

**Tzeachten First Nation
Consolidated Financial Statements**

March 31, 2018

Tzeachten First Nation Contents

For the year ended March 31, 2018

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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 17, 2018

[Original signed by James Atebe](#)

General Manager

[Original signed by Lori Falys](#)

Director of Finance

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, 2018, 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, 2018 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 17, 2018

MNP LLP

Chartered Professional Accountants

Tzeachten First Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017
Financial assets		
Cash resources	7,553,525	6,899,867
Restricted cash (Note 3)	706,677	659,963
Accounts receivable (Note 4)	970,782	842,315
Advances to Nation business entity	-	107,397
Investment in Nation business entities (Note 5), (Note 6), (Note 7)	11,878,540	11,586,631
Total of assets	21,109,524	20,096,173
Liabilities		
Accounts payable and accruals	558,191	662,074
Advances from Nation business entity	873,766	-
Minors Trust Fund	653,354	606,556
Long-term debt (Note 8)	5,162,906	5,324,374
Total of financial liabilities	7,248,217	6,593,004
Net financial assets	13,861,307	13,503,169
Contingencies (Note 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)	15,209,338	12,125,189
Prepaid expenses	3,375	103,375
	15,212,713	12,228,564
Accumulated surplus (Note 12)	29,074,020	25,731,733

Approved on behalf of the Council

Original signed by Chief Derek Epp

Chief

Original signed by Mel Williams Jr.

Councillor

Tzeachten First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2018

	2018 Budget	2018	2017
Revenue			
Indigenous Services Canada	847,800	1,688,096	1,482,471
Tzeachten Investment Income	590,000	771,696	965,964
Canada Mortgage and Housing Corporation	18,500	44,827	225,361
Property taxation	2,879,518	2,875,169	2,662,611
Home owners grants	(790,000)	(833,270)	(789,641)
Property transfer tax	700,000	1,065,527	746,673
Community Contributions	-	915,041	-
Tzeachten Sales Tax	727,000	720,497	816,745
Development Cost Charge Equivalents	272,000	655,690	324,979
Rental income	313,000	325,761	309,066
Lands settlement	-	300,000	-
Other income	24,700	226,569	50,200
Environment Canada	-	76,374	-
Application and registry fees	44,000	62,586	47,847
Sto:lo Nation	34,000	43,207	44,661
Interest income	36,300	41,644	48,328
BC Hydro	40,500	40,511	36,511
Province of B.C.	-	30,000	-
Donations	8,500	10,154	11,336
First Nations Education Steering Committee	15,500	9,445	11,729
New Relationship Trust	4,000	-	13,750
Management fees	-	-	6,700
	5,765,318	9,069,524	7,015,291
Expenses			
Administration	2,634,500	2,716,375	2,302,768
Community Development and Employment	24,500	33,925	30,414
Community Maintenance and Improvements	177,500	237,827	162,135
Education and Awareness	28,300	32,517	37,938
Lands Management	435,000	397,052	333,547
Housing	323,400	294,915	459,315
Taxation	1,514,677	1,452,432	1,360,915
Other	485,000	562,194	692,922
	5,622,877	5,727,237	5,379,954
Surplus	144,600	3,342,287	1,635,337
Accumulated surplus, beginning of year	-	25,731,733	24,096,396
Accumulated surplus, end of year	144,600	29,074,020	25,731,733

Tzeachten First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2018

	2018 Budget	2018	2017
Annual surplus	177,974	3,342,287	1,635,337
Purchase of tangible capital assets	-	(3,646,343)	(1,824,849)
Amortization of tangible capital assets	435,000	514,008	492,266
Housing transfers	-	48,186	200,656
Loss on disposal of assets	-	-	70
Acquisition of prepaid expenses	-	-	(3,375)
Use of prepaid expenses	-	100,000	16,354
 Increase in net financial assets	 612,974	 358,138	 516,459
 Net financial assets, beginning of year	 12,986,710	 13,503,169	 12,986,710
 Net financial assets, end of year	 13,599,684	 13,861,307	 13,503,169

Tzeachten First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Surplus	3,342,287	1,635,337
Non-cash items		
Amortization	514,008	492,266
Equity income from investments - other	(203,506)	(501,193)
Equity income from Shwx Kwimel Cha Limited Partnership	(628,405)	(524,318)
Loss on disposal of assets	-	70
Housing transfers	48,186	200,656
	3,072,570	1,302,818
Changes in working capital accounts		
Accounts receivable	(128,467)	(765,589)
Prepaid expenses	100,000	12,979
Accounts payable and accruals	(103,880)	15,288
Minors Trust Fund	46,798	57,812
Advances to Nation business entity	981,163	(48,397)
	3,968,184	574,911
Financing activities		
Repayment of long-term debt	(161,468)	(156,381)
Capital activities		
Purchase of tangible capital assets	(3,646,343)	(1,824,849)
Investing activities		
Distributions from Nation business entities	540,000	938,951
Increase (decrease) in cash resources	700,373	(467,368)
Cash resources, beginning of year	7,559,830	8,027,198
Cash resources, end of year	8,260,203	7,559,830
Cash resources are composed of:		
Cash resources total	8,206,880	7,506,423
Restricted cash (Note 3)	53,323	53,407
	8,260,203	7,559,830

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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 terms intended to amortize the cost of the assets over their estimated useful lives:

	Method	Term
Buildings	straight-line	40 years
Building and leasehold improvements	straight-line	10 years
Computers	straight-line	4 years
Equipment	straight-line	10 years
Land improvements	straight-line	40 years
Roads	straight-line	20 years
Signs	straight-line	10 years
Small and heavy equipment	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

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

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Externally restricted revenue

TzFN 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

TzFN 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

TzFN uses the modified equity method to account for its investments in various business partnerships and corporations whereby the acquisition cost is increased by 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

TzFN conducts its business through eight reportable segments as described in Note 11. 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.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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. TzFN 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, 2018.

At each financial reporting date, TzFN reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. TzFN 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. Management has determined that no liability exists as at March 31, 2018.

Net financial assets (net debt)

TzFN 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 TzFN 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:

	2018	2017
Minors Trust Fund	653,354	606,556
Replacement reserve	53,323	53,407
Total	706,677	659,963

Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation (CMHC), TzFN established a replacement reserve, funded by an annual allocation of \$16,617 (2017 - \$16,617), to ensure the maintenance and replacement of buildings financed by CMHC. At March 31, 2018, \$53,323 (2017 - \$53,407) 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.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

4. Accounts receivable

Accounts receivable is comprised of the following:

	2018	2017
Accounts receivable	956,889	812,674
Due from TzFN members:		
Social housing rent receivable	13,396	3,495
TzFN housing rent receivable	23,384	189,946
Less: allowance for doubtful accounts	<u>(22,887)</u>	<u>(163,800)</u>
	13,893	29,641
	970,782	842,315

5. Investment in Vedder Crossing Plaza Inc.

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

	2018	2017
Shares	10	10
Investment - Vedder Crossing Plaza Limited Partnership	10,158,156	10,158,156
	10,158,166	10,158,166

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

	2018	2017
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, 2018

6. Investment in Shxw Kwimel Cha Limited Partnership

Investment in Shxw Kwimel Cha Limited Partnership consists of:

	2018	2017
Investment in Shxw Kwimel Cha Limited Partnership	(988,105)	(1,076,509)

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

	2018	2017
Current assets	5,238,486	3,936,819
Revenue producing property	12,019,061	12,456,833
Investments	941,441	1,626,302
	18,198,988	18,019,954
Current liabilities	359,971	222,455
Long term debt	7,986,978	8,325,750
Vedder Crossing Plaza Inc.	10,158,168	10,158,168
	18,505,117	18,706,373
Partnership capital, beginning of year	(686,419)	(1,097,790)
Net income	920,290	951,371
Distributions to TzFN	(540,000)	(540,000)
Partnership capital, end of year	(306,129)	(686,419)
	18,198,988	18,019,954

	2018	2017
Revenue	2,132,940	1,945,641
Expenses	1,212,650	994,270
Net income	920,290	951,371

Tzeachten First Nation's 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, 2018

7. Investments - other

Tzeachten First Nation has investments in the following entities:

	%	2018	2017
Centre Creek Limited Partnership	1/9	179,453	180,302
Centre Creek Management Limited - share capital	1/9	10	10
Ch-ihl-kway-uhk Forestry Limited Partnership	1/8	91,865	43,699
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	60,790	57,110
Ts'elxweyeqw Tribe Limited Partnership	1/7	2,314,299	2,140,614
Ts'elxweyeqw Tribe Management Limited - share capital	1/7	7	7
Seven Generations Environmental Services Ltd.	1/6	56,184	77,360
IndigeNATION Strategic Advisors Corporation (formerly Four Corners Tribal Business Corporation) - share capital	1/4	100	100
		2,708,477	2,504,971

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

	2018	2017
Current assets	17,454	42,563
Property and equipment	2,388,915	2,424,286
	2,406,369	2,466,849
Current liabilities	16,328	25,858
Long-term debt	839,973	883,120
	856,301	908,978
Equity, beginning of year	1,557,871	1,553,930
Net income (loss)	(7,803)	3,941
Equity, end of year	1,550,068	1,557,871
	2,406,369	2,466,849

	2018	2017
Revenue	104,322	100,104
Expenses	112,125	96,163
Net income (loss)	(7,803)	3,941

Tzeachten First Nation's 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's 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, 2018

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:

	2018	2017
Current assets	1,340,001	953,626
Capital assets	103	135
Due from related party	128,897	128,897
	1,469,001	1,082,658
 Current liabilities	 134,686	 171,157
 Common shares	 100	 100
 Equity, beginning of year	 911,401	 922,050
Net income (loss)	422,814	(10,649)
Equity, end of year	1,334,215	911,401
	1,469,001	1,082,658

	2018	2017
Revenue	1,154,420	95,388
Expenses	731,606	106,037
Net income	422,814	(10,649)

Tzeachten First Nation's 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's 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's 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, 2018

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:

	2018	2017
Current assets	15,719,987	14,762,407
Property and equipment	12,640	18,933
Due from related parties	74,595	74,595
	15,807,222	14,855,935
Current liabilities	312,178	461,177
Share capital	7	7
Equity, beginning of year	14,394,751	13,551,548
Net income	1,100,286	3,638,654
Withdrawals	-	(2,795,451)
Equity, end of year	15,495,037	14,394,751
	15,807,222	14,855,935

	2018	2017
Revenue	2,566,758	5,085,089
Expenses	1,466,472	1,446,435
Net income	1,100,286	3,638,654

Tzeachten First Nation's 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's 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, 2018

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

Financial information for Seven Generations Environmental Services Ltd. is as follows:

	2018	2017
Current assets	478,217	443,468
Property and equipment	32,401	43,039
	510,618	486,507
 Liabilities	 526,769	 375,602
Share capital	1,169,808	1,169,808
Deficit, beginning of year	(1,058,903)	(906,695)
Net loss	(127,056)	(152,208)
	(1,185,959)	(1,058,903)
Equity, end of year	(16,151)	110,905
	510,618	486,507

	2018	2017
Revenue	326,726	284,136
Expenses	453,782	436,344
Net loss	(127,056)	(152,208)

Tzeachten First Nation's investment in Seven Generations Environmental Services Ltd. was established for the purpose of providing environmental monitoring services related to the ILM project.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

8. Long-term debt

	2018	2017
All Nations Trust Company mortgage, payments of \$598 per month including interest at 2.35% per annum; renewal and maturity July 2018	2,382	9,403
All Nations Trust Company mortgage, payments of \$1,650 per month including interest at 1.04% per annum; renewal and maturity June 2020	44,028	63,268
All Nations Trust Company mortgage, payments of \$2,234 per month including interest at 2.11% per annum; renewal and maturity October 2018	15,523	41,698
First Nations Finance Authority, bearing interest at 2.6%, with monthly payments of \$8,156 plus interest	<u>5,100,973</u>	5,210,005
	5,162,906	5,324,374

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:

2019	135,243
2020	117,520
2021	102,792
2022	97,870
<u>2023</u>	<u>97,870</u>
	<u>551,295</u>

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

9. Contingencies

TzFN may be contingently liable for guaranteed housing mortgages, totalling \$175,163 (2017 - \$268,351), as per details provided by the Minister of Indigenous Services Canada. TzFN has also guaranteed RBC mortgages for members totalling \$669,008 (2017 - \$903,368)

10. Comparative figures

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

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

11. 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 - 10 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.

12. Accumulated surplus

Accumulated surplus consists of the following:

	2018	2017
Equity in capital replacement reserve	1,345,145	-
Equity in tangible capital assets	10,378,825	7,975,828
Equity in CMHC replacement reserve	51,526	53,407
Unrestricted surplus	<u>17,298,524</u>	<u>17,702,498</u>
	<hr/> 29,074,020	<hr/> 25,731,733

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Land</i>	<i>Buildings</i>	<i>Housing units</i>	<i>Furniture and equipment</i>	<i>Roads, water and sewer</i>	<i>Vehicles</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	2,854,250	4,659,763	3,469,262	800,975	4,445,930	144,697	16,374,877
Acquisition of tangible capital assets	274,700	326,343	-	15,166	57,223	-	673,432
Disposal of tangible capital assets	-	-	(95,981)	(10,450)	-	-	(106,431)
Reallocation of land prep costs	(109,980)	-	-	-	-	-	(109,980)
Balance, end of year	3,018,970	4,986,106	3,373,281	805,691	4,503,153	144,697	16,831,898
Accumulated amortization							
Balance, beginning of year	-	1,555,833	1,043,254	480,334	1,115,511	71,073	4,266,005
Annual amortization	-	185,830	84,332	75,722	115,796	18,406	480,086
Accumulated amortization on disposals	-	-	(47,795)	(10,450)	-	-	(58,245)
Balance, end of year	-	1,741,663	1,079,791	545,606	1,231,307	89,479	4,687,846
Net book value of tangible capital assets	3,018,970	3,244,443	2,293,490	260,085	3,271,846	55,218	12,144,052
2017 Net book value of tangible capital assets	2,854,250	3,103,930	2,426,008	320,641	3,330,419	73,624	12,108,872

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Subtotal</i>	<i>Small and heavy equipment</i>	<i>Land Improvements</i>	<i>2018</i>	<i>2017</i>
Cost					
Balance, beginning of year	16,374,877	18,130	-	16,393,007	14,945,798
Acquisition of tangible capital assets	673,432	12,735	2,960,176	3,646,343	1,824,849
Disposal of tangible capital assets	(106,431)	-	-	(106,431)	(377,640)
Reallocation of land prep costs	(109,980)	-	109,980	-	-
 Balance, end of year	 16,831,898	 30,865	 3,070,156	 19,932,919	 16,393,007
Accumulated amortization					
Balance, beginning of year	4,266,005	1,813	-	4,267,818	3,952,466
Annual amortization	480,086	3,087	30,835	514,008	492,266
Accumulated amortization on disposals	(58,245)	-	-	(58,245)	(176,914)
 Balance, end of year	 4,687,846	 4,900	 30,835	 4,723,581	 4,267,818
Net book value of tangible capital assets	12,144,052	25,965	3,039,321	15,209,338	12,125,189
 2017 Net book value of tangible capital assets	 12,108,872	 16,317	 -	 12,125,189	

Tzeachten First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2018

	2018 Budget	2018	2017
Consolidated expenses by object			
Accounting Policy	435,000	514,008	492,266
Contracts and Agreements	1,627,337	1,576,898	1,447,745
Educational	85,000	83,267	90,995
Maintenance	329,400	344,593	429,303
Member Distributions	386,500	443,756	575,756
Membership Services and Benefits	389,500	347,417	231,980
Operating Overhead	539,840	493,054	462,450
Professional Services and Committees	346,450	390,378	352,214
Remunerations	1,483,850	1,533,866	1,297,245
	5,622,877	5,727,237	5,379,954

Tzeachten First Nation
Administration
Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2018

	2018	2017
Revenue		
Tzeachten Investment Income	771,697	965,964
Indigenous Services Canada	335,943	333,973
Tzeachten Sales Tax	720,497	816,745
Lands settlement	300,000	-
Other income	196,704	35,122
Rental income	116,114	79,849
Interest income	33,221	23,967
Province of B.C.	30,000	-
First Nations Education Steering Committee	9,445	11,729
Sto:lo Nation	7,625	-
New Relationship Trust	-	11,750
Management fees	-	6,700
Donations	-	2,700
	2,521,246	2,288,499

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, 2018

	2018	2017
<i>(Continued from previous page)</i>	2,521,246	2,288,499
Expenses		
Advertising	26,981	10,781
Advisory committee	5,553	5,777
Audit fees	10,000	28,000
Bad debts	23,863	-
Bank charges and interest	5,288	5,380
Capital renovations	5,888	-
Community assistance benefits	345,263	291,116
Community events	37,304	28,897
Community projects	10,000	-
Daycare program	11,580	-
Donations	2,545	750
Education	83,267	90,995
Elders activities	11,072	10,024
Emergency funding	727	-
Furniture and equipment	12,122	13,864
Honoraria	78,769	75,898
Information technology	46,660	40,019
Insurance	29,861	26,920
Interest on long-term debt	139,035	139,423
Materials and supplies	51,599	44,209
Meeting	22,747	15,037
Member distribution	395,570	373,970
Office supplies	15,924	14,612
Professional development	42,510	13,868
Professional fees	53,050	81,668
Rent	43,885	44,824
Repairs and maintenance	27,198	25,609
Salaries and benefits	1,035,494	794,110
Security	1,775	2,437
Student awards	4,876	4,311
Telecommunications	16,042	23,821
Travel	59,230	52,008
Utilities	49,640	44,178
Youth expenses	11,057	262
	2,716,375	2,302,768
Deficit before transfers	(195,129)	(14,269)
Transfers between segments	725,109	(284,446)
Surplus (deficit)	529,980	(298,715)
Accumulated surplus, beginning of year	12,205,279	12,503,994
Accumulated surplus, end of year	12,735,259	12,205,279

Tzeachten First Nation
Community Development and Employment
Schedule 4 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2018

	2018	2017
Revenue		
Sto:lo Nation	35,582	44,661
Expenses		
Community events	27,152	13,574
Materials and supplies	816	307
Meeting	-	375
Professional fees	-	180
Salaries and benefits	-	9,079
Youth expenses	5,957	6,899
	33,925	30,414
Surplus before transfers	1,657	14,247
Transfers between segments	(8,201)	(12,592)
Surplus (deficit)	(6,544)	1,655
Accumulated surplus, beginning of year	6,544	4,889
Accumulated surplus, end of year	-	6,544

Tzeachten First Nation
Community Maintenance and Improvements
Schedule 5 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit
For the year ended March 31, 2018

	2018	2017
Revenue	182,887	108,653
Expenses		
Furniture and equipment	911	-
Materials and supplies	9,567	3,840
Meeting	-	28
Office supplies	-	3,663
Professional fees	12,616	1,946
Repairs and maintenance	51,806	8,324
Salaries and benefits	40,104	39,014
Security	1,567	736
Telecommunications	2,133	140
Travel	2,808	3,821
Utilities	6,664	6,235
Waste disposal	34,542	33,985
Water costs	75,109	60,403
	237,827	162,135
Deficit before transfers	(54,940)	(53,482)
Transfers between segments	27,191	74,000
Surplus (deficit)	(27,749)	20,518
Accumulated surplus, beginning of year	50,383	29,865
Accumulated surplus, end of year	22,634	50,383

Tzeachten First Nation
Education and Awareness

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

For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	3,763	3,809
Other income	7,500	12,700
Donations	5,944	7,523
Interest income	2,744	3,803
New Relationship Trust	-	2,000
	19,951	29,835
Expenses		
Elders activities	-	2,000
Community events	5,100	12,334
Grants	5,000	6,000
Materials and supplies	9,058	4,006
Professional fees	6,784	6,965
Youth expenses	6,575	6,633
	32,517	37,938
Deficit before transfers	(12,566)	(8,103)
Transfers between segments	(18,429)	12,592
Surplus (deficit)	(30,995)	4,489
Accumulated surplus, beginning of year	320,971	316,482
Accumulated surplus, end of year	289,976	320,971

Tzeachten First Nation
Lands Management
Schedule 7 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	327,213	327,030
Environment Canada	76,374	-
Application and registry fees	62,586	47,847
Other income	22,364	-
Donations	4,210	1,113
Interest income	-	1,396
Rental income	-	1,410
	492,747	378,796
Expenses		
Advisory committee	7,300	6,350
Audit fees	5,000	-
Bank charges and interest	12	-
Capital renovations	-	8,630
Community events	21,786	24,754
Furniture and equipment	3,956	5,845
Honoraria	1,550	1,125
Information technology	2,793	3,085
Materials and supplies	1,655	7,145
Meeting	4,520	3,507
Office supplies	2,629	6,077
Professional development	15,944	21,613
Professional fees	136,346	88,048
Repairs and maintenance	90	639
Salaries and benefits	184,359	146,010
Security	905	252
Telecommunications	1,314	1,734
Travel	3,133	4,202
Utilities	3,760	4,531
	397,052	333,547
Surplus before transfers	95,695	45,249
Transfers between segments	(30,000)	(60,000)
Surplus (deficit)	65,695	(14,751)
Accumulated surplus, beginning of year	598,049	612,800
Accumulated surplus, end of year	663,744	598,049

Tzeachten First Nation
Housing
Schedule 8 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit
For the year ended March 31, 2018

	2018	2017
Revenue		
Canada Mortgage and Housing Corporation	44,827	225,361
Indigenous Services Canada	-	23,252
Rental income	209,647	227,807
Interest income	833	2,786
	255,307	479,206
Expenses		
Audit fees	3,000	4,500
Emergency funding	-	1,963
Furniture and equipment	580	-
Information technology	3,014	1,200
Insurance	16,282	23,006
Interest on long-term debt	69,000	68,671
Materials and supplies	3,550	4,074
Meeting	146	271
Mortgage payments	1,265	2,161
New housing subsidy	-	20,319
Office supplies	1,360	36
Professional fees	-	2,166
Repairs and maintenance	91,903	226,044
Salaries and benefits	101,124	101,602
Telecommunications	-	1,000
Travel	3,673	2,242
Utilities	18	60
	294,915	459,315
Surplus (deficit) before transfers	(39,608)	19,891
Transfers between segments	82,289	48,874
Surplus	42,681	68,765
Accumulated deficit, beginning of year	(34,707)	(103,472)
Accumulated surplus (deficit), end of year	7,974	(34,707)

Tzeachten First Nation

Taxation

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

For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	838,290	-
Property taxation	2,875,169	2,662,611
Home owners grants	(833,270)	(789,641)
Property transfer tax	1,065,527	746,673
Interest income	4,845	16,376
	3,950,561	2,636,019
Expenses		
Audit fees	7,000	5,000
BC Assessment Authority	21,020	19,618
Bank charges and interest	1,686	1,668
Emergency funding	2,016	-
Community events	2,000	1,130
Furniture and equipment	19	-
Information technology	7,600	4,500
Materials and supplies	-	35
Municipal tax service agreements	1,346,579	1,217,873
Office supplies	1,347	2,568
Professional development	1,900	1,400
Professional fees	1,010	10,436
Salaries and benefits	41,500	78,500
Security	15,244	16,929
Travel	2,450	-
Telecommunications	168	148
Utilities	893	1,110
	1,452,432	1,360,915
Surplus before transfers	2,498,129	1,275,104
Transfers between segments	(2,310,349)	(1,047,965)
Surplus	187,780	227,139
Accumulated surplus, beginning of year	1,235,378	1,008,239
Accumulated surplus, end of year	1,423,158	1,235,378

Tzeachten First Nation

Other

Schedule 10 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	-	685,754
Community Contributions	915,041	-
Development Cost Charge Equivalents	655,690	324,979
BC Hydro	40,511	36,511
Other income	-	2,377
	1,611,242	1,049,621
Expenses		
Amortization	514,008	492,266
Housing transfer	48,186	200,656
	562,194	692,922
Surplus before transfers	1,049,048	356,699
Transfers between segments	1,532,390	1,269,537
Surplus	2,581,438	1,626,236
Accumulated surplus, beginning of year	11,349,835	9,723,599
Accumulated surplus, end of year	13,931,273	11,349,835