

**Shxw'ow'hamel First Nation
Consolidated Financial Statements**

March 31, 2017

Shxw'ow'hamel First Nation Contents

For the year ended March 31, 2017

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Management's Responsibility

To the Members of Shxw'ow'hamel First Nation:

The accompanying consolidated financial statements of Shxw'ow'hamel First Nation are the responsibility of management and have been approved by the Si:yam 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 Shxw'ow'hamel First Nation Si:yam Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Si:yam Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Si:yam 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 Si:yam Council and management to discuss their audit findings.

July 28, 2017

Original Signed by Jesse James

Administrator

Original Signed by Leona Kelly

Si:yam

Independent Auditors' Report

To the Members of Shxw'ow'hamel First Nation:

We have audited the accompanying consolidated financial statements of Shxw'ow'hamel First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, 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 Shxw'ow'hamel First Nation as at March 31, 2017 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 28, 2017

MNP LLP

Chartered Professional Accountants

Shxw'ow'hamel First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016
Financial assets		
Cash	3,166,314	2,839,547
Accounts receivable (Note 3)	315,091	264,221
Investments in Nation partnerships (Note 4)	1,012,572	38,843
Funds held in trust (Note 5)	85,873	85,828
Replacement reserve (Note 6)	42,400	72,376
	4,622,250	3,300,815
Liabilities		
Bank indebtedness (Note 7)	125,119	-
Accounts payable and accruals (Note 8)	628,720	163,564
Deferred revenue (Note 9)	176,540	49,723
Long-term debt (Note 10)	1,212,508	780,611
	2,142,887	993,898
Net financial assets	2,479,363	2,306,917
Non-financial assets		
Tangible capital assets (Schedule 1)	3,471,049	2,692,898
Prepaid expenses	46,375	33,638
	3,517,424	2,726,536
Accumulated surplus (Note 11)	5,996,787	5,033,453

Approved on behalf of the Members

Original Signed by Leona Kelly

Si:yam

Original Signed by Clara Paull

Si:yam

Original Signed by Naomi Gutierrez

Si:yam

Original Signed by Alfred James

Si:yam

Shxw'ow'hamel First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2017

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue				
Indigenous and Northern Affairs Canada		2,931,085	2,796,554	1,494,912
Canada Mortgage and Housing Corporation (Note 12)		70,797	70,944	142,391
Indigenous and Northern Affairs Canada recoveries		(42,420)	(42,420)	(6,877)
Construction revenue		-	706,832	-
Logging revenue		-	307,460	1,520,453
Insurance proceeds		-	193,947	2,625
Province of British Columbia		106,976	113,678	35,000
Taxation		85,000	99,527	85,273
Rental income		82,300	83,816	62,858
Community contributions		100,000	79,000	2,528,294
Sto:lo Aboriginal Skills and Employment Training		60,000	60,184	45,761
Zella Holdings		53,000	52,587	-
Other revenue		57,333	39,230	48,097
Lease income		35,150	35,150	35,150
Seabird Island		20,000	20,000	21,080
New Relationship Trust		20,000	20,000	4,000
Brighter Futures		13,936	16,856	13,936
Interest income		13,300	16,532	6,403
First People's Heritage		15,000	15,000	-
First Nations Health Authority		15,000	15,000	-
First Nations Education Steering Committee		8,201	8,362	3,201
Earnings from investment in Nation partnerships (Note 4)		-	4,014	38,843
Fundraising		3,500	2,294	4,706
BC Hydro		-	-	250,000
TERA Environmental		-	-	17,447
Community development		-	-	1,011
Contributions		-	-	800
		3,648,158	4,714,547	6,355,364
Expenses				
Administration	3	766,463	707,350	1,466,445
Education	4	313,059	306,006	327,468
Social Development	5	232,503	205,080	186,532
Capital Projects	6	1,009,000	308,469	255,372
Maintenance	7	480,959	341,507	330,992
Economic Development & Employment	8	385,900	1,626,087	1,392,287
Housing	9	49,900	54,726	28,330
Other	10	-	201,987	126,024
		3,237,784	3,751,212	4,113,450
Surplus		410,374	963,334	2,241,914
Accumulated surplus, beginning of year		5,033,453	5,033,453	2,791,539
Accumulated surplus, end of year		5,443,827	5,996,787	5,033,453

Shxw'ow'hamel First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2017

	2017 Budget	2017	2016
Annual surplus	410,374	963,334	2,241,914
Purchases of tangible capital assets	-	(906,135)	(209,738)
Amortization of tangible capital assets	-	127,984	121,595
	-	(778,151)	(88,143)
Acquisition of prepaid expenses	-	(64,845)	(44,484)
Use of prepaid expenses	-	52,108	58,013
	-	(12,737)	13,529
Increase in net financial assets	410,374	172,446	2,167,300
Net financial assets, beginning of year	2,306,917	2,306,917	139,617
Net financial assets, end of year	2,717,291	2,479,363	2,306,917

Shxw'ow'hamel First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Surplus	963,334	2,241,914
Non-cash items		
Amortization	127,984	121,595
Earnings from investment in Nation partnership	(4,014)	(38,843)
	1,087,304	2,324,666
Changes in working capital accounts		
Accounts receivable	(50,870)	161,515
Prepaid expenses	(12,737)	13,529
Accounts payable and accruals	465,161	(101,329)
Deferred revenue	126,817	-
	1,615,675	2,398,381
Financing activities		
Advances of long-term debt	499,146	87,448
Repayment of long-term debt	(67,249)	(62,421)
Increase in bank indebtedness	125,119	-
	557,016	25,027
Capital activities		
Purchases of tangible capital assets	(906,135)	(209,738)
Investing activities		
Investments in Nation partnerships	(1,000,015)	-
Proceeds from investments in Nation partnerships	30,400	-
Funds held in Ottawa Trust accounts	(44)	111,934
Funds held in replacement reserve accounts	29,870	30,925
	(939,789)	142,859
Increase in cash resources	326,767	2,356,529
Cash resources, beginning of year	2,839,547	483,018
Cash resources, end of year	3,166,314	2,839,547
Supplementary cash flow information		
Interest paid	11,462	13,958

Shxw'ow'hamel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

1. Operations

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

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.

Cash

Cash includes 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.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation 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 First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

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

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Land Improvements	10 - 20 years
Buildings	25 years
Vehicles and Equipment	5 - 10 years
Computer Hardware	4 years
Water and Sewer	50 years
Housing	40 years

Shxw'ow'hame First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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

Segments

The First Nation conducts its business through eight reportable segments: Administration, Education, Social Development, Capital Projects, Maintenance, Economic Development & Employment, Housing, and Other. These operating segments are established by senior management to facilitate the achievement of the First Nation'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.

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.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation 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.

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.

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 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.

Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites for which the First Nation is responsible.

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.

Shxw'ow'hamel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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

Net financial assets

The 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 the First Nation is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

Long-lived assets

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 the First Nation determines that a long-lived asset no longer has any long-term service potential to the First Nation, 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.

Liability for contaminated site

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites 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, 2017.

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. As at March 31, 2017, management has determined no liability is required to be recorded.

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Shxw'ow'hamel Ventures Limited Partnership
- Shxw'ow'hamel Ventures GP Ltd.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Shxw'ow'hamel First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- SFN-Jakes Construction LLP
- Shxw'ow'hamel Clean Energy Limited Partnership

Shxw'ow'hame First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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

Future accounting policies

PS 2200 Related Party Disclosures

This accounting pronouncement is effective for the 2018 fiscal year and defines related party and established disclosures required for related party transactions. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3210 Assets

This accounting pronouncement is effective for the 2018 fiscal year and provides guidance for applying the definitions of assets set out in PS 1000 Financial Statement Concepts and establishes general disclosure standards for assets. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3380 Contractual Rights

This accounting pronouncement is effective for the 2018 fiscal year and defines and establishes disclosure standards on contractual rights. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3420 Inter-entity Transactions

This accounting pronouncement is effective for the 2018 fiscal year and established standard on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3450 Financial Instruments

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2019, with early adoption encouraged. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

3. Accounts receivable

Accounts receivable includes loans to Nation members in the amount of \$91,464 (2016 - \$71,613). Loans to Nation members are presented net of allowance for doubtful accounts of \$115,142 (2016 - \$115,142).

Shxw'ow'hamel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

4. Investments in First Nation partnerships and business entities

The First Nation has investments in the following entities:

				2017
	Investment cost	Loans / advances	Cumulative share of earnings	Total investment
First Nation Business Partnerships – Modified Equity:				
SFN-Jakes Construction LLP (51%)	51	(30,400)	43,806	13,457
Shxw'ow'hamel Clean Energy LP	100	1,000,015	(1,000)	999,115
	151	969,615	42,806	1,012,572
				2016
	Investment cost	Loans / advances	Cumulative share of earnings	Total investment
First Nation Business Partnerships – Modified Equity:				
SFN-Jakes Construction LLP (51%)	51	-	38,792	38,843

The First Nation's investment in SFN-Jakes Construction LLP was established for the purposes of pursuing off-reserve construction related activity.

Summary financial information for the First Nation business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

The First Nation's investment in Shxw'ow'hamel Clean Energy LP was established to participate in business opportunities generated by economic activities occurring within the Shxw'ow'hamel Traditional Territory.

	<i>SFN-Jakes Construction LLP</i>	<i>Shxw'ow'hamel Clean Energy LP</i>
	<i>As at March 31, 2017</i>	<i>As at December 31, 2016</i>
Assets		
Current Assets	28,689	100
Investments	-	44,571
Total assets	28,689	44,671
Liabilities		
Current liabilities	2,295	45,571
Total liabilities	2,295	45,571
Partner's capital	5,746	100
Partner's capital	20,648	(1,000)
Total revenue	104,798	-
Total expenses	84,150	1,000
Net income	20,648	(1,000)

Shxw'ow'hamel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

5. Funds held in Ottawa Trust accounts

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

	2017	2016
Capital Trust		
Balance, beginning of year	84,980	84,980
Revenue Trust		
Balance, beginning of year	848	112,782
Interest	1,617	1,744
BC special distribution	445	434
Less: Transfer to Nation	(2,017)	(114,112)
	893	848
	85,873	85,828

6. Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established a replacement reserve, funded by an annual allocation of \$11,040 (2016 - \$11,040), to ensure replacement of buildings financed by CMHC. At March 31, 2017, \$42,400 (2016 - \$72,376) has been set aside to fund this reserve. At March 31, 2017, the reserve is over-funded by \$42,400 (2016 - \$9,437).

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.

7. Bank indebtedness

Bank indebtedness includes an operating line of credit with BMO Bank of Montreal amounting to \$125,119 (2016 - \$nil) bearing interest at the bank's prime rate plus 0.5%. At March 31, 2017 the prime rate was 2.7% (2016 - 2.7%). The authorized line of credit is \$200,000 (2016 - \$nil).

Security for the operating line of credit is a \$200,000 guarantee by the First Nation and Shxw'ow'hamel Ventures GP Ltd., a related party.

8. Accounts payable and accruals

Included in accounts payable and accruals are government remittances payable of \$25,548 (2016 - \$7,838).

Shxw'ow'hamel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

9. Deferred revenues

	2017	2016
Deferred revenue CMHC	43,232	43,232
Deferred revenue INAC - Community buildings	3,702	3,702
Deferred revenue INAC - Physical development plan	2,789	2,789
Deferred revenue RRAP	<u>126,817</u>	-
	176,540	49,723

Deferred revenue consists of unearned housing revenue and nine forgivable CMHC On-Reserve Residential Rehabilitation Assistance Program loans. The loans will be forgiven over the next five years, provided the Nation continues to own and operate the properties and they remain occupied by band members with a total household income at or below the income threshold established by CMHC, for the term of the loan.

10. Long-term debt

	2017	2016
Project VI - #19-359-967: All Nations Trust Company mortgage, payments of \$2,645 per month, including interest at 1.82% per annum; due September 2019.	585,947	606,877
Project VII - #19-359-967: All Nations Trust Company mortgage, payments of interest only, terms will be established at interest adjustment date which will occur subsequent to year-end	499,146	-
Project V – #19-359-967: All Nations Trust Company mortgage, payments of \$2,372 per month, including interest at 1.12% per annum; maturing December 2019.	77,033	104,468
RBC demand loan bearing interest at 3.99% per annum with blended monthly payments of \$856 secured by a vehicle with a net book value of \$45,942	34,252	43,016
RBC demand loan non-interest bearing with monthly principal payments of \$368 secured by a vehicle with a net book value of \$13,252	13,620	18,037
RBC demand loan bearing interest at 5.40% per annum with monthly payments of \$500 secured by a vehicle with a net book value of \$11,651	2,510	8,213
	1,212,508	780,611

Shxw'ow'hamel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

10. Long-term debt *(Continued from previous page)*

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:

2018	64,988
2019	63,550
2020	57,519
2021	28,721
2022	22,852

All Nations Trust Company debt is secured by Ministerial guarantees of the Ministry of Indigenous and Northern Affairs Canada.

11. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
Operating surplus	2,985,829	2,849,752
Equity in Ottawa Trust Funds	85,873	85,827
Equity in tangible capital assets	2,925,085	2,034,936
Replacement reserve	-	62,938
	5,996,787	5,033,453

12. Federal assistance payments

The program has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce mortgage interest expense to two percent to enable the project to provide housing to low income individuals. The amount of assistance received in 2017 was:

	2017	2016
Project V - #19-359-967	46,397	46,397
Capital Funding	132,964	95,994
Less: deferred revenue	(126,817)	-
Housing Internship Initiative for First Nation and Inuit Youth	18,400	-
	70,944	142,391

13. Economic dependence

Shxw'ow'hamel First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada (INAC) as a result of agreements entered into with the Government of Canada. These agreements are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

14. Financial instruments

The Nation as part of its operations carries a number of financial instruments that consist of cash, accounts receivable, replacement reserve, Ottawa Trust funds, accounts payable, bank indebtedness and long-term debt. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Shxw'ow'hamel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

15. Comparative figures

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

16. Budget information

The disclosed budget information has been approved by the Si:yam Council and presented to the members of the Shxw'ow'hamel First Nation.

17. Segments

The Shxw'ow'hamel First Nation receives revenues and incurs expenses from various projects and sources. For management and reporting purposes, the revenues, expenses and surplus or deficits are organized by segments. Schedules 3 to 10 disclose the Nation's revenues and expenses in the following segments:

Administration

Includes general operations, support and financial management of the First Nation.

Education

Includes revenues and expenses related to primary, secondary and post secondary education of the members of the First Nation.

Social Development

Includes revenues and expenses relating to the social assistance of the members of the First Nation.

Capital Projects

Includes revenues and expenditures related to capital projects.

Maintenance

Includes revenues and expenditures related to ongoing community maintenance.

Economic Development & Employment

Includes revenues and expenses related to economic development and employment programs of the First Nation.

Housing

Includes rent collection and maintenance related to the mortgaged homes owned by the First Nation.

Other

Includes revenues and expenses related to the Ottawa Trust fund, replacement reserve, and equity in capital assets.

Shxw'ow'hamel First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2017

	<i>Land Improvements</i>	<i>Buildings</i>	<i>Vehicles and Equipment</i>	<i>Computer Hardware</i>	<i>Water and Sewer</i>	Subtotal
Cost						
Balance, beginning of year	93,452	191,889	203,521	26,262	1,287,752	1,802,876
Acquisition of tangible capital assets	-	-	46,280	12,013	94,657	152,950
Construction-in-progress	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-
Balance, end of year	93,452	191,889	249,801	38,275	1,382,409	1,955,826
Accumulated amortization						
Balance, beginning of year	63,016	27,743	55,999	18,944	244,251	409,953
Annual amortization	3,059	7,270	34,556	4,982	24,264	74,131
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, end of year	66,075	35,013	90,555	23,926	268,515	484,084
Net book value of tangible capital assets	27,377	156,876	159,246	14,349	1,113,894	1,471,742
2016 Net book value of tangible capital assets	30,436	164,146	147,522	7,318	1,043,501	1,392,923

Shxw'ow'hamel First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2017

	<i>Subtotal</i>	<i>Housing</i>	<i>2017</i>	<i>2016</i>
Cost				
Balance, beginning of year	1,802,876	2,159,707	3,962,583	3,768,013
Acquisition of tangible capital assets	152,950	-	152,950	209,740
Construction-in-progress	-	753,185	753,185	-
Disposal of tangible capital assets	-	-	-	(15,170)
Balance, end of year	1,955,826	2,912,892	4,868,718	3,962,583
Accumulated amortization				
Balance, beginning of year	409,953	859,732	1,269,685	1,163,261
Annual amortization	74,131	53,853	127,984	121,594
Accumulated amortization on disposals	-	-	-	(15,170)
Balance, end of year	484,084	913,585	1,397,669	1,269,685
Net book value of tangible capital assets	1,471,742	1,999,307	3,471,049	2,692,898
2016 Net book value of tangible capital assets	1,392,923	1,299,975	2,692,898	

Shxw'ow'hamel First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2017

	2017	2016
Consolidated expenses by object		
Advertising and promotion	3,859	397
Amortization	127,984	121,595
Automotive	31,477	21,302
Bad debt expense	1,082	3,822
Band functions and donations	64,161	98,953
Bank charges and interest	15,090	7,848
Basic needs	68,897	60,434
Basic needs - shelter	21,993	14,716
Basic needs - utilities	25,209	17,131
Board travel, training and honoraria	130,560	199,115
Contracted services	573,960	300,872
Distributions to members	33,100	341,500
Equipment rental	74,991	46,282
Fees and licenses	3,469	200
Financial assistance	7,944	9,838
Fire protection	20,899	20,389
Guidance and counselling	-	5,193
In-home care	10,152	6,930
Insurance	56,706	46,347
Interest on long-term debt	11,462	12,507
Log brokerage	1,327	9,414
Logging expense	227,505	617,166
Office equipment lease	6,802	7,575
Office supplies	23,535	27,231
Ancillary support	12,870	-
Post-secondary student support	30,090	74,167
Postage	1,342	1,559
Professional fees	267,716	383,277
Program expense	10,170	8,063
Repairs and maintenance	272,128	331,025
Road construction	11,975	27,556
Salaries and benefits	1,148,075	702,330
Silviculture	24,732	16,510
Special needs	3,867	2,533
Stumpage fees	10,655	202,135
Supplies	10,587	15,180
Telephone	19,026	13,033
Training	5,687	3,230
Travel and workshops	107,426	74,482
Tuition fees	235,005	232,592
Utilities	32,897	24,221
Vehicle	4,800	4,800
	3,751,212	4,113,450

Shxw'ow'hamel First Nation

Administration

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	234,798	270,456
Canada Mortgage and Housing Corporation	18,400	-
Insurance proceeds	193,947	2,625
Taxation	99,527	85,273
Community contributions	79,000	2,528,294
Zella Holdings	52,587	-
Province of British Columbia	41,702	35,000
Other revenue	36,686	33,533
Lease income	35,150	35,150
Rental income	32,141	10,058
Seabird Island	20,000	20,000
Interest income	12,172	4,492
First Nations Health Authority	5,000	-
Logging revenue	2,813	-
Fundraising	2,294	4,706
New Relationship Trust	-	2,000
Community development	-	1,011
TERA Environmental	-	17,447
BC Hydro	-	250,000
	866,217	3,300,045
Expenses		
Advertising and promotion	-	330
Bad debts	1,082	3,822
Band functions and donations	47,828	62,930
Bank charges and interest	9,349	5,456
Board travel, training and honoraria	76,203	169,899
Contracted services	13,970	148,930
Distributions to members	33,100	341,500
Insurance	26,514	23,403
Office equipment lease	4,535	2,045
Office supplies	8,140	21,133
Postage	1,342	1,559
Professional fees	84,802	266,056
Repairs and maintenance	57,976	53,874
Salaries and benefits	248,395	284,992
Supplies	3,907	5,406
Telephone	11,115	10,322
Training	1,900	1,603
Travel and workshops	66,835	51,527
Utilities	10,357	11,658
	707,350	1,466,445
Surplus before transfers	158,867	1,833,600

Continued on next page

Shxw'ow'hame First Nation

Administration

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2017

	2017	2016
Surplus before transfers <i>(Continued from previous page)</i>	158,867	1,833,600
Transfers between segments	(78,962)	(24,140)
Surplus	79,905	1,809,460
Accumulated surplus, beginning of year	2,478,062	668,602
Accumulated surplus, end of year	2,557,967	2,478,062

Shxw'ow'hamel First Nation

Education

Schedule 4 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit

For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	303,257	292,724
First Nations Education Steering Committee	8,362	3,201
Other revenue	1,200	1,433
	312,819	297,358
Expenses		
Ancillary support	12,870	-
Band functions and donations	5,439	519
Board travel, training and honoraria	-	126
Financial assistance	7,944	9,838
Guidance and counselling	-	5,193
Post-secondary student support	30,090	74,167
Salaries and benefits	12,482	3,971
Training	425	-
Travel and workshops	1,751	1,062
Tuition fees	235,005	232,592
	306,006	327,468
Surplus (deficit) before transfers	6,813	(30,110)
Transfers between segments	123	770
Surplus (deficit)	6,936	(29,340)
Accumulated surplus (deficit), beginning of year	(12,049)	17,291
Accumulated deficit, end of year	(5,113)	(12,049)

Shxw'ow'hame First Nation

Social Development

**Schedule 5 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
(Deficit)**

For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	164,911	200,403
INAC program recovery	(42,420)	(6,877)
Brighter Futures	16,856	13,936
First People's Heritage	15,000	-
Other revenue	844	3,822
Contributions	-	800
	155,191	212,084
Expenses		
Band functions and donations	6,096	29,564
Basic needs	68,749	60,434
Basic needs - shelter	21,993	14,716
Basic needs - utilities	25,209	17,131
Board travel, training and honoraria	-	629
Contracted services	5,000	-
In-home care	10,152	6,930
Office supplies	309	-
Program expense	10,170	8,063
Repairs and maintenance	41	-
Salaries and benefits	48,833	45,019
Special needs	3,867	2,533
Supplies	82	1,082
Telephone	1,009	-
Travel and workshops	3,570	431
	205,080	186,532
Surplus (deficit)	(49,889)	25,552
Accumulated surplus (deficit), beginning of year	17,607	(7,945)
Accumulated surplus (deficit), end of year	(32,282)	17,607

Shxw'ow'hamel First Nation
Capital Projects

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

For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	1,547,256	267,509
Canada Mortgage and Housing Corporation	6,147	95,994
First Nations Health Authority	10,000	-
	1,563,403	363,503
Expenses		
Band functions and donations	1,080	-
Board travel, training and honoraria	400	-
Contracted services	178,456	-
Repairs and maintenance	128,410	255,372
Supplies	123	-
	308,469	255,372
Surplus before transfers	1,254,934	108,131
Transfers between segments	(234,986)	(80,117)
Surplus	1,019,948	28,014
Accumulated surplus (deficit), beginning of year	13,271	(14,743)
Accumulated surplus, end of year	1,033,219	13,271

Shxw'ow'hamel First Nation

Maintenance

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

For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	326,332	453,820
Other revenue	500	1,036
Seabird Island	-	1,080
	326,832	455,936
Expenses		
Advertising and promotion	-	39
Band functions and donations	2,522	3,340
Bank charges and interest	566	154
Board travel, training and honoraria	27,441	3,134
Contracted services	4,729	135,395
Fees and licenses	1,282	200
Fire protection	20,899	20,389
Insurance	4,529	5,346
Office equipment lease	2,267	5,530
Office supplies	9,333	3,985
Professional fees	99,106	45,294
Repairs and maintenance	5,213	8,150
Salaries and benefits	133,676	79,267
Supplies	741	93
Telephone	2,755	2,500
Training	1,099	-
Travel and workshops	7,503	1,498
Utilities	13,046	11,878
Vehicle	4,800	4,800
	341,507	330,992
Surplus (deficit) before transfers	(14,675)	124,944
Transfers between segments	37,502	31,153
Surplus	22,827	156,097
Accumulated surplus, beginning of year	156,097	-
Accumulated surplus, end of year	178,924	156,097

Shxw'ow'hamel First Nation
Economic Development & Employment
Schedule 8 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
(Deficit)
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	220,000	10,000
Construction revenue	706,832	-
Logging revenue	304,648	1,520,453
Province of British Columbia	71,976	-
Sto:lo Aboriginal Skills and Employment Training	60,184	45,761
New Relationship Trust	20,000	2,000
Earnings from investment in Nation partnerships	4,014	38,843
Interest income	3,166	124
Other revenue	-	7,839
	1,390,820	1,625,020
Expenses		
Advertising and promotion	3,859	28
Automotive	31,477	21,302
Band functions and donations	1,196	2,600
Bank charges and interest	5,175	2,235
Basic needs	148	-
Board travel, training and honoraria	26,517	25,327
Contracted services	355,640	16,547
Equipment rental	74,991	46,282
Fees and licenses	2,187	-
Insurance	17,663	11,868
Log brokerage	1,327	9,414
Logging expense	227,505	617,166
Office supplies	5,753	2,113
Professional fees	80,659	68,603
Repairs and maintenance	192	3,162
Road construction	11,975	27,556
Salaries and benefits	704,689	289,082
Silviculture	24,732	16,510
Stumpage fees	10,655	202,135
Supplies	5,571	8,555
Telephone	4,147	211
Training	2,263	1,628
Travel and workshops	27,766	19,963
	1,626,087	1,392,287
Surplus (deficit) before transfers	(235,267)	232,733
Transfers between segments	(711,848)	10,578
Surplus (deficit)	(947,115)	243,311
Accumulated surplus (deficit), beginning of year	172,241	(71,070)
Accumulated surplus (deficit), end of year	(774,874)	172,241

Shxw'ow'hamel First Nation
Housing
Schedule 9 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2017

	2017	2016
Revenue		
Canada Mortgage and Housing Corporation	46,397	46,397
Rental income	51,675	52,800
	98,072	99,197
 Expenses		
Contracted services	16,165	-
Insurance	8,000	5,730
Interest on long-term debt	11,462	12,507
Professional fees	3,150	3,325
Repairs and maintenance	6,292	6,039
Supplies	163	44
Utilities	9,494	685
	54,726	28,330
 Surplus before transfers	43,346	70,867
Transfers between segments	(59,404)	67,217
 Surplus (deficit)	(16,058)	138,084
Accumulated surplus (deficit), beginning of year	24,518	(113,566)
 Accumulated surplus, end of year	8,460	24,518

Shxw'ow'hamel First Nation
Other
Schedule 10 - Consolidated Schedule of Revenue and Expenses and Accumulated
Surplus
For the year ended March 31, 2017

	2017	2016
Revenue		
Interest income	1,194	1,788
Other revenue	-	434
	1,194	2,222
Expenses		
Amortization	127,984	121,595
Repairs and maintenance	74,003	4,429
	201,987	126,024
Deficit before transfers	(200,793)	(123,802)
Transfers between programs	1,047,575	(5,461)
Surplus (deficit)	846,782	(129,263)
Accumulated surplus, beginning of year	2,183,701	2,312,964
Accumulated surplus, end of year	3,030,483	2,183,701