

Tzeachten First Nation
Consolidated Financial Statements
March 31, 2014

Tzeachten First Nation

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For the year ended March 31, 2014

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Management's Responsibility

To the Members of Tzeachten First Nation:

The accompanying consolidated financial statements of Tzeachten First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Tzeachten First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 25, 2014

Original Signed by Erin Creagh

Director of Finance

Original Signed by Glenda Campbell

Chief

Independent Auditors' Report

To the Members of Tzeachten First Nation:

We have audited the accompanying consolidated financial statements of Tzeachten First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 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 the 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 the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial position of Tzeachten First Nation as at March 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chilliwack, British Columbia

July 25, 2014

MNP LLP
Chartered Accountants

Tzeachten First Nation
Statement of Financial Position
As at March 31, 2014

	2014	2013
Financial Assets		
Cash	5,121,343	6,659,621
Replacement reserve fund (Note 10)	89,104	87,328
Accounts receivable (Note 3)	499,317	603,659
Investment in Vedder Crossing Plaza Inc. (Note 6)	10,158,166	10,158,166
Investment in Shxw Kwimel Cha Limited Partnership (Note 7)	(243,845)	(85,491)
Funds held in Ottawa Trust Account (Note 4)	1,171	49,338
Investments - other (Note 8)	1,475,602	1,286,430
	17,100,858	18,759,051
Liabilities		
Accounts payable and accruals	535,744	675,769
Due to Minors Trust Fund	480,671	447,817
Long-term debt (Note 9)	5,754,148	4,733,558
	6,770,563	5,857,143
Net Financial Assets	10,330,295	12,901,908
Contingencies (Note 11)		
Non-Financial Assets		
Tangible capital assets (Note 5)	9,921,980	7,309,443
Accumulated Surplus (Note 13)	20,252,275	20,211,351

Approved on behalf of the Council

Original Signed by Glenda Campbell

Chief

Original Signed by Lawrence Roberts

Councillor

Original Signed by Erin Creagh

Director of Finance

Tzeachten First Nation
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	820,800	892,875	871,629
Tzeachten Investment Income (Loss):			
Vedder Crossing Plaza Inc.	-	-	2,417,703
Shxw Kwimel Cha Limited Partnership	540,000	381,646	454,509
Ch-ihl-kway-uhk Forestry Limited Partnership	-	(21,346)	39,744
Ch-ihl-kway-uhk Forestry Ltd.	-	(243)	511
Ch-ihl-kway-uhk Tribe Society	-	5,473	(975)
Centre Creek Limited Partnership	-	(1,539)	(26,034)
Ts'elxwyeqw Tribe Limited Partnership	-	203,425	120,901
SHAC Joint Venture	-	3,402	(11,097)
Canada Mortgage Housing Corporation	19,500	48,240	21,585
Property Taxation	1,546,200	1,510,576	1,401,569
Tzeachten Sales Tax	634,400	636,253	749,130
Rental Income	276,800	193,326	175,925
Administrative fees and other income	55,500	9,319	35,017
Development cost charges equivalents	225,000	292,052	337,261
Property Transfer Tax	-	56,570	-
Attendance Honoraria	6,500	9,628	-
Land registry and Application fees	86,700	55,875	84,596
New Relationship Trust	-	28,500	-
Sto:lo Nation	52,500	38,853	45,890
BC Hydro	36,500	36,511	36,511
Royalties	-	335	-
First Nations Education Steering Committee	13,000	8,154	22,616
Sponsorships	2,000	-	3,600
Interest income	51,000	108,532	54,395
Recreation Income	-	110	5,605
Donations	-	2,180	4,770
	4,366,400	4,496,906	6,845,361
Expenses			
Administration	2,009,600	2,142,030	1,941,806
Economic development and employment	55,500	32,595	49,924
Maintenance	172,200	164,042	106,601
Education	31,200	13,948	22,802
Lands Management	387,200	439,448	297,106
Housing	264,100	196,843	197,802
Taxation	1,100,400	1,055,090	970,673
Capital Fund	250,000	411,986	256,150
	4,270,200	4,455,982	3,842,864
Surplus	96,200	40,924	3,002,497
Accumulated Surplus, beginning of year	20,211,351	20,211,351	17,208,854
Accumulated Surplus, end of year	20,307,551	20,262,275	20,211,351

The accompanying notes are an integral part of these financial statements

Tzeachten First Nation
Statement of Changes in Net Financial Assets
For the year ended March 31, 2014

	2014 Budget	2014	2013
Annual surplus	76,200	40,924	3,002,497
Purchase of tangible capital assets	619,000	(3,024,523)	(3,252,308)
Amortization of tangible capital assets	250,000	411,986	256,150
Increase (decrease) in net financial assets	945,200	(2,571,613)	6,339
Net Financial Assets, beginning of year	12,901,908	12,901,908	12,895,569
Net Financial Assets, end of year	13,847,108	10,330,295	12,901,908

The accompanying notes are an integral part of these financial statements

Tzeachten First Nation
Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Surplus	40,924	3,002,497
Non- Cash Items		
Amortization	411,986	258,150
Funds held in trust	48,167	(12)
Equity loss (income) from Vedder Crossing Plaza Inc.	-	(2,417,703)
Equity income from Shxw Kwimel Cha Limited Partnership	(381,646)	(454,509)
Equity Income from investments - other	(189,172)	(123,050)
	(69,741)	263,373
Changes in working capital accounts		
Accounts receivable	104,343	(83,491)
Accounts payable and accruals	(140,023)	457,304
Due to minors trust	32,854	44,187
	(72,567)	681,373
Financing activities		
Advances of long-term debt	1,068,000	4,421,053
Repayment of long-term debt	(47,411)	(994,097)
	1,020,589	3,426,956
Capital activities		
Purchases of tangible capital assets	(3,024,524)	(3,252,308)
Investing activities		
Distribution from investment in Shxw Kwimel Cha Limited Partnership	540,000	540,000
Increase (decrease) in cash resources	(1,536,502)	1,398,021
Cash resources, beginning of year	6,746,949	5,350,928
Cash resources, end of year	5,210,447	6,746,949
Cash resources are composed of:		
Cash	5,121,343	6,659,621
Replacement reserve	89,104	87,328
	5,210,447	6,746,949
Supplementary cash flow information		
Interest paid	136,205	34,089

The accompanying notes are an integral part of these financial statements

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

1. Operations

Tzeachten First Nation ("TzFN") is located in the province of British Columbia, and provides various services to its members. Tzeachten First Nation includes the TzFN's government and all related entities that are accountable to TzFN and are either owned or controlled by TzFN.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Asset classification

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

Net financial assets

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

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records for all tangible capital assets. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	40 years
Building and leasehold improvements	straight-line	10 years
Computers	straight-line	4 years
Equipment and furniture	straight-line	10 years
Roads	straight-line	20 years
Signs	straight-line	10 years
Vehicles	straight-line	5 years
Water and sewer networks	straight-line	50 years

2. Significant accounting policies *(Continued from previous page)*

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of TzFN members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenue recognition

Government Funding

Tzeachten First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the TzFN recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

Tzeachten First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purposes specified in accordance with an agreement or legislation. Until this time, TzFN records externally restricted inflows in deferred revenue.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Tax revenue

Tzeachten First Nation recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, TzFN evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

Other revenue

Other revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investments

Tzeachten First Nation uses the modified equity method to account for its investments in various business partnerships and corporations whereby the acquisition cost is increased by the TzFN's proportionate share of earnings.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related First Nation entities and departments, are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When TzFN determines that a long-lived asset no longer has any long-term service potential to TzFN, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Segments

Tzeachten First Nation conducts its business through nine reportable segments as described in Note 12. These operating segments are established by senior management to facilitate the achievement of the TzFN's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Recent accounting pronouncements

Related party transactions

The Public Sector Accounting Board (PSAB) issued this Invitation to Comment (ITC) in October 2011 together with an Issues Paper, Related party transactions – Recognition and measurement, as part of its project to develop a new Public Sector Accounting (PSA) Handbook standard for related parties and related party transactions in the context of governments and government organizations. Comments on the ITC were required by November 14, 2011. The effective date of the new PSA Handbook standard has not yet been specified.

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2015. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation does not expect the adoption of these new standards to have a material impact on its financial statements.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

3. Accounts receivable

	2014	2013
CMHC subsidy receivable	1,509	1,621
Property tax receivable	19,184	10,783
Member loans receivable	111,564	243,374
Accounts receivable	367,080	347,881
	499,317	603,659

4. Funds held in Ottawa Trust Account

Capital and revenue trust moneys are transferred to TzFN on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of TzFN's Council.

	2014	2013
Capital Trust		
Balance, beginning of year	47,650	47,650
Less: Transfers to Nation	47,650	-
Balance, end of year	-	47,650
Revenue Trust		
Balance, beginning of year	1,688	1,700
Interest	304	1,122
B.C. Special	1,154	1,118
Transfer to Nation	(1,975)	(2,252)
	1,171	1,688
Balance, end of year	1,171	49,338

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

5. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2014 Net book value
Land	1,018,000	665,023	-	-	1,683,023
Signs	-	47,530	-	4,753	42,777
Buildings under construction	2,032,723	(2,032,723)	-	-	-
Buildings	4,038,792	3,235,999	-	1,732,935	5,541,856
Equipment and furniture	287,125	300,400	-	204,242	383,283
Roads	840,409	376,786	-	466,028	751,167
Water and sewer networks	1,184,696	331,750	-	346,126	1,170,320
Computers	47,010	56,259	-	50,393	52,876
Building and leasehold improvements	494,557	43,500	-	251,912	286,145
Vehicles	52,667	-	-	42,134	10,533
	9,995,979	3,024,524	-	3,098,523	9,921,980

	Cost	Additions	Disposals	Accumulated amortization	2013 Net book value
Land	-	1,018,000	-	-	1,018,000
Buildings under construction	-	2,032,723	-	-	2,032,723
Buildings	3,892,828	145,964	-	1,551,065	2,487,727
Equipment and furniture	263,994	23,131	-	150,873	136,252
Roads	840,409	-	-	408,417	431,992
Water and sewer networks	1,178,663	6,033	-	319,353	865,343
Computers	41,105	5,905	-	27,122	19,888
Building and leasehold improvements	474,006	20,551	-	198,106	296,451
Vehicles	52,667	-	-	31,600	21,067
	6,743,672	3,252,307	-	2,686,536	7,309,443

Amortization expense of \$411,986 (2013 - \$256,150) was recorded in the Capital Fund.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

6. Investment in Vedder Crossing Plaza Inc.

Investment in Vedder Crossing Plaza Inc. (VCP) consists of:

	2014	2013
Shares	10	10
Investment - Vedder Crossing Plaza Inc.	10,158,156	10,158,156
	10,158,166	10,158,166

Financial information for Vedder Crossing Plaza Inc. is as follows:

	2014	2013
Current assets	-	-
Shopping centre property	-	3,244,091
Investment in Vedder Crossing Plaza Limited Partnership	10,158,166	6,914,075
	10,158,166	10,158,166

Current liabilities	-	-
Long-term debt	-	-
	-	-

Share capital	10	10
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Equity, beginning of year	10,158,156	7,740,453
Net income (loss)	-	2,417,703
Equity, end of year	10,158,156	10,158,156
	10,158,166	10,158,166

	2014	2013
Rental Income	-	-
Gain on disposal of building	-	2,519,081
	-	2,519,081

Amortization expense	-	101,378
Net income (loss)	-	2,417,703

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

7. Investment in Shxw Kwimel Cha Limited Partnership

Investment in Shxw Kwimel Cha Limited Partnership consists of:

	2014	2013
Investment in Shxw Kwimel Cha Limited Partnership	(243,845)	(85,491)

Consolidated financial information for Shxw Kwimel Cha Limited Partnership is as follows:

	2014	2013
Current assets	985,000	381,682
Loan to related party	4,600,000	-
Shopping centre property	13,585,926	10,794,606
	<u>19,170,926</u>	<u>11,176,288</u>
Current liabilities	329,697	399,346
Long-term debt	8,926,422	3,948,358
Vedder Crossing Plaza Inc.	10,158,168	6,914,075
	<u>19,414,287</u>	<u>11,261,779</u>
Partner capital, beginning of year	(85,491)	-
Net income	382,130	454,509
Distributions to TzFN	(540,000)	(540,000)
Partnership capital, end of year	<u>(243,361)</u>	<u>(85,491)</u>
	<u>19,170,926</u>	<u>11,176,288</u>

	2014	2013
Rental income	1,324,070	1,301,128
Operating expenses	248,392	249,808
Administrative expenses	22,356	(27,936)
Interest expense	218,420	273,353
Amortization expense	452,772	351,394
	<u>941,940</u>	<u>846,619</u>
Net income	<u>382,130</u>	<u>454,509</u>

Tzeachten First Nation investment in Shxw Kwimel Cha Limited Partnership was established for the purpose of managing the activities of the Vedder Crossing Plaza Limited Partnership and to facilitate future business opportunities.

Shxw Kwimel Cha Management Ltd. is the general partner of Shxw Kwimel Cha Limited Partnership and its financial activity has been included in the consolidated financial information above.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

8. Investments - other

Tzeachten First Nation has investments in the following entities:

	%	2014	2013
Centre Creek Limited Partnership	1/9	179,642	181,181
Centre Creek Management Limited - share capital	1/9	10	10
Ch-ihl-kway-uhk Forestry Limited Partnership	1/8	18,398	39,744
Ch-ihl-kway-uhk Forest Ltd. - share capital	1/8	10	10
Ch-ihl-kway-uhk Forest Ltd.	1/8	5,749	5,992
Ch-ihl-kway-uhk Tribe Society	1/9	45,768	40,295
Ts'elxweyeqw Tribe Limited Partnership	1/7	848,839	645,414
Ts'elxweyeqw Tribe Management Limited - share capital	1/7	10	10
SHAC Joint Venture	1/6	303,676	334,024
Four Corners Tribal Business Corporation - share capital	1/4	67,500	33,750
Okanagan Nation Alliance		6,000	6,000
		1,475,602	1,286,430

Consolidated financial information for Centre Creek Limited Partnership and Centre Creek Management Limited is as follows:

	2014	2013
Current assets	27,985	31,172
Property and equipment	2,539,492	2,581,137
	2,567,477	2,612,309
Current liabilities	639,109	594,380
Long-term debt	372,196	447,767
	1,011,305	1,042,147
Equity, beginning of year	1,570,162	1,806,836
Net loss	(13,990)	(236,674)
Equity, end of year	1,556,172	1,570,162
	2,567,477	2,612,309

	2014	2013
Revenue	95,700	5,676
Expenses	109,690	242,350
Net loss	(13,990)	(236,674)

Tzeachten First Nation investment in Centre Creek Limited Partnership was established for the purpose of purchasing or otherwise acquiring real and personal property of all kinds located in the Chilliwack River Valley. The partnership is also responsible for managing the acquired properties.

Tzeachten First Nation investment in Centre Creek Management Limited was established as the general partner of Centre Creek Limited Partnership.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

Consolidated financial information for Ch-ihl-kway-uhk Forestry Limited Partnership, Ch-ihl-kway-uhk Forest Limited, and Ch-ihl-kway-uhk Tribe Society is as follows:

	2014	2013
Current assets	718,095	981,046
Capital assets	320	438
Due from related party	128,897	99,524
	847,312	1,081,008
Current liabilities	242,590	541,279
Common shares	100	100
Equity, beginning of year	539,629	3,602,274
Net income	64,993	264,715
Withdrawals	-	(3,327,360)
Equity, end of year	604,622	539,629
	847,312	1,081,008

	2014	2013
Revenue	313,039	854,617
Expenses	248,046	589,902
Net income	64,993	264,715

Tzeachten First Nation investment in Ch-ihl-kway-uhk Forestry Limited Partnership was established for the purpose of developing, operating and participating in various forestry operations and activities in and around Chilliwack, B.C.

Tzeachten First Nation investment in Ch-ihl-kway-uhk Forest Limited was established as the general partner of Ch-ihl-kway-uhk Forestry Limited Partnership.

Tzeachten First Nation investment in Ch-ihl-kway-uhk Tribe Society was established for the purpose of property rentals.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

Consolidated financial information for Ts'elxweyeqw Tribe Limited Partnership, Ts'elxweyeqw Tribe Management Limited, and Ts'elxweyeqw Forestry Limited Partnership is as follows:

	2014	2013
Current assets	5,490,634	4,158,720
Property and equipment	18,492	24,130
Due from related parties	393,922	74,496
	<u>5,903,048</u>	<u>4,257,346</u>
Current liabilities	410,304	162,854
Share capital	7	7
Equity, beginning of year	4,094,485	710,686
Net income	1,398,252	888,279
Contributions	-	2,495,520
Equity, end of year	<u>5,492,737</u>	<u>4,094,485</u>
	<u>5,903,048</u>	<u>4,257,346</u>

	2014	2013
Revenue	3,231,631	1,488,047
Expenses	1,833,379	599,768
Net income	<u>1,398,252</u>	<u>888,279</u>

Tzeachten First Nation investment in Ts'elxweyeqw Tribe Limited Partnership was established for the purpose of managing the activities of the Ts'elxweyeqw Forestry Limited Partnership to ensure the protection of the tribe's interests and heritage.

Tzeachten First Nation investment in Ts'elxweyeqw Tribe Management Limited was established as the general partner of Ts'elxweyeqw Tribe Limited Partnership and Ts'elxweyeqw Forestry Limited Partnership.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

Consolidated financial information for SHAC Joint Venture is as follows:

	2014	2013
Current assets	1,861,603	2,033,279
Property and equipment	65,153	4,867
	<u>1,926,756</u>	<u>2,038,146</u>
Current liabilities	104,698	34,002
Venturers' Capital, beginning of year	2,004,144	2,273,226
Net income (loss)	20,414	(66,582)
Withdrawals	(202,500)	(202,500)
Venturers' Capital, end of year	1,822,058	2,004,144
	<u>1,926,756</u>	<u>2,038,146</u>
	2014	2013
Revenue	767,572	573,338
Expense	747,158	639,920
	<u>20,414</u>	<u>(66,582)</u>

Tzeachten First Nation investments in SHAC Joint Venture was established for the purpose of managing the settlement of funds received from BC Hydro for the ILM transmission line project.

Financial information for Four Corners Tribal Business Corporation is as follows:

	2014	2013
Current assets	339,045	300,521
Property and equipment	32,665	40,023
	<u>371,710</u>	<u>340,544</u>
Current liabilities	4,098	15,632
Long-term debt	38,696	59,598
	<u>42,794</u>	<u>75,230</u>
Share capital	270,000	135,100
Deficit	(87,146)	(15,748)
Contributed surplus	146,062	145,962
	<u>371,710</u>	<u>340,544</u>
	2014	2013
Revenue	143,678	75,597
Expenses	215,076	91,345
Net loss	<u>(71,398)</u>	<u>(15,748)</u>

Tzeachten First Nation investments in Four Corners Tribal Business Corporation was established for the purpose of investing in viable business opportunities.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

9. Long-term debt

	2014	2013
All Nations Trust Company mortgage, payments of \$598 per month including interest at 2.35% per annum; renewal and maturity July 2018	29,522	35,858
All Nations Trust Company mortgage, payments of \$1,703 per month including interest at 2.40% per annum; renewal on October 1, 2015; maturity June 2020	118,568	135,952
All Nations Trust Company mortgage, payments of \$2,234 per month including interest at 2.11% per annum; renewal and maturity October 2018	117,005	140,695
First Nation Finance Authority, bearing interest at 2.6%, with monthly payments of interest only	5,489,053	4,421,053
	5,754,148	4,733,558

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed at similar rates and terms, are estimated as follows:

2015	48,908
2016	50,019
2017	51,155
2018	52,317
2019	37,508

All Nations Trust Company debt is secured by Ministerial guarantees of the Minister of Aboriginal Affairs and Northern Development Canada. First Nation Finance Authority debt is secured by income distributions received from Shxw Kwimel Cha Limited Partnership investment.

10. Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation (CMHC) TzFN established a replacement reserve, funded by an annual allocation of \$16,167 (2013 - \$18,032) to ensure maintenance and replacement of buildings financed by CMHC. At March 31, 2014, \$89,104 (2013 - \$87,328) has been set aside to fund this reserve. The overfunded portion at March 31, 2014 was \$53,053 (2013 - \$28,809).

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

11. Contingent liabilities

Tzeachten First Nation may be contingently liable for guaranteed housing mortgages, totaling \$635,883 (2013 - \$577,385), as per details provided by the Minister of Aboriginal Affairs and Northern Development Canada.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Segments

Tzeachten First Nation receives revenues and incurs expenses from many different projects and sources. For management and reporting purposes, the revenues, expenses and surplus or deficits are organized by segments. Schedules 2 - 10 disclose TzFN's revenues and expenses in the following segments:

Administration

Includes general operations, support, and financial management of TzFN.

Economic development and employment

Includes activities related to the growth and revenue producing projects with TzFN.

Community Maintenance and Improvements

Includes revenues and expenditures related to maintenance of community infrastructure.

Education and awareness

Includes revenues and expenses related to education and awareness through prevention programs and after school programs for the members of TzFN.

Lands Management

Includes revenues and expenditures related to conservation and stewardship of TzFN's land and resources.

Housing

Includes rent collection and maintenance related to the mortgaged and non-mortgaged homes owned by TzFN.

Taxation

Includes revenues and expenditures related to property taxation.

Capital Fund

Includes revenue and expenditures related to capital projects.

Ottawa Trust Fund

Includes funds held in trust by the Government of Canada on behalf of TzFN.

13. Accumulated surplus

Accumulated surplus consists of the following:

	2014	2013
Equity in Ottawa Trust Funds	1,171	49,338
Equity in tangible capital assets	4,827,983	3,743,212
Equity in replacement reserve	36,051	36,671
Unrestricted surplus	15,387,070	16,382,130
	20,252,275	20,211,351

14. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Schedule 1 - Schedule of Consolidated Expenses by Object*For the year ended March 31, 2014*

	2014 Budget	2014	2013
Consolidated expenses by object			
Accounting Policy	250,000	411,986	256,150
Contracts and agreements	1,195,300	1,114,201	1,029,596
Educational	52,600	37,504	36,334
Maintenance	286,200	312,961	300,063
Member Distributions	215,000	219,800	217,899
Membership Services and benefits	285,400	315,774	352,433
Operating Overhead	455,600	542,164	327,838
Professional services and committees	455,900	434,103	315,522
Remunerations	1,094,200	1,067,489	1,007,029
	4,290,200	4,455,982	3,842,864

**Tzeachten First Nation
Administration**

Schedule 2 - Consolidated Schedule of Revenues and Expenses and Surplus
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Tzeachten investment income	-	570,818	2,995,262
Aboriginal Affairs and Northern Development Canada	199,000	317,652	284,375
Development Cost Charge Equivalents	225,000	292,052	337,261
Sales Tax	634,400	636,253	749,130
Royalties	-	335	-
Administration Fees	-	-	1,732
Rental income	147,900	68,345	49,024
Interest Income	29,000	28,675	33,667
BC Hydro	38,500	36,511	36,511
Donations	-	2,180	4,770
Attendance Honoraria	6,500	9,628	10,115
New Relationship Trust	-	24,500	-
Property transfer tax	-	56,570	-
Sto:lo Nation	-	-	780
Recreation Grant	-	110	1,805
Other Income	53,000	7,617	15,581
Lands Management Income	86,700	55,975	87,527
	1,958,000	2,107,221	4,607,320
Expenses			
Administration	700	286	547
Bank Charges and Interest	4,700	4,432	4,985
Bad debts	-	111,564	-
Meetings and travel	68,800	65,035	83,895
Community events	45,000	40,866	43,199
Community assistance benefits	234,000	276,211	297,358
Equipment Lease and rental	28,900	17,121	27,540
Grants and awards	23,000	24,912	19,955
Honoraria	74,200	66,569	67,036
Information Technology	35,300	19,832	31,519
Insurance	24,000	16,101	22,812
Interest	144,000	136,361	25,298
Materials and Supplies	37,000	65,107	45,055
Member Distributions	215,000	219,800	217,899
Professional Development	16,700	17,005	9,548
Professional Services	146,800	194,085	153,715
Rental and storage	108,300	50,388	44,424
Repair and Maintenance	30,000	51,767	63,585
Security	2,400	4,913	1,834
Subcontractors	9,300	308	5,928
Telecommunication and utilities	50,000	60,700	50,159
Wages and benefits	709,600	698,669	720,192
Youth expenses	4,100	-	5,325
	2,008,600	2,142,030	1,941,808
Surplus (deficit) before transfers	(51,600)	(34,809)	2,665,514
Transfers between segments			
Transfer from Economic Development and Employment	-	57	-
Transfer to Capital fund	(619,000)	(709,375)	(972,404)
Transfer to Community Maintenance and Improvements	(104,700)	(130,700)	(14,005)
Transfer from Ottawa Trust Fund	-	1,975	2,252
Transfer to Education and Awareness	(13,000)	(13,048)	(9,023)
Transfer to Housing	(47,833)	(47,833)	(82,668)
Transfer from Lands Management	30,000	30,000	-
Transfer from Taxation	445,800	377,600	359,700
	(308,733)	(491,324)	(716,148)
Surplus (Deficit)	(360,333)	(526,133)	1,949,366
Accumulated surplus, beginning of year	14,952,044	14,952,044	13,002,678
Accumulated surplus, end of year	14,591,711	14,425,911	14,952,044

Tzeachten First Nation
Economic Development and Employment
Schedule 3 - Consolidated Schedule of Revenues and Expenses and Surplus
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Sto:lo Nation	52,500	38,854	45,110
First Nation Education Steering Committee	3,000	3,254	4,814
	55,500	42,108	49,924
Expenses			
Community Events	6,500	2,389	3,945
Honoraria	1,200	150	1,225
Materials and Supplies	4,500	4,606	14,411
Meetings and travel	5,000	2,241	2,489
Wages and benefits	24,600	7,592	14,193
Subcontractors	12,400	12,105	8,214
Youth Activities	1,300	3,511	5,447
	55,500	32,595	49,924
Surplus before transfers	-	9,513	-
Transfers between segments			
Transfers to Administration	-	(57)	-
Surplus	-	9,456	-
Accumulated surplus, beginning of year	-	-	-
Accumulated surplus, end of year	-	9,456	-

Tzeachten First Nation
Community Maintenance and Improvements
Schedule 4 - Consolidated Schedule of Revenues and Expenses and Surplus
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	67,500	94,645	92,596
Expenses			
Insurance	-	6,758	-
Materials and Supplies	4,500	3,215	857
Professional Dues	100	70	60
Refuge Disposal	40,000	39,696	40,751
Repairs and Maintenance	15,000	5,454	9,661
Spring Cleaning Costs	7,000	7,508	3,864
Subcontractors	1,000	2,029	400
Telecommunications	500	577	359
Travel	500	-	-
Utilities	2,500	2,992	4,122
Wages and benefits	61,100	56,265	14,713
Water Costs	40,000	39,477	31,814
	172,200	164,042	106,601
Deficit before transfer	(104,700)	(69,397)	(14,005)
Transfers between segments			
Transfer From Administration	104,700	104,700	14,005
Surplus	-	35,303	-
Accumulated deficit, beginning of year	-	-	-
Accumulated surplus, end of year	-	35,303	-

Tzeachten First Nation
Education and Awareness
Schedule 5 - Consolidated Schedule of Revenues and Expenses and Surplus
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	3,200	-	-
First Nation Education Steering Committee	10,000	8,900	17,802
Sponsorships	2,000	-	3,600
Interest Income	2,600	3,860	2,818
	17,800	12,760	24,220
Expenses			
Events	-	-	4,631
Information Technology	-	-	2,302
Materials and Supplies	10,500	2,000	2,258
Professional Services	6,500	4,948	5,000
Scholarships	5,000	5,000	5,000
Subcontractors	9,200	2,000	3,611
	31,200	13,948	22,802
Surplus (deficit) before transfers	(13,400)	(1,188)	1,418
Transfers between segments			
Transfer from Administration	13,000	13,048	9,023
Surplus (deficit)	(400)	11,860	10,441
Accumulated surplus, beginning of year	195,413	195,413	184,972
Accumulated surplus, end of year	195,013	207,273	195,413

Tzeachten First Nation
Lands Management

Schedule 6 - Consolidated Schedule of Revenues and Expenses and Surplus
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	450,600	470,518	455,588
Expenses			
Administration	-	-	-
Committees, meetings, and travel	30,000	15,986	19,528
Equipment lease	4,000	7,913	5,472
Events	5,000	3,047	2,004
Information technology	4,000	3,728	3,357
Interest	-	72	-
Materials and supplies	13,500	39,685	10,638
Professional development	9,000	3,400	8,250
Professional services	129,300	171,610	84,696
Rent	38,000	43,396	36,718
Repairs and maintenance	-	(112)	-
Security	4,500	3,410	1,720
Telecommunications and utilities	5,300	3,969	4,657
Wages and benefits	144,600	143,344	120,066
	387,200	439,448	297,106
Surplus before transfers	63,400	31,070	158,482
Transfers between segments			
Transfer to Capital Fund	-	(10,856)	-
Transfer to Administration	(30,000)	(30,000)	-
	(30,000)	(40,856)	-
Surplus (Deficit)	33,400	(9,786)	158,482
Accumulated surplus, beginning of year	628,153	628,153	469,671
Accumulated surplus, end of year	661,553	618,367	628,153

Tzeachten First Nation

Housing

Schedule 7 - Consolidated Schedule of Revenues and Expenses and Deficit

For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	100,500	10,160	44,070
CMHC subsidies	19,500	18,790	21,585
Rent revenue	128,900	124,981	126,901
Other Income	-	29,450	-
RRAP funding	-	-	6,050
Interest income	13,900	15,990	13,298
	262,800	199,371	211,904
Expenses			
Administration costs	-	-	1,732
Bad debts	-	9,124	-
Bank charges	100	385	-
Events	500	967	125
Information technology	1,900	1,230	1,055
Insurance	18,600	22,986	13,614
Interest	-	7,231	9,293
Miscellaneous	-	-	9,274
Professional services	11,100	3,870	7,000
Rental and storage	3,000	2,500	3,149
Repairs and maintenance	175,200	93,027	104,747
Telecommunications and utilities	1,700	5,171	1,664
Travel	1,200	1,082	744
Wages and benefits	50,800	49,270	45,405
	264,100	196,843	197,802
Surplus before transfers	(1,300)	2,528	14,102
Transfers between segments			
Transfer from Administration	47,833	47,833	82,668
Transfer to Capital Fund	-	(47,409)	(70,277)
	47,833	424	12,391
Surplus	46,533	2,952	26,493
Accumulated deficit, beginning of year	(355,970)	(355,970)	(382,463)
Accumulated deficit, end of year	(309,437)	(353,018)	(355,970)

Tzeachten First Nation

Taxation

Schedule 8 - Consolidated Schedule of Revenues and Expenses and Surplus

For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Property taxation service requisitions	2,161,100	2,160,843	2,009,990
Home owner grants	(614,900)	(650,267)	(618,785)
Tax search fee	2,500	1,701	2,053
Interest income	2,500	56,549	4,150
Investment income	3,000	-	4,161
	1,554,200	1,568,826	1,401,569
Expenses			
Audit	5,000	5,000	2,000
BC assessment authority levy	17,700	17,709	16,815
Contingency fund	21,000	-	-
Executive and legislative	19,500	8,156	972
Interest and bank charges	1,800	1,824	17,282
Materials and supplies	7,800	1,008	4,236
Municipal tax service agreements	962,400	962,465	884,866
Professional development	2,000	700	700
Rent	12,000	12,721	10,910
Taxation database and systems	4,500	1,169	4,571
Telecommunications and utilities	1,000	837	820
Travel	1,500	1,118	-
Wages and benefits	44,200	42,383	27,501
	1,100,400	1,055,090	970,673
Surplus before transfers	453,800	513,737	430,896
Transfers between segments			
Transfer to Administration	(445,800)	(377,600)	(359,700)
Transfer to Capital Fund	-	(655,468)	(1,004)
	(445,800)	(1,033,068)	(360,704)
Surplus (Deficit)	8,000	(519,331)	70,192
Accumulated surplus, beginning of year	999,161	999,161	928,969
Accumulated surplus, end of year	1,007,161	479,830	999,161

**Tzeachten First Nation
Capital Fund**

Schedule 9 - Consolidated Schedule of Revenues and Expenses and Surplus

For the year ended March 31, 2014

	2014 Budget	2014	2013
Expenses			
Amortization	250,000	411,986	256,150
Deficit before transfers	(250,000)	(411,986)	(256,150)
Transfers between segments			
Transfer from Administration	619,000	735,375	972,404
Transfer from Ottawa Trust Fund	-	47,649	-
Transfer from Taxation	-	665,468	1,004
Transfer from Housing	-	47,409	70,277
Transfer from Lands Management	-	10,866	-
	619,000	1,488,757	1,043,685
Surplus	369,000	1,084,771	787,535
Accumulated surplus, beginning of year	3,743,212	3,743,212	2,955,677
Accumulated surplus, end of year	4,112,212	4,827,983	3,743,212

Tzeachten First Nation
Ottawa Trust Fund

Schedule 10 - Consolidated Schedule of Revenues and Expenses and Surplus
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Interest income	-	1,458	2,240
Surplus before transfer	-	1,458	2,240
Transfers between segments			
Transfer to Administration	-	(1,975)	(2,252)
Transfer to Capital Fund	-	(47,649)	-
	-	(49,624)	(2,252)
Deficit	-	(48,167)	(12)
Accumulated Surplus, beginning of year	-	49,338	49,350
Accumulated Surplus, end of year	-	1,171	49,338