

Tzeachten First Nation
Consolidated Financial Statements
March 31, 2016

Tzeachten First Nation

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For the year ended March 31, 2016

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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, 2016, 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, 2016 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 20, 2016

MNP LLP

Chartered Professional Accountants

Tzeachten First Nation
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Cash resources	7,228,560	5,354,511
Restricted cash (Note 3)	798,638	62,259
Accounts receivable (Note 4)	76,726	858,527
Advances to Nation business entity	59,000	-
Investment in Nation business entities (Note 5), (Note 6), (Note 7)	11,500,071	10,899,658
Total of assets	19,662,995	17,174,955
Liabilities		
Accounts payable and accruals	646,789	405,317
Minors Trust Fund	548,744	521,016
Long-term debt (Note 8)	5,480,754	5,631,815
Total of financial liabilities	6,676,287	6,558,148
Net financial assets	12,986,708	10,616,807
Contingencies (Note 9)		
Commitment (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 1)	10,993,332	10,427,055
Prepaid expenses	116,354	10,045
	11,109,686	10,437,100
Accumulated surplus (Note 13)	24,096,394	21,053,907

Approved on behalf of the Council

(original signed by Lawrence Roberts)

Councillor

(original signed by Cathy Hall)

Councillor

(original signed by Lori Falys)

**Director of
Finance**

Tzeachten First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	726,952	824,304	1,282,719
Tzeachten Investment Income (Loss)			
Shxw Kwimel Cha Limited Partnership	590,000	265,235	86,559
Ch-ihl-kway-uhk Forestry Limited Partnership	-	5,549	24,399
Ch-ihl-kway-uhk Tribe Society	-	2,609	5,739
Ts'elxweyew Tribe Limited Partnership	-	1,050,940	111,945
SHAC Joint Venture	-	2,593	16,993
Centre Creek Limited Partnership	-	(1,032)	785
Canada Mortgage and Housing Corporation	18,100	29,476	41,287
Property taxation	2,291,130	2,429,120	2,291,232
Home owners grants	(680,000)	(734,034)	(674,178)
Community Contributions	-	916,667	-
Tzeachten Sales Tax	720,300	739,362	723,200
Property transfer tax	343,000	559,682	383,640
Development Cost Charge Equivalents	260,000	441,404	280,618
Repayment of legal fees	-	376,088	-
Rental income	340,000	286,410	324,907
Lands settlement	-	253,952	-
Donations	1,500	108,265	11,784
Other income	58,348	81,258	70,074
Application and registry fees	34,600	43,294	28,527
Interest income	43,600	39,004	80,905
Sto:lo Nation	32,000	38,201	38,999
BC Hydro	36,500	36,511	36,511
Management fees	-	17,000	42,000
First Nations Education Steering Committee	4,500	3,360	8,097
New Relationship Trust	10,600	2,000	21,000
Gain on sale of tangible capital assets	-	-	126,333
First Nations Financial Management	-	-	30,000
	4,831,130	7,817,218	5,394,075
Expenses			
Administration	2,116,606	2,299,694	2,292,938
Community Development and Employment	24,500	29,642	39,583
Community Maintenance and Improvements	128,500	139,606	143,765
Education and Awareness	27,952	32,716	22,270
Lands Management	390,111	374,020	310,289
Housing	264,575	273,658	234,974
Taxation	1,353,180	1,188,214	1,110,874
Other	320,000	437,181	437,748
	4,625,424	4,774,731	4,592,441
Surplus	205,706	3,042,487	801,634
Accumulated surplus, beginning of year	21,053,907	21,053,907	20,252,273
Accumulated surplus, end of year	21,259,613	24,096,394	21,053,907

The accompanying notes are an integral part of these financial statements

Tzeachten First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Annual surplus	205,706	3,042,487	801,634
Purchase of tangible capital assets	-	(1,003,458)	(1,081,491)
Amortization of tangible capital assets	320,000	437,181	437,748
Proceeds of disposal of tangible capital assets	-	-	265,000
Gain on disposal of tangible capital assets	-	-	(126,332)
Acquisition of prepaid expenses	-	(106,309)	(10,045)
Increase in net financial assets	525,706	2,369,901	286,514
Net financial assets, beginning of year	10,616,807	10,616,807	10,330,293
Net financial assets, end of year	11,142,513	12,986,708	10,616,807

Tzeachten First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Surplus	3,042,487	801,634
Non-cash items		
Amortization	437,181	437,748
Funds held in trust	-	1,172
Equity income from investments - other	(1,060,659)	(159,871)
Equity income from Shxw Kwimel Cha Limited Partnership	(322,154)	(140,865)
Loss on disposal of investment	39,263	6,000
Gain on disposal of tangible capital assets	-	(126,332)
	2,136,118	819,486
Changes in working capital accounts		
Accounts receivable	781,801	(359,209)
Prepaid expenses	(106,309)	(10,045)
Restricted cash	-	30,163
Accounts payable and accruals	241,473	(130,624)
Minors Trust Fund	27,728	40,539
Transfer overfunded portion of replacement reserve to unrestricted cash	-	(55,655)
Secured revenue trust account	-	25,492
Advances to Nation business entity	(59,000)	-
	3,021,811	360,147
Financing activities		
Repayment of long-term debt	(151,061)	(122,333)
Capital activities		
Purchase of tangible capital assets	(1,003,458)	(1,081,491)
Proceeds of disposal of tangible capital assets	-	265,000
	(1,003,458)	(816,491)
Investing activities		
Distributions from Shxw Kwimel Cha Limited Partnership	743,136	785,000
Increase in cash resources	2,610,428	206,323
Cash resources, beginning of year	5,416,770	5,210,447
Cash resources, end of year	8,027,198	5,416,770
Cash resources are composed of:		
Cash resources total (positive only)	7,228,560	5,354,511
Restricted cash (Note 3)	798,638	62,259
	8,027,198	5,416,770

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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 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 and prepaid expenses.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records for all tangible capital assets. Contributed tangible 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:

	<i>Method</i>	<i>Rate</i>
Buildings	straight-line	40 years
Building and leasehold improvements	straight-line	10 years
Computers	straight-line	4 years
Equipment	straight-line	10 years
Roads	straight-line	20 years
Signs	straight-line	10 years
Vehicles	straight-line	5 years
Water	straight-line	50 years

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Government Transfers

The 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 First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

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

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.

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.

Own source revenue

Own source revenue derived from such sources as housing rents, resource based revenues, management fees, interest income etc, 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.

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.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. Tax receivables are evaluated as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

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 eight reportable segments as described in Note 12. These operating segments are established by senior management to facilitate the achievement of 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.

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

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Net financial assets (net debt)

The First Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

3. Restricted cash

Restricted cash consists of the following balances:

	2016	2015
Funds restricted for capital asset purchases	750,000	-
Replacement reserve	48,638	36,767
Secured revenue trust account	-	25,492
	798,638	62,259

Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation (CMHC), TzFN established a replacement reserve, funded by an annual allocation of \$16,617 (2015 - \$16,617), to ensure the maintenance and replacement of buildings financed by CMHC. At March 31, 2016, \$48,638 (2015 - \$36,767) has been set aside to fund this reserve.

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.

Secured revenue trust account

The secured revenue trust account arises from a financing agreement with the First Nations Finance Authority (FNFA). Investment revenue of TzFN is deposited into this secured account and is used to secure funds FNFA has lent to TzFN. The account is required to pay amounts to FNFA under the terms of the borrowing agreement before paying any remaining amounts from the account to TzFN.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

4. Accounts receivable

Accounts receivable is comprised of the following:

	2016	2015
Accounts receivable	33,462	793,688
Due from TzFN members:		
Social housing rent receivable	14,519	29,782
TzFN housing rent receivable	192,545	198,857
Less: allowance for doubtful accounts	(163,800)	(163,800)
	43,264	64,839
	76,726	858,527

5. Investment in Vedder Crossing Plaza Inc.

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

	2016	2015
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:

	2016	2015
Investment in Vedder Crossing Plaza Limited Partnership	10,158,166	10,158,166
Share capital	10	10
Equity, beginning of year	10,158,156	10,158,156
Net income	-	-
Equity, end of year	10,158,156	10,158,156
	10,158,166	10,158,166

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Investment in Shxw Kwimel Cha Limited Partnership

Investment in Shxw Kwimel Cha Limited Partnership consists of:

	2016	2015
Investment in Shxw Kwimel Cha Limited Partnership	(1,060,827)	(887,981)

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

	2016	2015
Current assets	3,794,767	3,722,213
Revenue producing property	12,894,388	13,234,532
Investments	1,497,506	1,497,506
	18,186,661	18,454,251
Current liabilities	623,210	474,333
Long term debt	8,503,073	8,704,790
Vedder Crossing Plaza Inc.	10,158,168	10,158,168
	19,284,451	19,337,291
Partnership capital, beginning of year	(883,040)	(243,361)
Net income	325,250	145,321
Distributions to TzFN	(540,000)	(785,000)
Partnership capital, end of year	(1,097,790)	(883,040)
	18,186,661	18,454,251

	2016	2015
Revenue	1,413,667	1,403,752
Operating expenses	282,559	399,642
Administrative expenses	38,812	71,201
Interest expense	328,336	334,815
Amortization expense	438,710	452,773
	1,088,417	1,258,431
	325,250	145,321

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, 2016

7. Investments - other

Tzeachten First Nation has investments in the following entities:

	%	2016	2015
Centre Creek Limited Partnership	1/9	179,395	180,427
Centre Creek Management Limited - share capital	1/9	10	10
Ch-ihl-kway-uhk Forestry Limited Partnership	1/8	48,346	42,797
Ch-ihl-kway-uhk Forest Ltd. - share capital	1/8	10	10
Ch-ihl-kway-uhk Forest Ltd.	1/8	5,759	5,759
Ch-ihl-kway-uhk Tribe Society	1/9	54,116	51,507
Ts'elxweyeqw Tribe Limited Partnership	1/7	2,011,724	960,784
Ts'elxweyeqw Tribe Management Limited - share capital	1/7	10	10
SHAC Joint Venture	1/6	103,262	320,669
Four Corners Tribal Business Corporation - share capital	1/4	100	67,500
		2,402,732	1,629,473

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

	2016	2015
Current assets	43,053	40,274
Property and equipment	2,461,132	2,499,512
	2,504,185	2,539,786
Current liabilities	556,521	543,170
Long-term debt	393,734	433,307
	950,255	976,477
Equity, beginning of year	1,563,309	1,556,172
Net income (loss)	(9,379)	7,137
Equity, end of year	1,553,930	1,563,309
	2,504,185	2,539,786

	2016	2015
Revenue	100,900	128,900
Expenses	110,279	121,763
Net income (loss)	(9,379)	7,137

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, 2016

7. Investments - other *(Continued from previous page)*

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:

	2016	2015
Current assets	964,011	848,559
Capital assets	181	239
Due from related party	128,897	128,897
	1,093,089	977,695
Current liabilities	170,939	123,920
Common shares	100	100
Equity, beginning of year	853,675	604,622
Net income	68,375	249,053
Equity, end of year	922,050	853,675
	1,093,089	977,695

	2016	2015
Revenue	373,128	776,423
Expenses	304,753	527,370
Net income	68,375	249,053

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, 2016

7. Investments - other *(Continued from previous page)*

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

	2016	2015
Current assets	13,452,984	6,020,989
Property and equipment	23,976	23,785
Due from related parties	74,595	401,357
	13,551,555	6,446,131
Current liabilities	-	124,903
Share capital	7	7
Equity, beginning of year	6,321,221	5,492,737
Net income	7,230,327	828,484
Equity, end of year	13,551,548	6,321,221
	13,551,555	6,446,131

	2016	2015
Revenue	8,779,580	1,889,286
Expenses	1,549,253	1,060,802
Net income	7,230,327	828,484

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, 2016

7. Investments - other *(Continued from previous page)*

Consolidated financial information for SHAC Joint Venture is as follows:

	2016	2015
Current assets	765,633	1,897,072
Property and equipment	57,861	66,493
	<u>823,494</u>	<u>1,963,565</u>
Liabilities	<u>203,918</u>	<u>39,549</u>
Venturer's Capital, beginning of year	1,924,016	1,822,056
Net income	15,560	101,960
Withdrawals	(1,320,000)	-
Venturer's Capital, end of year	<u>619,576</u>	<u>1,924,016</u>
	<u>823,494</u>	<u>1,963,565</u>

	2016	2015
Revenue	1,257,379	839,005
Expenses	1,241,819	737,045
Net income	<u>15,560</u>	<u>101,960</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.

During the year, Tzeachten First Nation disposed of its investment in common shares of Four Corners Tribal Business Corporation.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

8. Long-term debt

	2016	2015
All Nations Trust Company mortgage, payments of \$598 per month including interest at 2.35% per annum; renewal and maturity July 2018	16,268	22,972
All Nations Trust Company mortgage, payments of \$1,651 per month including interest at 1.04% per annum; renewal and maturity June 2020	82,311	100,765
All Nations Trust Company mortgage, payments of \$2,234 per month including interest at 2.11% per annum; renewal and maturity October 2018	67,332	92,428
First Nations Finance Authority, bearing interest at 2.6%, with monthly payments of \$8,156 plus interest	5,314,843	5,415,650
	5,480,754	5,631,815

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

2017	149,807
2018	150,719
2019	115,782
2020	97,858
2021	97,639
	611,805

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

9. Contingent liabilities

Tzeachten First Nation may be contingently liable for guaranteed housing mortgages, totalling \$458,745 (2015 - \$551,539), as per details provided by the Minister of Indigenous and Northern Affairs Canada.

10. Commitment

The First Nation has committed to purchase land subsequent to year-end for \$750,000. Funds for this purchase have been internally restricted for this purpose.

11. Comparative figures

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

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 surpluses or deficits are organized by segments. Schedules 3 - 11 disclose TzFN's revenues and expenses in the following segments:

Administration

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

Community 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.

Other

Includes revenue and expenditures related to capital projects and own source revenue.

13. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Equity in tangible capital assets	6,822,686	5,471,726
Equity in replacement reserve	48,638	36,766
Unrestricted surplus	17,225,070	15,545,415
	24,096,394	21,053,907

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Land</i>	<i>Buildings</i>	<i>Housing units</i>	<i>Furniture and equipment</i>	<i>Roads, water and sewer</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	1,755,523	4,430,419	3,845,510	745,718	3,126,191	13,903,361
Acquisition of tangible capital assets	206,143	63,274	-	47,813	686,228	1,003,458
Disposal of tangible capital assets	-	-	-	(13,688)	-	(13,688)
Balance, end of year	1,961,666	4,493,693	3,845,510	779,843	3,812,419	14,893,131
Accumulated amortization						
Balance, beginning of year	-	1,202,272	1,035,976	337,076	900,982	3,476,306
Annual amortization	-	170,889	96,138	81,316	88,838	437,181
Accumulated amortization on disposals	-	-	-	(13,688)	-	(13,688)
Balance, end of year	-	1,373,161	1,132,114	404,704	989,820	3,899,799
Net book value of tangible capital assets	1,961,666	3,120,532	2,713,396	375,139	2,822,599	10,993,332
2015 Net book value of tangible capital assets	1,755,523	3,228,147	2,809,534	408,642	2,225,209	10,429,070

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Subtotal</i>	<i>Vehicles</i>	<i>2016</i>	<i>2015</i>
Cost				
Balance, beginning of year	13,903,361	52,667	13,956,028	13,020,503
Acquisition of tangible capital assets	1,003,458	-	1,003,458	1,081,489
Disposal of tangible capital assets	(13,688)	-	(13,688)	(145,964)
Balance, end of year	14,893,131	52,667	14,945,798	13,956,028
Accumulated amortization				
Balance, beginning of year	3,476,306	52,667	3,528,973	3,098,523
Annual amortization	437,181	-	437,181	430,450
Accumulated amortization on disposals	(13,688)	-	(13,688)	-
Balance, end of year	3,899,799	52,667	3,952,466	3,528,973
Net book value of tangible capital assets	10,993,332	-	10,993,332	10,427,055
2015 Net book value of tangible capital assets	10,429,070	-	10,427,055	

Tzeachten First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Consolidated expenses by object			
Accounting Policy	320,000	437,181	437,748
Contracts and Agreements	1,403,500	1,337,259	1,251,757
Educational	50,000	49,255	52,754
Maintenance	288,075	377,729	294,728
Member Distributions	291,500	305,237	270,880
Membership Services and Benefits	294,552	191,006	212,997
Operating Overhead	447,550	487,380	432,218
Professional Services and Committees	351,147	365,176	495,821
Remunerations	1,179,100	1,224,508	1,143,538
Dental	30,000	-	-
	4,655,424	4,774,731	4,592,441

**Tzeachten First Nation
Administration**

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	313,661	322,516
Tzeachten Investment Income (Loss)	1,325,894	246,420
Tzeachten Sales Tax	739,362	723,200
Repayment of legal fees	376,088	-
Lands settlement	253,952	-
Rental income	66,905	91,706
Other income	48,700	63,631
Interest income	18,855	39,436
Donations	1,159	-
New Relationship Trust	-	17,100
Management fees	17,000	42,000
First Nations Financial Management	-	30,000
First Nations Education Steering Committee	-	5,000
	3,161,576	1,581,009

Continued on next page

**Tzeachten First Nation
Administration**

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016	2015
<i>(Continued from previous page)</i>	3,161,576	1,581,009
Expenses		
Advertising	13,810	8,608
Advisory committee	1,750	1,750
Audit fees	30,000	33,334
Bank charges and interest	4,396	5,380
Capital renovations	-	52,237
Donations	680	1,347
Education	49,255	52,754
Elders activities	22,658	7,546
Events	27,306	24,720
Funeral	29,576	14,948
Furniture and equipment	24,829	21,905
Grants	6,700	6,295
Home improvement grants	48,777	58,112
Honoraria	73,817	82,505
Information technology	52,345	28,359
Insurance	27,386	18,187
Interest on long-term debt	202,693	191,999
Disposal of investment	39,264	6,000
Materials and supplies	62,035	27,038
Medical	110,170	93,650
Meeting	14,152	14,058
Member distribution	304,540	270,880
Miscellaneous	1,894	-
Office supplies	10,287	12,866
Professional development	17,456	1,875
Professional fees	120,244	260,623
Rent	42,728	40,966
Repairs and maintenance	29,206	34,025
Salaries and benefits	759,715	739,380
Security	657	10,693
Sports and recreation	23,393	19,740
Student awards	3,318	3,778
Telecommunications	17,142	16,495
Travel	45,717	38,305
Utilities	41,396	47,319
Youth expenses	13	2,727
	2,259,305	2,250,404
Deficit before transfers	902,271	(669,395)
Transfers between segments	27,907	(218,886)
Deficit	930,178	(888,281)
Accumulated surplus, beginning of year	11,614,207	12,545,020
Accumulated surplus, end of year	12,544,385	11,656,739

Tzeachten First Nation
Community Development and Employment

Schedule 4 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016	2015
Revenue		
First Nations Education Steering Committee	3,360	3,097
Sto:lo Nation	38,201	38,999
	41,561	42,096
Expenses		
Events	11,003	18,353
Materials and supplies	475	406
Meeting	1,922	4,738
Professional fees	1,254	1,884
Salaries and benefits	9,258	9,157
Youth expenses	5,730	5,045
	29,642	39,583
Surplus before transfers	11,919	2,513
Transfers between segments	(9,500)	(9,500)
Surplus (deficit)	2,419	(6,987)
Accumulated surplus, beginning of year	2,469	9,456
Accumulated surplus, end of year	4,888	2,469

Tzeachten First Nation
Community Maintenance and Improvements
Schedule 5 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit
For the year ended March 31, 2016

	2016	2015
Revenue	103,943	92,290
Expenses		
Furniture and equipment	-	414
Materials and supplies	1,054	1,353
Professional fees	200	-
Repairs and maintenance	9,655	9,889
Salaries and benefits	29,402	37,215
Security	1,011	300
Telecommunications	-	265
Travel	2,495	478
Utilities	2,012	1,956
Waste disposal	36,491	49,344
Water costs	57,286	42,551
	139,606	143,765
Deficit before transfers	(35,663)	(51,475)
Transfers between segments	81,700	-
Surplus (deficit)	46,037	(51,475)
Accumulated surplus (deficit), beginning of year	(16,172)	35,303
Accumulated surplus (deficit), end of year	29,865	(16,172)

Tzeachten First Nation
Education and Awareness

Schedule 6 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	4,252	3,394
Donations	105,650	10,386
Other income	5,500	-
Interest income	2,805	7,207
New Relationship Trust	2,000	3,900
	120,207	24,887
Expenses		
Elders activities	2,000	2,000
Events	4,252	3,394
Grants	12,000	6,000
Materials and supplies	3,632	2,657
Professional fees	4,770	5,573
Youth expenses	6,062	2,646
	32,716	22,270
Surplus (deficit) before transfers	87,491	2,617
Transfers between segments	9,500	9,600
Surplus	96,991	12,217
Accumulated surplus, beginning of year	219,490	207,273
Accumulated surplus, end of year	316,481	219,490

Tzeachten First Nation
Lands Management

Schedule 7 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	325,883	317,386
Application and registry fees	43,294	28,527
Other income	3,704	-
Donations	1,456	1,398
Interest income	1,257	3,313
Rental income	20	-
	375,614	350,624
Expenses		
Advisory committee	5,850	7,314
Events	7,544	2,779
Furniture and equipment	7,919	10,608
Information technology	3,400	13,970
Materials and supplies	10,358	720
Meeting	5,112	3,614
Miscellaneous	-	771
Office supplies	17,502	3,819
Professional development	12,282	1,800
Professional fees	80,543	97,044
Salaries and benefits	209,511	161,599
Security	4,234	287
Telecommunications	1,908	2,127
Travel	5,344	1,138
Utilities	2,513	2,699
	374,020	310,289
Surplus before transfers	1,594	40,335
Transfers between segments	-	(47,494)
Deficit	1,594	(7,159)
Accumulated surplus, beginning of year	611,210	618,369
Accumulated surplus, end of year	612,804	611,210

Tzeachten First Nation
Housing

Schedule 8 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit

For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	76,565	42,106
Canada Mortgage and Housing Corporation	29,476	41,287
Rental income	219,485	233,201
Interest income	2,544	8,350
Gain on sale of tangible capital assets	-	126,333
Other income	13,007	3,502
	341,077	454,779
Expenses		
Audit fees	3,000	3,000
Bad debts	4,651	(9,124)
Forgiveness of interest	-	21,027
Furniture and equipment	34	403
Information technology	1,200	386
Insurance	19,154	22,231
Materials and supplies	819	343
Meeting	345	-
Member distribution	330	-
Mortgage payments	3,706	5,391
Office supplies	555	17
Professional fees	2,035	25,312
Repairs and maintenance	162,526	118,952
Salaries and benefits	72,937	41,092
Telecommunications	1,000	1,133
Travel	1,178	-
Utilities	188	4,811
	273,658	234,974
Surplus before transfers	67,419	219,805
Transfers between segments	(37,680)	-
Surplus	29,739	219,805
Accumulated deficit, beginning of year	(133,213)	(353,018)
Accumulated deficit, end of year	(103,474)	(133,213)

**Tzeachten First Nation
Taxation**

Schedule 9 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2016

	2016	2015
Revenue		
Property taxation	2,429,120	2,291,232
Home owners grants	(734,034)	(674,178)
Property transfer tax	559,682	383,640
Interest income	13,543	22,599
Other income	-	2,941
	2,268,311	2,026,234
Expenses		
Audit fees	5,000	5,000
BC Assessment Authority	18,932	18,536
Bank charges and interest	1,595	1,552
Furniture and equipment	88	530
Information technology	4,500	5,994
Materials and supplies	32	1,369
Member distribution	368	-
Miscellaneous	2,943	79
Municipal tax service agreements	1,111,928	1,035,832
Office supplies	1,823	546
Professional development	1,400	700
Salaries and benefits	29,480	30,121
Security	9,260	8,820
Telecommunications	446	253
Travel	-	1,146
Utilities	419	396
	1,188,214	1,110,874
Surplus before transfers	1,080,097	915,360
Transfers between segments	(1,251,119)	(272,500)
Surplus (deficit)	(171,022)	642,860
Accumulated surplus, beginning of year	1,179,259	536,399
Accumulated surplus, end of year	1,008,237	1,179,259

**Tzeachten First Nation
Other
Schedule 10 - Consolidated Schedule of Revenue and Expenses and Accumulated
Surplus**

For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	-	505,027
Community Contributions	916,667	-
BC Hydro	36,511	36,511
Development Cost Charge Equivalents	441,404	280,618
Other income	10,347	-
	1,404,929	822,156
Expenses		
Amortization	437,181	437,748
Surplus before transfers	967,748	384,408
Transfers between segments	1,179,191	538,780
Surplus	2,146,939	923,188
Accumulated surplus, beginning of year	7,576,659	6,653,471
Accumulated surplus, end of year	9,723,598	7,576,659