

Consolidated Financial Statements of

## **SLIAMMON FIRST NATION**

Year ended March 31, 2016

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

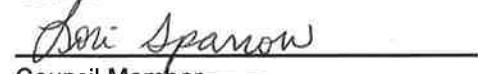
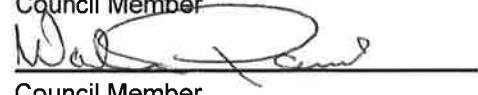
The accompanying consolidated financial statements of Sliammon First Nation (the "First Nation") and all the information in this report are the responsibility of management and have been approved by Chief and Council of the First Nation.

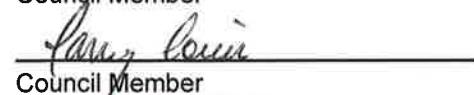
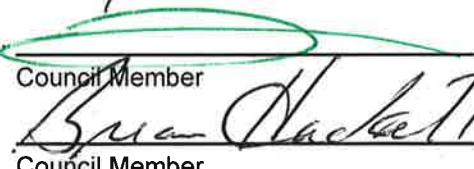
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen 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.

  
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Chief  
  
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Council Member  
  
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Council Member  
  
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Council Member

  
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Council Member  
  
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Council Member  
  
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Council Member

July 25, 2016



KPMG LLP  
200-3200 Richter Street  
Kelowna BC V1W 5K9  
Canada  
Telephone (250) 979-7150  
Fax (250) 763-0044

## 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, 2016, 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.

***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, 2016, 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.

A handwritten signature in black ink that reads "KPMG LLP". The "K" is large and stylized, followed by "PMG" and "LLP" in a smaller, more standard font.

Chartered Professional Accountants

Kelowna, Canada

July 25, 2016

# SLIAMMON FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial Assets</b>		
Cash and cash equivalents (note 2)	\$ 1,680,111	\$ 1,426,365
Restricted cash and investments (note 2)	11,097,268	11,295,685
Accounts receivable (note 3)	2,016,844	1,349,921
Investments in business enterprises (note 4)	5,067,078	3,892,957
	<u>19,861,301</u>	<u>17,964,928</u>
<b>Liabilities</b>		
Bank indebtedness (note 5)	445,850	253,122
Accounts payable and accrued liabilities	3,251,646	2,159,466
Deferred revenue (note 6)	10,196,697	10,147,558
Term debt (note 7)	18,429,469	13,658,826
Replacement reserve (note 8)	109,049	139,962
	<u>32,432,711</u>	<u>26,358,934</u>
<b>Net debt</b>	<b>(12,571,410)</b>	<b>(8,394,006)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 9)	16,556,625	9,859,967
Prepaid expenses and deposits	105,235	155,842
	<u>16,661,860</u>	<u>10,015,809</u>
<b>Accumulated surplus</b>	<b>\$ 4,090,450</b>	<b>\$ 1,621,803</b>
Accumulated surplus is comprised of:		
Accumulated surplus (note 10)	\$ 3,937,317	\$ 1,264,648
Accumulated remeasurement gains	153,133	357,155
	<u>\$ 4,090,450</u>	<u>\$ 1,621,803</u>

Contingencies (note 14)

Subsequent event (note 15)

See accompanying notes to consolidated financial statements.

On behalf of the Chief and Council:

Chief  
Glenn Fias  
Council Member

Council Member  
Don Sparrow  
Walt Paul  
Council Member

Eugene Louie  
Council Member

Larry Louie  
Council Member

Council Member  
Brian Jackall  
Council Member

# SLIAMMON FIRST NATION

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2016, with comparative information for 2015

	2016 Budget	2016	2015
	(note 1(i))		
<b>Revenue:</b>			
Transfers from other governments:			
Indigenous and Northern Affairs Canada	\$ 8,059,149	\$ 9,406,233	\$ 7,335,789
Province of British Columbia	913,563	1,476,507	1,341,546
Federal government	1,871,667	1,914,757	1,732,259
Canada Mortgage and Housing Corporation subsidy	23,766	26,666	43,259
First Nation Education Steering Committee	37,415	28,122	180,854
Interest	25,000	22,382	53,038
Rental	254,500	383,911	304,988
Lease	164,850	128,601	161,095
Property and other taxes	265,000	266,545	260,229
Fishing licenses	108,588	86,550	100,553
Other revenue	1,283,349	938,013	935,579
Equity in earnings of business enterprises (note 4)	-	2,290,922	1,649,950
	13,006,847	16,969,209	14,099,139
<b>Expenses (Schedule 1):</b>			
Band administration	4,203,687	4,692,191	3,264,448
Capital	1,864,327	1,785,700	408,581
Education	2,065,383	1,933,342	2,134,032
Fisheries	342,879	310,715	375,418
Forestry	7,084	10,210	5,647
Health	2,465,580	2,355,537	2,045,370
Housing	410,088	543,292	443,380
Land and resources	174,719	203,822	170,277
Social development	1,034,760	811,939	998,187
Social housing	121,135	103,173	143,306
Taxation	248,250	295,415	231,338
Treaty	343,480	1,251,204	1,459,839
	13,281,372	14,296,540	11,679,823
<b>Surplus</b>	(274,525)	2,672,669	2,419,316
Accumulated deficit, beginning of the year	1,264,648	1,264,648	(1,154,668)
<b>Accumulated deficit, end of year</b>	\$ 990,123	\$ 3,937,317	\$ 1,264,648

See accompanying notes to consolidated financial statements.

# SLIAMMON FIRST NATION

## Consolidated Statement of Changes in Net Debt

Year ended March 31, 2016, with comparative information for 2015

	2016 Budget (note 1(i))	2016	2015
Surplus	\$ (274,525)	\$ 2,672,669	\$ 2,419,316
Changes to non-financial assets:			
Acquisition of tangible capital assets	(7,225,000)	(7,338,391)	(1,464,498)
Amortization of tangible capital assets	-	602,946	540,711
Net book value of tangible capital assets disposed	-	38,787	-
	(7,225,000)	(6,696,658)	(923,787)
Net (acquisition) use of prepaid expenses and deposits	-	50,607	(3,027)
		(3,973,382)	1,492,502
Net remeasurement gains (losses)		(204,022)	226,270
Increase (decrease) in net debt	(7,499,525)	(4,177,404)	1,718,772
Net debt, beginning of year	(8,394,006)	(8,394,006)	(10,112,778)
Net debt, end of year	\$ (15,893,531)	\$ (12,571,410)	\$ (8,394,006)

See accompanying notes to consolidated financial statements.

# SLIAMMON FIRST NATION

## Consolidated Statement of Remeasurement Gains and Loss

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Portfolio investments:		
Accumulated remeasurement gains and losses, beginning of year	\$ 357,155	\$ 130,885
Unrealized gains (losses) on portfolio investments (note 2)	(204,022)	226,270
<b>Accumulated measurement gains and losses, end of year</b>	<b>\$ 153,133</b>	<b>\$ 357,155</b>

See accompanying notes to consolidated financial statements.

# SLIAMMON FIRST NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Cash received from Indigenous and Northern Affairs Canada	\$ 8,619,138	\$ 7,728,244
Cash received from grants, property taxes, user fees, rent and other revenue	5,229,640	4,932,830
Cash paid to employees and suppliers	(12,209,700)	(11,044,909)
Interest received	22,382	53,038
Interest paid	<u>(159,477)</u>	<u>(117,743)</u>
	1,501,983	1,551,460
<b>Financing activities:</b>		
Net (repayment) advances from bank indebtedness	192,728	162,911
Proceeds from term debt	4,968,028	-
Repayment of term debt	(197,385)	(238,597)
Increase (decrease) in replacement reserves	<u>(30,913)</u>	<u>21,809</u>
	4,932,458	(53,877)
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(7,338,391)	(1,464,498)
Proceeds on disposal of tangible capital assets	46,500	-
	<u>(7,291,891)</u>	<u>(1,464,498)</u>
<b>Investing activities:</b>		
Net increase in restricted cash and investments	(5,605)	(546,408)
Net (investment in) advances from business enterprises (note 4)	<u>1,116,801</u>	<u>(83,867)</u>
	1,111,196	(630,275)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>253,746</b>	<b>(597,190)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,426,365</b>	<b>2,023,555</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,680,111</b>	<b>\$ 1,426,365</b>
<b>Non-cash investing, financing and capital activities:</b>		
Equity in earnings of business enterprises (note 4)	\$ 2,290,922	\$ 1,649,950
Unrealized gain (loss) on portfolio investments	<u>(204,022)</u>	<u>226,270</u>

See accompanying notes to consolidated financial statements.

# SLIAMMON FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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Sliammon First Nation provides local government, education and social development services to its members and was established under the Indian Act (Canada) (note 15).

### **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 significant accounting 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, 2016

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## 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, 2016

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## **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 has 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, 2016

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## 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	10-100%

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, 2016

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## 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 19 and Schedule 2 to the consolidated financial statements.

### (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, 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.

# **SLIAMMON FIRST NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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

### **(i) Budget data:**

The budget data presented in these consolidated financial statements have been derived from the budget approved by Chief and Council on April 2, 2015.

### **(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, 2016

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## 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.

	2016	2015
<b>Internally restricted:</b>		
Sand replacement	\$ 300,000	\$ 300,000
Lands and resources	9,712,091	9,893,321
Taxation	622,816	593,696
Elder care facility	12,135	12,155
Klahanie study - internally restricted surplus	46,192	51,437
Tla'Amin Community Health Board Society - restricted surplus	236,667	246,759
	<u>10,929,901</u>	<u>11,097,368</u>
<b>Externally restricted:</b>		
Social Housing replacement reserve	109,049	139,962
Ottawa Trust	58,318	58,355
	<u>167,367</u>	<u>198,317</u>
	<hr/> <u>\$ 11,097,268</u>	<hr/> <u>\$ 11,295,685</u>

As at March 31, 2016, the total fair value of the First Nation's portfolio investments exceeded their cost amount by \$153,133 (2015 - \$357,155), 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, 2016

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### 3. Accounts receivable:

	2016	2015
Indigenous and Northern Affairs Canada (INAC)	\$ 1,676,507	\$ 889,412
Government of Canada	55,813	100,846
Province of British Columbia	100,000	3,295
Canada Mortgage and Housing Corporation (CMHC)	-	2,961
<u>Other</u>	<u>140,391</u>	<u>330,550</u>
	1,972,711	1,327,064
First Nation members	2,348,838	2,138,219
Less allowance for doubtful accounts		
First Nation members	(2,304,705)	(2,115,362)
	44,133	22,857
	<b>\$ 2,016,844</b>	<b>\$ 1,349,921</b>

# SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 4. Investments in business enterprises:

	2016	2015
Government business enterprises	\$ 285,731	\$ 421,495
Government business partnerships	4,781,347	3,471,462
	<b>\$ 5,067,078</b>	<b>\$ 3,892,957</b>

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

	2016	2015
Equity in earnings of business enterprises	\$ 2,290,922	\$ 1,649,950
Net advances from business enterprises	(131,744)	(1,620,608)
Net contribution in (drawings from) business partnerships:	(985,057)	1,704,475
	<b>\$ 1,174,121</b>	<b>\$ 1,733,817</b>

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

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

	2016	2015
Sliammon Development Corporation (SDC):		
Investment in shares, at cost	\$ 7	\$ 7
Advances	(50,488)	(61,947)
	<b>(50,481)</b>	<b>(61,940)</b>
Tla'amin Timber Products Ltd. (TTP):		
Investment in shares, at cost	30	30
Investment, contributed surplus	450,000	450,000
Advances	(1,363,364)	(1,220,159)
Accumulated equity in earnings	1,249,546	1,253,564
	<b>336,212</b>	<b>483,435</b>
Grace Harbour Oyster Company Ltd. (GHOC):		
Investment in shares, at cost	-	-
	<b>\$ 285,731</b>	<b>\$ 421,495</b>

Advances to GBEs 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, 2016

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## 4. Investments in business enterprises (continued):

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

SDC oversees economic opportunities for the Sliammon Nation and the purpose of the SDC is to foster the economic and social betterment of the Sliammon 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 GBEs is March 31 and the financial information provided in note 4(a)(ii) is as at and for the periods ended March 31.

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

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SDC	2016	2015
Balance sheet information:		
Assets	\$ 3,259,543	\$ 3,148,426
Liabilities	4,759,441	4,963,385
Shareholder's deficiency	(1,499,898)	(1,814,959)
Results of operations:		
Revenue	4,483,885	3,889,287
Expenses, including income taxes	4,190,390	4,226,611
Net earnings (loss)	293,495	(337,324)

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TTP	2016	2015
Balance sheet information:		
Assets	\$ 1,702,326	\$ 1,706,347
Liabilities	2,750	2,751
Shareholder's equity	1,699,576	1,703,596
Results of operations:		
Revenue	3,183	3,232
Expenses (recoveries), including income taxes	7,203	7,613
Net loss	(4,020)	(4,381)

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# SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 4. Investments in business enterprises (continued):

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

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

	2016	2015
Thichum Forest Products Limited Partnership (TFPLP):		
Partnership equity interest	\$ 2,484,725	\$ 1,602,782
Salish Seas Fisheries Limited Partnership (SSFLP):		
Partnership equity interest	340,287	256,146
PRSC Limited Partnership (PRSCLP):		
Partnership equity interest	1,956,335	1,612,534
	<hr/> \$ 4,781,347	<hr/> \$ 3,471,462

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

#### TFPLP:

The First Nation and TTP 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 in Salish Seas Fisheries General Partner Ltd., which has a net realizable value of \$nil (2015 - \$nil) as at March 31, 2016.

#### PRSCLP:

The First Nation holds 16.67% of the partnership units of PRSCLP, with SDC and The City of Powell River as the other partners.

The fiscal year end of the GBPs 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, 2016

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## 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:

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TFPLP	2016	2015
Balance sheet information:		
Assets	\$ 2,963,650	\$ 2,352,361
Liabilities	346,161	464,248
Partnership equity	2,617,489	1,888,113
Results of operations:		
Revenues	7,729,862	7,515,780
Expenses	5,900,265	5,932,004
Net earnings	1,829,597	1,583,776
<hr/>		
<hr/>		
SSFLP	2016	2015
Balance sheet information:		
Assets	\$ 1,351,771	\$ 972,509
Liabilities	464,464	204,072
Partnership equity	887,307	768,437
Results of operations:		
Revenues	360,889	399,043
Expenses	152,019	175,537
Net earnings	208,870	223,506
<hr/>		
<hr/>		
PRSCLP	2016	2015
Balance sheet information:		
Assets	\$ 5,299,805	\$ 5,181,361
Liabilities	129,795	24,133
Partnership equity	5,170,010	5,157,229
Results of operations:		
Revenues	50,000	479,343
Expenses	33,850	(22,727)
Net earnings	16,150	456,616
<hr/>		

# SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 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 a general security agreement.

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 a general security agreement.

## 6. Deferred revenue:

	2016	2015
Lease revenue	\$ 10,181,807	\$ 10,129,862
Other	14,890	17,696
	<b>\$ 10,196,697</b>	<b>\$ 10,147,558</b>

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

	2016	2015
Balance, beginning of year	\$ 10,147,558	\$ 10,121,758
Contribution received	175,250	146,411
Amounts recorded in revenue	(126,111)	(120,611)
Balance, end of year:	<b>\$ 10,196,697</b>	<b>\$ 10,147,558</b>

# SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 7. Term debt:

	2016	2015
<b>Treaty loan payable:</b> Advances from INAC, repayable in total annual installments of \$1,356,612 including interest of 2.16%	\$ 11,116,754	\$ 11,116,754
<b>Social Housing Program:</b> Mortgages, secured by a Ministerial Guarantee from INAC, repayable in total monthly installments of \$7,816 including interest ranging from 1.62% to 1.82%, maturing July 2019 to December 2022	343,236	415,643
<b>Capital financing:</b> 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 5.86% to 6.49%, maturing May 2018 to July 2019	2,001,451	2,098,735
Royal Bank of Canada, construction financing, repayable in full on the earlier of the receipt of the proceeds of refinancing and September 30, 2016	4,968,028	-
John Deere Finance equipment financing, repaid in the current year	-	27,694
	<hr/> <b>\$ 18,429,469</b>	<hr/> <b>\$ 13,658,826</b>

Based on maturity provisions to March 31, 2016, scheduled principal payments on term debt for the next five years are as follows:

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2016	\$ 6,243,659
2017	1,280,773
2018	1,286,095
2019	1,278,882
2020	1,277,926

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### (a) Royal Bank of Canada financing:

The Royal Bank of Canada construction financing consists of an \$8.9 million loan facility for the construction of a new administration building (note 9). Amounts borrowed under the facility bear interest at the lender's prime rate plus 0.50% and are secured by a Chief and Council resolution and a general security agreement, constituting a first interest in personal property of the First Nation.

The First Nation has an available term loan facility with the Royal Bank of Canada of up to \$8.9 million to refinance the construction financing. The interest and security for the loan are as provided above and the repayment terms will be established at the time of issuance.

# SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 8. Replacement reserve:

Under the terms of the First Nations Social Housing agreement with CMHC, the replacement reserve account was credited in the year ended March 31, 2016 by \$23,278. 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:

	2016	2015
Balance, beginning of the year	\$ 139,962	\$ 118,153
Contributions	23,278	27,180
Interest	2,044	3,584
Expenses	(29,313)	(8,955)
Net matured unit adjustment	(26,922)	-
 Balance, end of year	 \$ 109,049	 \$ 139,962

## 9. Tangible capital assets:

	Buildings and improvements	Infrastructure	Computers & equipment	2016	2015
<b>Cost:</b>					
Beginning of year	\$ 15,034,183	\$ 3,547,301	\$ 1,898,649	\$ 20,480,133	\$ 19,100,592
Acquisitions	6,718,296	-	620,095	7,338,391	1,464,498
Disposals	-	-	(412,993)	(412,993)	(84,957)
Balance, end of year	21,752,479	3,547,301	2,105,751	27,405,531	20,480,133
<b>Accumulated amortization:</b>					
Beginning of year	7,701,055	1,584,867	1,334,244	10,620,166	10,164,412
Amortization	342,162	78,497	182,287	602,946	540,711
Disposals	-	-	(374,206)	(374,206)	(84,957)
Balance, end of year	8,043,217	1,663,364	1,142,325	10,848,906	10,620,166
 <b>Net book value, end of year</b>	 \$ 13,709,262	 \$ 1,883,937	 \$ 963,426	 \$ 16,556,625	 \$ 9,859,967

Included in buildings and improvements is construction in progress of \$7,469,822 (2015 - \$769,234) in relation to the new administration building.

# SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 10. Accumulated surplus:

	2016	2015
Financial surplus (deficit):		
Unrestricted operating deficit	\$ (5,647,770)	\$ (6,409,798)
<u>Internally restricted surplus (note 11)</u>	282,859	298,196
	(5,364,911)	(6,111,602)
Invested in tangible capital assets (note 12)	9,243,910	7,317,895
<u>Externally restricted surplus (note 13)</u>	58,318	58,355
	<u>\$ 3,937,317</u>	<u>\$ 1,264,648</u>

## 11. Internally restricted surplus:

	Beginning balance	Contributions	Interest	Approved expenses	Ending balance
Tla'Amin Community					
Health Board Society:					
Capital reserve	\$ 134,931	\$ 1,776	\$ -	\$ -	\$ 136,707
Elder care facility	53,069	581	-	-	53,650
Canadian disability resource council	58,759	681	-	(13,130)	46,310
Klahanie study	51,437	-	-	(5,245)	46,192
	<u>\$ 298,196</u>	<u>\$ 3,038</u>	<u>\$ -</u>	<u>\$ (18,375)</u>	<u>\$ 282,859</u>

# SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 12. Invested in tangible capital assets:

### (a) Investment in tangible capital assets:

	2016	2015
Tangible capital assets	\$ 16,556,625	\$ 9,859,967
Less financed by:		
Term debt	(7,312,715)	(2,542,072)
	<b>\$ 9,243,910</b>	<b>\$ 7,317,895</b>

### (b) Change in invested in tangible capital assets:

	2016	2015
Balance, beginning of year	\$ 7,317,895	\$ 6,155,511
Acquisition of tangible capital assets	7,338,391	1,464,498
Amortization of tangible capital assets	(602,946)	(540,711)
Net book value of tangible capital assets disposed	(38,787)	-
Repayment of term debt	197,385	238,597
Proceeds from term debt	(4,968,028)	-
Balance, end of year	<b>\$ 9,243,910</b>	<b>\$ 7,317,895</b>

## 13. Externally restricted surplus:

	Beginning balance	Contributions	Interest	Approved transfers	Ending balance
Ottawa Trust Funds	\$ 58,355	\$ 2,455	\$ 1,208	\$ (3,700)	\$ 58,318

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 and are restricted in their use. The First Nation is generally permitted to use these funds 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, 2016

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## **14. Contingencies:**

### **(a) Housing loan guarantees:**

The First Nation is contingently liable as guarantor of housing loans for members in the amount of \$1,208,746 (2015 - \$1,215,137) 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.

## **15. Subsequent event:**

The Tla'amin Final Agreement, a tri-partite agreement between the Tla'amin Nation, Government of Canada, and the Province of British Columbia, came into effect on April 5, 2016. The Tla'amin Final Agreement constitutes the full and final settlement with respect to the Tla'amin Nation's aboriginal rights, including aboriginal title, in Canada. As at the effective date, the assets, liabilities, governance and operation of Sliammon First Nation transitioned to Tla'amin Nation.

## **16. Related party transactions:**

Transactions with GBEs and GBPs (note 4) for the year ended March 31, 2016, included the following:

- (a) The First Nation received rent revenue of \$12,000 (2015 - \$12,000) from SDC.
- (b) The First Nation received funding of \$48,491 (2015 - \$48,580) from INAC for community economic development that was transferred to SDC. The First Nation has recorded the revenue in INAC transfers and the related expense in Capital.

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, 2016

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## 17. 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, 2016 the First Nation was in compliance with these covenants and restrictions.

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

In thousands of dollars	March 31, 2016			
	On demand	Up to 1 year	Over 1 year	Total
Bank indebtedness	\$ 446	\$ -	\$ -	\$ 446
Accounts payable and accrued liabilities	3,252	-	-	3,252
Term debt	-	6,244	12,185	18,429
Replacement reserves	109	-	-	109
	\$ 3,807	\$ 6,244	\$ 12,185	\$ 22,236

# SLIAMMON FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## 17. Financial instruments (continued):

### (b) Liquidity risk (continued):

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
Term debt	-	230	13,429	-	13,659
Replacement reserves	140	-	-	-	140
	\$ 2,552	\$ 230	\$ 13,429	\$ 16,211	

### (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 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 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.

## 18. Economic dependence:

The First Nation receives a major portion of its revenues pursuant to a funding agreement with INAC. 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, 2016

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## 19. Segmented information:

Segmented information has been identified based on programs provided by the First Nation. Programs are provided by controlled Societies and departments, and their activities are reported by function in the consolidated statement of operations and accumulated surplus. Certain programs that have been separately disclosed are summarized below, with activity for the year ended March 31 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 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, 2016

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## **19. 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 revenue 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 includes revenue and expenses relating to the First Nation's treaty negotiations with the Government of Canada and the Province of British Columbia.

## **20. Comparative figures:**

Certain 2015 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, 2016, with comparative figures for 2015

	2016	2015
Accounting and legal	\$ 2,148,372	\$ 702,723
Amortization (note 9)	602,946	540,711
Allowance for doubtful accounts	189,343	96,700
Consulting	1,366,444	1,095,130
Education	1,495,025	1,598,920
Grants and bursaries	68,298	65,358
Honouraria	207,486	244,002
Housing	433,057	186,939
Insurance	296,564	191,579
Interest	159,976	117,743
Miscellaneous	233,653	107,487
Programming	396,245	470,986
Repairs and maintenance	380,793	320,911
Replacement reserve	24,695	27,140
Social health and child benefits	1,266,973	1,086,941
Supplies	384,600	446,259
Telephone and utilities	265,025	301,939
Travel and training	303,687	266,633
Wages and benefits	4,073,358	3,811,722
	<hr/> \$ 14,296,540	<hr/> \$ 11,679,823

## SLIAMMON FIRST NATION

### Schedule 2 - Segmented Information

Year ended March 31, 2016, with comparative information for 2015

#### Year ended March 31, 2016

	Revenue										Financial Surplus	
	Contributions to (from) Other Programs			Total	Expenses	Surplus (deficit)	March 31, 2015	Financial Surplus				
	INAC	Other						Amortization	Transfers			
Band administration	\$ 525,901	\$ 3,046,604	\$ -	\$ 3,572,505	\$ 4,692,191	\$ (1,119,686)	\$ (5,055,939)	\$ 401,006	\$ (2,468,517)	\$ (8,243,136)		
Capital	2,323,491	115,337	96,222	2,535,050	1,785,700	749,350	1,139,457	-	-	1,888,807		
Education	1,864,799	59,790	-	1,924,589	1,933,342	(8,753)	1,966,601	-	-	1,957,848		
Fisheries	-	311,936	-	311,936	310,715	1,221	(67,471)	-	-	(66,250)		
Forestry	-	451,141	-	451,141	10,210	440,931	3,467,796	-	-	3,908,727		
Health	96,187	2,359,386	-	2,455,573	2,355,537	100,036	(154,937)	129,533	12,000	86,632		
Housing	15,920	312,924	-	328,844	543,292	(214,448)	(879,734)	-	-	(1,094,182)		
Lands and resources	1,399,657	143,366	-	1,543,023	203,822	1,339,201	1,422,173	-	-	2,761,374		
Social development	778,925	-	-	778,925	811,939	(33,014)	(271,506)	-	-	(304,520)		
Social housing	-	121,653	(96,222)	25,431	103,173	(77,742)	383,755	72,407	(72,407)	306,013		
Taxation	-	271,856	-	271,856	295,415	(23,559)	1,077,617	-	-	1,054,058		
Treaty	2,401,353	368,983	-	2,770,336	1,251,204	1,519,132	(9,139,414)	-	-	(7,620,282)		
	\$ 9,406,233	\$ 7,562,976	\$ -	\$ 16,969,209	\$ 14,296,540	\$ 2,672,669	\$ (6,111,602)	\$ 602,946	\$ (2,528,924)	\$ (5,364,911)		

#### Year ended March 31, 2015

	Revenue										Financial Surplus	
	Contributions to (from) Other Programs			Total	Expenses	Surplus (deficit)	March 31, 2014	Financial Surplus				
	INAC	Other						Amortization	Transfers			
Band administration	\$ 814,082	\$ 2,430,460	\$ (15,784)	\$ 3,228,758	\$ 3,264,448	\$ (35,690)	\$ (3,722,234)	\$ 329,668	\$ (1,627,683)	\$ (5,055,939)		
Capital	272,243	102,240	-	374,483	408,581	(34,098)	1,173,555	-	-	1,139,457		
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	5,647	447,070	3,020,726	-	-	3,467,796		
Health	94,633	1,979,011	-	2,073,644	2,045,370	28,274	(311,879)	116,668	12,000	(154,937)		
Housing	11,935	220,724	-	232,659	443,380	(210,721)	(693,013)	-	24,000	(879,734)		
Lands and resources	629,151	192,494	-	821,645	170,277	651,368	770,805	-	-	1,422,173		
Social development	1,159,568	-	-	1,159,568	998,187	161,381	(432,887)	-	-	(271,506)		
Social housing	-	127,522	15,784	143,306	143,306	-	383,755	85,575	(85,575)	383,755		
Taxation	-	270,966	-	270,966	231,338	39,628	1,037,989	-	-	1,077,617		
Treaty	2,382,589	410,911	-	2,793,500	1,459,839	1,333,661	(10,457,875)	8,800	(24,000)	(9,139,414)		
	\$ 7,336,183	\$ 6,762,957	\$ -	\$ 14,099,140	\$ 11,679,823	\$ 2,419,317	\$ (7,370,372)	\$ 540,711	\$ (1,701,258)	\$ (6,111,602)		