,601
Fisheries	-	325,939	-	325,939	375,418	(49,479)	(17,992)	-	(67,471)
Forestry	-	452,717	-	452,717	5,678	447,039	3,020,726	-	3,467,765
Health	94,633	1,979,011	-	2,073,644	2,045,370	28,274	(311,879)	12,000	(154,937)
Housing	11,935	211,013	-	222,948	417,553	(186,771)	(693,013)	24,000	(855,784)
Land and resources	629,151	192,494	-	821,645	170,277	669,035	770,805	-	1,439,840
Social development	1,159,568	-	-	1,159,568	998,187	161,381	(432,887)	(85,575)	(271,506)
Social housing	-	137,233	25,384	162,617	83,526	79,091	1,636,878	-	1,715,969
Taxation	-	270,966	-	270,966	231,338	14,127	1,037,989	-	1,052,116
Treaty	2,382,589	410,911	-	2,793,500	1,459,839	1,333,661	(10,457,875)	(24,000)	(9,139,414)
	\$ 7,336,183	\$ 6,762,957	\$ -	\$ 14,099,140	\$ 11,679,822	\$ 2,419,318	\$ (7,370,372)	\$ (1,701,258)	\$ (6,111,601)

Year ended March 31, 2014

Year ended March 31, 2014													
	Revenue												
	Contributions to												
	AANDC	Other	Other Programs	Total	Expenses	Surplus (deficit)	March 31, 2013	Financial Surplus	Amortization	Transfers	March 31, 2014	Financial Surplus	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Band administration													
Capital	230,601	1,418,273	-	1,648,874	2,997,990	(1,667,168)	(2,926,658)		281,337	(662,869)		(4,975,358)	
Education	1,439,930	57,055	-	1,496,985	450,322	1,364,715	(191,160)		-	-		1,173,555	
Fisheries	1,920,273	67,903	-	1,988,176	2,140,835	(152,659)	2,031,337		-	-		1,878,678	
Forestry	-	373,536	-	373,536	333,970	39,566	(57,558)		-	-		(17,992)	
Health	-	455,769	-	455,769	1,421	454,348	2,566,378		-	-		3,020,726	
Housing	109,676	1,972,278	-	2,081,954	2,050,227	31,727	(488,666)		131,066	13,994		(311,879)	
Lands and resources	23,869	208,703	-	232,572	466,156	(233,179)	(483,834)		-	24,000		(693,013)	
Social development	936,005	231,581	-	1,167,586	237,438	930,148	(159,343)		-	-		770,805	
Social housing	987,429	-	-	987,429	1,106,681	(119,252)	(313,635)		96,236	(96,236)		(432,887)	
Taxation	-	357,661	-	357,661	91,382	266,279	1,370,599		-	-		1,636,878	
Treaty	-	302,060	-	302,060	331,361	(29,706)	1,067,695		-	-		1,037,989	
	646,900	423,544	-	1,070,444	1,643,984	(573,540)	(9,869,064)		8,729	(24,000)		(10,457,875)	
	\$ 6,294,683	\$ 5,868,364	\$ -	\$ 12,163,047	\$ 11,851,767	\$ 311,280	\$ (7,453,909)	\$	\$ 517,368	\$ (745,111)	\$	\$ (7,370,372)	