

Consolidated Financial Statements of

**SHXW'OW'HAMEL  
FIRST NATION**

And Independent Auditors' Report thereon

Year ended March 31, 2019

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

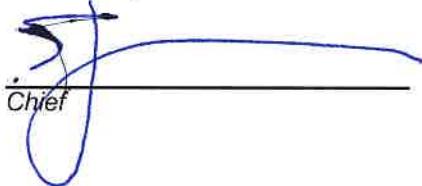
The accompanying consolidated financial statements of Shxw'ow'hamel First Nation (the "First Nation") are the responsibility of management, and have been prepared in compliance with legislation, and in accordance with the CPA Canada Public Sector Accounting Handbook. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The First Nation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

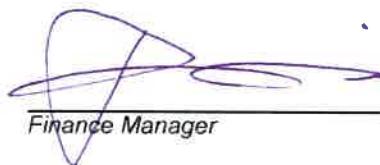
Chief and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the First Nation. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the First Nation's consolidated financial statements.

Chief



Finance Manager





KPMG LLP  
200-9123 Mary Street  
Chilliwack BC V2P 4H7  
Canada  
Tel 604-793-4700  
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## INDEPENDENT AUDITORS' REPORT

To the Council and Members of Shxw'ow'hamel First Nation

### ***Opinion***

We have audited the consolidated financial statements of Shxw'ow'hamel First Nation (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of statements of operations and accumulated surplus for the year then ended
- the consolidated statement of statement of change in net financial assets (debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2019 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter - Comparative information***

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended March 31, 2018 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect to this matter.

### ***Other Matter - Comparative Information***

The financial statements for the year ended March 31, 2018, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on July 30, 2018.

As part of our audit of the financial statements for the year ended March 31, 2019, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2018. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended March 31, 2018. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a stylized, cursive font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Chilliwack, Canada

July 25, 2019

# SHXW'OW'HAMEL FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
	(Restated - note 2)	
<b>Financial Assets</b>		
Cash	\$ 994,290	\$ 2,606,306
Accounts receivable (note 3)	1,664,746	697,096
Investments in nation partnerships (note 4)	483,822	890,625
Fund held in trust (note 5)	85,423	87,324
<u>Replacement reserve (note 13)</u>	<u>28,373</u>	<u>42,455</u>
	3,256,654	4,323,806
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (note 6)	1,590,664	1,356,178
Long-term debt (note 8)	2,578,352	2,291,544
Deferred revenue	540,324	49,723
	4,709,340	3,697,445
Net financial assets (debt)	(1,452,686)	626,361
<b>Non-financial assets</b>		
Tangible capital assets (note 9)	8,011,322	5,718,388
Prepaid expenses	18,023	44,333
<b>Accumulated surplus (Note 10)</b>	<b>\$ 6,576,659</b>	<b>\$ 6,389,082</b>

Contingencies (note 12)

See accompanying notes to consolidated financial statements.

On behalf of Chief and Council:

  
 \_\_\_\_\_ Chief  
  
 \_\_\_\_\_ Councilor

# SHXW'OW'HAMEL FIRST NATION

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
(note 13)			
<b>Revenue:</b>			
First Nations Health Authority	\$ 147,088	\$ 1,879,707	\$ 39,300
Indigenous Services Canada	1,217,977	1,434,422	1,412,691
Rental income	151,360	214,517	123,699
Province of British Columbia	110,000	152,083	214,362
Community contributions	2,000,000	143,911	749,000
Other revenue	64,800	131,265	34,125
Canada Mortgage and Housing Corporation	62,664	115,725	367,550
Taxation	80,000	90,067	119,587
Sto:lo Aboriginal Skills and Employment			
Training	38,000	54,767	55,609
Interest income	6,600	24,700	20,894
Indigenous Services Canada reimbursement	-	21,701	20,473
Brighter Futures	16,856	21,159	16,856
Zella Holdings	20,000	16,782	13,708
Lease income	9,000	14,315	8,150
Logging revenue	-	11,107	157,891
CH2M hill	-	8,573	-
Fundraising	3,000	3,978	3,960
First Nations Education Steering Committee	3,129	-	3,410
New Relationship Trust	2,000	-	2,000
BC Hydro	-	-	18,232
First Nations Financial Management Board	-	-	7,500
Fraser Basin Council Society	-	-	5,000
Seabird Island	-	-	20,000
Earnings (loss) from investments in nation partnerships	-	(406,803)	(59,774)
	3,932,474	3,931,976	3,354,223
<b>Expenses:</b>			
Administration	687,570	1,442,214	894,174
Public works and maintenance	393,072	570,879	567,755
Education	331,909	473,746	380,906
Economic development and employment	45,036	429,581	300,638
Social development	240,967	374,573	256,216
Housing	116,500	230,072	145,048
Other	-	169,616	158,464
Capital projects	157,088	53,718	14,542
	1,972,142	3,744,399	2,717,743
Annual surplus	1,960,332	187,577	636,480
Accumulated surplus, beginning of year	6,389,082	6,389,082	5,752,602
Accumulated surplus, end of year	\$ 8,349,414	\$ 6,576,659	\$ 6,389,082

See accompanying notes to consolidated financial statements.

# SHXW'OW'HAMEL FIRST NATION

Consolidated Statement of Change in Net Financial Assets (Debt)

Year ended March 31, 2019, with comparative information for 2018

	<b>Budget</b>	<b>2019</b>		<b>2018</b>
	(note 13)			(Restated - note 2)
Annual surplus	\$ 1,960,332	\$ 187,577	\$ 636,480	
<b>Tangible capital assets:</b>				
Acquisition of tangible capital assets	-	(2,462,550)	(2,490,761)	
Amortization of tangible capital assets	-	169,616	146,084	
Surplus effect of change in status of business enterprise	-	-	(244,185)	
Adjustment to tangible capital assets on change in status of business enterprise	-	-	97,338	
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(2,292,934)	(2,491,524)	
<b>Other non-financial assets:</b>				
Change in prepaid expenses and deposits	-	26,310	2,042	
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net financial assets	1,960,332	(2,079,047)	(1,853,002)	
Net financial assets, beginning of year	626,361	626,361	2,479,363	
Net financial assets (debt), end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2,586,693	\$ (1,452,686)	\$ 626,361	

See accompanying notes to consolidated financial statements.

# SHXW'OW'HAMEL FIRST NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
	(Restated - note 2)	
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 187,577	\$ 636,480
Items not involving cash:		
Amortization of tangible capital assets	169,616	146,084
Loss from investment in nation partnership	406,803	59,774
	<u>763,996</u>	<u>842,338</u>
Changes in non-cash operating working capital:		
Accounts receivable	(967,650)	(382,006)
Accounts payable and accrued liabilities	234,486	588,186
Deferred revenue	490,601	(126,817)
Prepaid expenses	26,310	2,042
	<u>547,743</u>	<u>923,743</u>
Financing activities:		
Repayment of long-term debt	(98,888)	(63,299)
Proceeds from long-term debt	385,696	1,176,587
	<u>286,808</u>	<u>1,113,288</u>
Investing activities:		
Acquisition of tangible capital assets	(2,462,550)	(2,354,361)
Investment in nation partnership	-	(244,185)
Funds held in Ottawa trust account	1,901	1,452
Transfer from replacement reserve	14,082	55
	<u>(2,446,567)</u>	<u>(2,597,039)</u>
Decrease in cash	(1,612,016)	(560,008)
Cash, beginning of year	2,606,306	3,166,314
Cash, end of year	<u>\$ 994,290</u>	<u>\$ 2,606,306</u>
Supplemental cash flow information:		
Tangible capital assets acquired through accounts payable and accrued liabilities	\$ -	\$ 136,400

See accompanying notes to consolidated financial statements.

# SHXW'OW'HAMEL FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

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### 1. Significant accounting policies:

The consolidated financial statements of Shxw'ow'hamel First Nation (the "First Nation") are prepared by management in accordance with the CPA Canada Public Sector Accounting Handbook. Significant accounting policies adopted by the First Nation are as follows:

#### (a) Fund accounting:

The First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been consolidated for the purpose of presentation in the consolidated financial statements. The First Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation administration;
- The Capital Fund which reports the tangible capital assets of the First Nation, together with their related financing, other than those included in the Social Housing Fund; and
- The Social Housing Fund which reports the social housing assets of the First Nation, together with related activities.

#### (b) Reporting entity and principles of financial reporting:

The First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

Investments in incorporated business entities and partnership are included in the consolidated financial statements using the modified equity method. This includes Shxw'ow'hamel Ventures Limited Partnership ("SVLP"), (99.9% ownership), and Shxw'ow'hamel Ventures GP Ltd.("SVGP") (100% ownership).

The First Nation business entities, owned or controlled by the First Nation's Si:yam 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.

# SHXW'OW'HAMEL FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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### 1. Significant accounting policies (continued):

#### (c) Government transfers:

Government transfers received relate to social development, child care, housing and health programs. Government transfers paid relate to social services programs. Transfers are recognized in the consolidated financial statements as revenues or expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

#### (d) Non-financial tangible capital assets:

Non financial tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

##### (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Land improvements	10-20 years
Buildings	25 years
Vehicles and equipment	5-10 years
Computer hardware	4 years
Water and sewer	50 years
Band housing	40 years

In accordance with Canada Mortgage and Housing Corporation ("CMHC") policies, amortization of CMHC funded social housing is equal to the principal repayment on the related long term debt. This policy is not in compliance with the CPA Canada Public Sector Accounting Handbook, however, the difference was determined not to have a material impact on the consolidated financial statements.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

##### (ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

# SHXW'OW'HAMEL FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 1. Significant accounting policies (continued):

### (e) Contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The First Nation is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

### (f) Use of estimates:

The preparation of consolidated financial statements 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 revenues and expenses during the period. Significant estimates include assumptions used in estimating collectibility of accounts receivable, the estimated useful lives of tangible capital assets and accrued liabilities. Actual results could differ from these estimates.

# **SHXW'OW'HAMEL FIRST NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## **2. Correction of an error:**

In the prior year, Shxw'ow'hamel Ventures LP completed construction of certain tangible capital assets for the First Nation, but did not invoice for the final costs of \$136,400 until fiscal 2019. As a result, the fiscal 2018 financial statements did not reflect these costs. The balance sheet as of March 31, 2018 has been restated to reflect the accrual of these costs as follows:

- Increase accounts payable and accrued liabilities	\$ 136,400
- Increase tangible capital assets	\$ 136,400

There was no impact of this error on prior year operations.

## **3. Accounts receivable:**

Accounts receivable includes loans to First Nation members in the amount of \$171,447 (2018 - \$33,542). Loans to First Nation members are presented net of allowance for doubtful accounts of \$30,500 (2018 - \$30,500).

# SHXW'OW'HAMEL FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 4. Investments in nation partnerships:

The First Nation owns 99.99% of the units of SVLP and 100% of SVGP. The First Nation's investment includes contributions net of distributions and is summarized as follows:

	Investment cost	Loans/ advances	Cumulative share of loss	Total investment	2019
<b>First Nation Business Enterprises</b>					
Shxw'ow'hamel Ventures GP Ltd.	\$ 1	\$ -	\$ -	\$ 1	
<b>First Nation Business Partnerships</b>					
Shxw'ow'hamel Ventures Limited Partnership	100	1,000,000	(516,279)	483,821	
	\$ 101	\$ 1,000,000	\$ (516,279)	\$ 483,822	

The First Nation records their share of the equity loss in the partnerships of \$406,803 (2018 - \$97,338) based on the December 31, 2018 year end.

	Investment cost	Loans/ advances	Cumulative share of loss	Total investment	2018
<b>First Nation Business Enterprises</b>					
Shxw'ow'hamel Ventures GP Ltd.	\$ 1	\$ -	\$ -	\$ 1	
<b>First Nation Business Partnerships</b>					
Shxw'ow'hamel Ventures Limited Partnership	100	1,000,000	(109,476)	890,624	
	\$ 101	\$ 1,000,000	\$ (109,476)	\$ 890,625	

# SHXW'OW'HAMEL FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 4. Investments in nation partnerships (continued):

Condensed summary fiscal information for each of the business entities at December 31, 2018 is noted below.

	SVLP	SVGP
Current assets	\$ 513,471	\$ 1
Investments in partnerships and joint ventures	1,829,642	-
Capital assets	375,892	-
 Total assets	 \$ 2,719,005	 \$ 1
 Current liabilities	 \$ 1,266,094	 -
Long term debt	974,795	-
Finance leases	130,734	-
Equity	347,382	1
	\$ 2,719,005	\$ 1
 Revenues	 \$ 2,700,478	 -
Expenses	(3,107,321)	-
 Income (loss)	 \$ (406,843)	 \$ -

## 5. Funds held in Ottawa trust accounts:

Capital and revenue trust moneys are transferred to the nation on authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's council.

	2019	2018
Capital Trust:		
Balance, beginning and end of the year	\$ 84,980	\$ 84,980
 Revenue Trust:		
Balance, beginning of the year	2,344	893
Interest	1,000	1,893
BC special distribution	443	451
Less: Transfer to nation	(3,344)	(893)
	443	2,344
	\$ 85,423	\$ 87,324

# **SHXW'OW'HAMEL FIRST NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## **6. Accounts payable and accrued liabilities:**

Included in accounts payable and accrued liabilities are government remittances payable of \$ nil (2018 - \$10,844), which includes amounts payable for payroll related taxes.

## **7. Credit Facilities:**

The First Nation has an operating line of credit held with Bank of Montreal amounting to a maximum of \$500,000. The operating line of credit bears interest of prime plus 0.50% per annum with monthly interest payments. As at March 31, 2019, this facility is being utilized by SVLP and has a balance outstanding of \$87,976 (2018 - 436,649). Since the loan is being utilized by SVLP, this is treated as a contingent liability by the First Nation (see note 12).

The First Nation has a credit facility for the On Reserve Housing Loan Program to a maximum of \$1,000,000. As at March 31, 2019, this credit facility is undrawn.

The First Nation also has a credit facility for real estate financing to a maximum of \$6,800,000. As at March 31, 2019 this credit facility is undrawn. The credit facility bears interest at prime plus 0.75% per annum.

The total of the above credit facilities cannot exceed \$8,300,000. As at March 31, 2019, the First Nation is in compliance of this limit.

# SHXW'OW'HAMEL FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 8. Long-term debt:

	2019	2018
Project VIII - #19-359-967:All Nations Trust Company mortgage, payments of interest only at 1.40% per annum, terms will be established at interest adjustment date which will occur subsequent to yearend	\$ 998,789	\$ 665,731
Project VII - #19-359-967:All Nations Trust Company mortgage, payments of \$4,451 per month, including interest at 2.39% per annum, due February 2023	940,106	966,849
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	543,821	564,661
Toyota financial services loan, payments of \$3,041.99 per month, including interest at 4.47% per annum; for a term of 36 months secured by a specific vehicle	41,890	-
RBC demand loan non-interest bearing with monthly payments of \$676 secured by a specific vehicle	27,700	35,808
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	21,260	49,292
RBC demand loan non-interest bearing with monthly principal payments of \$368 secured by a specific vehicle	4,786	9,203
	<hr/> \$ 2,578,352	<hr/> \$ 2,291,544

Scheduled principal repayments for the upcoming years, assuming loans are not demanded, are as follows:

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2020	\$ 120,005
2021	619,055
2022	86,693
2023	66,958
2024	836,135

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All Nations Trust Company debt is secured by Ministerial guarantees from the Ministry of Indigenous Services Canada.

# SHXW'OW'HAMEL FIRST NATION

Notes to Consolidated Financial Statement (continued)

Year ended March 31, 2019

## 9. Tangible capital assets:

Cost	Balance March 31, 2018 (Restated - note 2)	Additions/ Transfers	Disposals/ Transfers	Balance March 31, 2019
Land improvements	\$ 93,452	\$ -	\$ -	\$ 93,452
Buildings	191,889	-	-	191,889
Vehicles and equipment	169,857	79,806	-	249,663
Computer hardware	47,343	9,615	-	56,958
Water and sewer	1,569,480	93,789	-	1,663,269
Band housing	918,474	1,083,252	-	2,001,726
CMHC housing	2,673,612	881,583	-	3,555,195
Construction-in-progress	1,570,202	314,505	-	1,884,707
<b>Total</b>	<b>\$ 7,234,309</b>	<b>\$ 2,462,550</b>	<b>\$ -</b>	<b>\$ 9,696,859</b>

Accumulated amortization	Balance March 31, 2018	Additions/ Transfers	Disposals/ Transfers	Balance March 31, 2019
Land improvements	\$ 69,133	\$ -	\$ 3,059	\$ 72,192
Buildings	42,285	-	7,272	49,557
Vehicles and equipment	87,526	-	29,560	117,086
Computer hardware	30,695	-	7,409	38,104
Water and sewer	296,165	-	32,327	328,492
Band housing	664,948	-	25,219	690,167
CMHC housing	325,169	-	64,770	389,939
<b>Total</b>	<b>\$ 1,515,921</b>	<b>\$ -</b>	<b>\$ 169,616</b>	<b>\$ 1,685,537</b>

	Net book value March 31, 2018 (Restated - note 2)	Net book value March 31, 2019
Land improvements	\$ 24,319	\$ 21,260
Buildings	149,604	142,332
Vehicles and equipment	82,331	132,577
Computer hardware	16,648	18,854
Water and sewer	1,273,315	1,334,777
Band housing	253,526	1,311,559
CMHC housing	2,348,443	3,165,256
Construction-in-progress	1,570,202	1,884,707
<b>Total</b>	<b>\$ 5,718,388</b>	<b>\$ 8,011,322</b>

# SHXW'OW'HAMEL FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus, invested in tangible assets and reserve funds as follows:

	2019	2018
		(Restated - note 2)
<b>Surplus:</b>		
Unrestricted equity in funds	\$ 1,115,316	\$ 2,919,783
<b>Surplus associated with tangible capital assets:</b>		
Invested in tangible capital assets	5,432,970	3,426,844
<b>Surplus funds set aside by statutory requirements:</b>		
Replacement reserve fund (note 10)	28,373	42,455
	<hr/> \$ 6,576,659	<hr/> \$ 6,389,082

## 11. Replacement reserve fund:

In accordance with the terms and conditions of the Operating Agreement with CMHC, the First Nation must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. For 2019 \$28,373 (2018 - \$42,455) has been set aside to fund this reserve.

These funds are to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by CMHC with any interest earned to be credited as revenue to the Replacement Reserve Fund.

## 12. Contingent liabilities:

The First Nation is contingently liable for guarantees it has placed for certain loans made by financial institutions to its members. The First Nation has also guaranteed the loans of certain Limited Partnerships and Corporations which it owns. As at March 31, 2019 the total loans being guaranteed have a current balance totaling \$2,490,783 (2018 - \$262,077). No amount has been accrued as Management considers them to be in good standing and therefore does not consider payment of the contingent liability to be likely.

# SHXW'OW'HAMEL FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 13. Budget information:

The budget information presented is the original budget approved by the Si:yam Council and presented to the members of the First Nation.

## 14. Related party transactions:

During the year the following transactions occurred with SVLP, a partnership controlled by the First Nation (see note 4) and with a partnership owned by SVLP.

	2019	2018
		(Restated - note 2)
Paid SLVP for construction of buildings	\$ 419,174	\$ 1,300,315
Earned royalty fees	50,000	-

Included in various accounts are the following balances due to/from SLVP.

	2019	2018
		(Restated - note 2)
Accounts receivable	\$ 39,747	\$ 23,094
Accounts payable	302,760	713,462

The above transactions are in the normal course of operations and are marginal at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 15. Economic dependence:

The First Nation receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada with contribution totaling 35.1% (2018 - 42.1%).

# SHXW'OW'HAMEL FIRST NATION

Notes to Consolidated Financial Statement (continued)

Year ended March 31, 2019

## 16. Segmented information:

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. The following table presents the expenses incurred and the revenue generated by each main object of expense and by major revenue type. The segment results for the period are as follows:

	Education	Development	Administration	Public Works				Capital	Housing	Economic Development	Other	2019	2018
				Social	& Village	Maintenance						2019	2018
<b>Revenues:</b>													
Federal government	\$ 448,330	\$ 316,012	\$ 287,348	\$ 194,086	\$ 93,693	\$ -	\$ 94,953	\$ -	\$ 1,434,422	\$ 1,197,632			
Other government sources	-	56,253	242,467	95,324	1,879,707	109,049	57,644	-	2,440,444	1,816,922			
First Nation economic activities	-	21,701	-	-	-	-	12,000	-	33,701	93,026			
Rental income	-	-	-	-	-	202,517	-	-	202,517	123,699			
Interest income	-	-	24,700	-	-	-	-	-	-	24,700	20,894		
Other income	-	-	202,995	-	-	-	-	-	(406,803)	(203,808)	102,050		
	448,330	393,966	757,510	289,410	1,973,400	311,566	164,597	(406,803)	3,931,976	3,354,223			
<b>Expenses:</b>													
Operating expenses	69,314	41,828	693,330	351,932	3,072	129,844	21,200	-	1,310,520	880,130			
Program & services expenses	404,432	238,513	262,228	55,627	50,000	60,566	338,779	-	1,410,145	945,514			
Salaries, wages & benefits	-	94,232	443,933	156,426	-	20,066	69,602	-	784,259	649,765			
Repairs and Maintenance	-	-	42,723	6,894	646	19,596	-	-	69,859	83,871			
Amortization of tangible capital assets	-	-	-	-	-	-	-	169,616	169,616	158,463			
	473,746	374,573	1,442,214	570,879	53,718	230,072	429,581	169,616	3,744,399	2,717,743			
Annual surplus (deficit)	\$ (25,416)	\$ 19,393	\$ (684,704)	\$ (281,469)	\$ 1,919,682	\$ 81,494	\$ (264,984)	\$ (576,419)	\$ 187,577	\$ 636,480			