

XAXLI'P FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2015

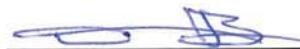
Management's Responsibility for Financial Reporting

The consolidated financial statements of XAXLI'P FIRST NATION have been prepared in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of XAXLI'P FIRST NATION's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

Chief and Council are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by Council and meets periodically with management and the auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by Council, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Morine & Co. Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.



Chief



Councillor

Lillooet, BC

INDEPENDENT AUDITOR'S REPORT

To the Members of XAXLI'P FIRST NATION

We have audited the accompanying consolidated financial statements of XAXLI'P FIRST NATION, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of revenues and expenditures, changes in net assets, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 auditor's 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report to the Members of XAXLI'P FIRST NATION *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of XAXLI'P FIRST NATION as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



White Rock, British Columbia
July 28, 2015

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

XAXLI'P FIRST NATION
Consolidated Statement of Financial Position
March 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash	\$ 529,227	\$ 790,124
Restricted cash (Note 2)	378,678	358,319
Portfolio investments	378,488	366,694
Accounts receivable	<u>499,383</u>	<u>617,382</u>
	<u>1,785,776</u>	<u>2,132,519</u>
LIABILITIES		
Accounts payable	93,548	382,430
Wages payable	62,264	84,334
Deferred income	660,809	948,366
Mortgages payable (Note 5)	<u>1,455,023</u>	<u>1,572,955</u>
	<u>2,271,644</u>	<u>2,988,085</u>
NET FINANCIAL ASSETS	<u>(485,868)</u>	<u>(855,566)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Notes 3, 4)	<u>4,234,944</u>	<u>4,468,455</u>
ACCUMULATED SURPLUS	<u>\$ 3,749,076</u>	<u>\$ 3,612,889</u>

CONTINGENT LIABILITY {Note 6}

ON BEHALF OF THE COUNCIL

 *Chief*

 *Councillor*

XAXLI'P FIRST NATION
Consolidated Statement of Revenues and Expenditures
Year Ended March 31, 2015

	Budget 2015	2015	2014
REVENUE			
Aboriginal Affairs and Northern Development			
Canada	-	\$ 1,961,021	\$ 1,869,035
Canada Mortgage and Housing Corporation	-	76,427	74,232
Health Canada	-	-	288,151
Province of British Columbia	-	418,742	414,027
Investment income	-	28,298	33,841
ISET	-	54,049	36,470
Xaxli'p Settlement Funds	-	210,484	168,064
Fisheries and Oceans	-	15,210	16,900
Rental revenue	-	182,764	186,933
Work opportunity program	-	32,521	41,597
Program revenue	-	27,982	14,552
First Nations Health Authority	-	744,144	350,535
FNESC	-	38,490	29,227
Allocation to RRF	-	27,093	55,653
Other income	-	585,991	918,511
	-	4,403,216	4,497,728
EXPENSES			
Advertising and promotion	-	1,819	2,432
Amortization	-	233,511	433,066
Bad debts	-	-	380
Catering	-	36,649	44,417
Contracted services	-	21,464	21,823
Fuel	-	11,556	17,047
Honoraria	-	103,263	126,523
Insurance	-	61,073	57,616
Interest and bank charges	-	4,084	21,696
Interest on long term debt	-	31,694	32,797
Miscellaneous	-	97,099	138,028
Professional fees	-	261,764	264,897
Program expenses	-	571,246	604,363
Rental	-	34,693	34,157
Repairs and maintenance	-	114,237	370,413
Salaries and wages	-	1,343,167	1,434,260
Student allowances	-	397,083	404,805
Supplies	-	131,483	94,945
Telephone	-	42,106	35,615
Training	-	48,131	18,643
Travel	-	149,139	207,064
Social Assistance payments	-	490,277	575,408
Utilities	-	54,400	59,819
Transfers to Replacement Reserves	-	27,093	55,653
	-	4,267,031	5,055,867
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES			
	\$ -	\$ 136,185	\$ (558,139)

XAXLI'P FIRST NATION
Consolidated Statement of Changes in Net Financial Assets
Year Ended March 31, 2015

	2015	2014
ANNUAL SURPLUS		
Amortization	\$ 136,185	\$ (558,139)
	<u>233,513</u>	<u>433,066</u>
INCREASE IN NET FINANCIAL ASSETS	369,698	(125,073)
Net financial assets, beginning of year	<u>(855,566)</u>	<u>(730,493)</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ (485,868)	\$ (855,566)

XAXLI'P FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 136,185	\$ (558,139)
Item not affecting cash:		
Amortization of tangible capital assets	<u>233,511</u>	433,066
	<u>369,696</u>	<u>(125,073)</u>
Changes in non-cash working capital:		
Accounts receivable	117,999	(27,168)
Accounts payable	(288,880)	(178,464)
Deferred income	(287,557)	(36,646)
Wages payable	<u>(22,070)</u>	84,334
	<u>(480,508)</u>	<u>(157,944)</u>
Cash flow used by operating activities	<u>(110,812)</u>	<u>(283,017)</u>
INVESTING ACTIVITY		
Portfolio investments	<u>(11,794)</u>	<u>(188,719)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(117,932)</u>	-
DECREASE IN CASH FLOW		
Cash - beginning of year	<u>1,148,443</u>	1,620,179
CASH - END OF YEAR	<u>\$ 907,905</u>	<u>\$ 1,148,443</u>
CASH CONSISTS OF:		
Cash	\$ 529,227	\$ 790,124
Restricted cash	<u>378,678</u>	<u>358,319</u>
	<u>\$ 907,905</u>	<u>\$ 1,148,443</u>

XAXLI'P FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards for governments, as defined in the CICA Public Sector Accounting and Auditing Handbook which encompasses the following principles:

Revenue recognition

XAXLI'P FIRST NATION (the "Nation") follows the deferral method of accounting for contributions. Accordingly, amounts received under funding arrangements which relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position.

Fund accounting

The Nation records accounting transactions using the fund accounting method generally in use for governments. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of operations which presents the results of operations for the fund. The consolidated statement of financial position of the Nation includes the assets, liabilities and equity of all funds presented in the financial statements.

The various funds, being the capital fund which accounts for the capital assets of the Nation, the unrestricted fund which accounts for the operating programs of the Nation and the designated fund which are internally restricted funds, have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operations of each program are set out in the supplementary schedules.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Buildings	5%
Computer equipment	20%
Office furniture and equipment	20%
Automotive equipment and machinery	10%

Except for Social Housing where assets acquired under the social housing program are amortized at a rate equivalent to the annual principal reduction in the related long term debt, as required for Canada Mortgage and Housing Corporation reporting requirements.

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XAXLI'P FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Budgets

As the Nation does not prepare a consolidated budget, no budget figures have been presented.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. RESTRICTED CASH

	2015	2014
Ottawa Trust Funds	\$ 326,955	\$ 316,576
Replacement Reserve Fund	<u>51,723</u>	<u>41,743</u>
	<u>\$ 378,678</u>	<u>\$ 358,319</u>

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Buildings	\$ 6,810,095	\$ 3,975,697	\$ 2,834,398	\$ 3,817,399
Office furniture and equipment	535,729	474,728	61,001	18,615
Land	446,505	-	446,505	446,505
Infrastructure	2,361,000	1,540,629	820,371	(8,616)
Automotive equipment and machinery	823,446	750,777	72,669	194,552
	<u>\$ 10,976,775</u>	<u>\$ 6,741,831</u>	<u>\$ 4,234,944</u>	<u>\$ 4,468,455</u>

XAXLI'P FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

4. CHANGES IN TANGIBLE CAPITAL ASSETS

	Beginning of year	Additions	Disposals	2015	2014
Cost					
Land	\$ 446,505	\$ -	\$ -	\$ 446,505	\$ 446,505
Buildings	6,810,095	- -	- -	6,810,095	6,810,095
Office equipment	535,729	- -	- -	535,729	525,729
Infrastructure	2,361,000	- -	- -	2,361,000	2,361,000
Automotive equipment	823,446	- -	- -	823,446	823,446
	\$ 10,976,775	\$ -	\$ -	\$ 10,976,775	\$ 10,966,775
Accumulated Amortization					
Buildings	\$ 3,822,763	\$ 152,934	\$ -	\$ 3,975,697	\$ 3,822,763
Office equipment	459,477	15,251	- -	474,728	459,477
Infrastructure	1,506,447	34,182	- -	1,540,629	1,506,447
Automotive equipment	719,633	31,144	- -	750,777	719,633
	\$ 6,508,320	\$ 233,511	\$ -	\$ 6,741,831	\$ 6,508,320

XAXLI'P FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

5. MORTGAGES PAYABLE

	2015	2014
RBC loan bearing interest at 4.75% per annum, repayable in monthly blended payments of \$1,180. The loan matures on June 9, 2017 and is secured by a mortgage.	\$ 30,017	\$ 42,433
RBC loan bearing interest at 3.42% per annum, repayable on demand.	149,912	154,035
ANTC loan bearing interest at 1.67% per annum, repayable in monthly blended payments of \$2,141. The loan matures on February 1, 2022 and is secured by ministerial guarantee.	167,730	190,422
ANTC loan bearing interest at 1.67% per annum, repayable in monthly blended payments of \$2,364. The loan matures on March 1, 2024 and is secured by ministerial guarantee.	236,906	261,107
ANTC loan bearing interest at 1.12% per annum, repayable in monthly blended payments of \$2,698. The loan matures on January 1, 2025 and is secured by ministerial guarantee.	301,340	328,005
ANTC loan bearing interest at 1.71% per annum, repayable in monthly blended payments of \$3,149. The loan matures on August 1, 2032 and is secured by ministerial guarantee.	<u>569,118</u>	<u>596,953</u>
	<u>\$ 1,455,023</u>	<u>\$ 1,572,955</u>

Principal repayment terms are approximately:

2016	\$ 126,051
2017	128,701
2018	115,342
2019	117,026
2020	119,737
Thereafter	<u>848,166</u>
	<u>\$ 1,455,023</u>

6. CONTINGENT LIABILITY

The Nation has a contingent liability of approximately \$2,700,000 as a result of past involvement in the treaty process. As the Nation does not recognize any liability and as the likelihood of payment is indeterminate, the amount has not been recorded in these consolidated financial statements.

7. FINANCIAL INSTRUMENTS

It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from its financial instruments.

8. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants.

XAXLI'P FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

9. CORRECTION OF AN ERROR

Prior year's surplus and legacy funds have been reduced by \$30,475,000. These amounts were previously recorded as an asset and revenue in error in a prior period.

XAXLI'P FIRST NATION
Operations By Department
Year Ended March 31, 2015

(Schedule 1)

REVENUE	AANDC	Equity in Capital Assets	Replacement Reserve Fund	Equity in Ottawa Trust - Capital	Equity in Ottawa Trust - Revenue	Xaxli'p Ranch	Social Housing	Operations	2015	Current Year
REVENUE										
Aboriginal Affairs and Northern Development		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,961,021	\$ 1,961,021
Canada										
Canada Mortgage and Housing Corporation										
Province of British Columbia										
Fisheries and Oceans										
ISET										
Investment income										
Rental revenue										
Xaxli'p Settlement Funds										
Work opportunity program										
Program revenue										
First Nations Health Authority										
FNESC										
Other income										
Allocation to RRF										
		27,093	-	-	-	41,149	-	-	27,093	
		-	27,093	-	10,378	41,149	213,683	4,110,913	4,403,216	

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XAXL'I'P FIRST NATION
Operations By Department (continued)
Year Ended March 31, 2015

(Schedule 1)

	Equity in Capital Assets	Replacement Reserve Fund	Equity in Ottawa Trust - Capital	Equity in Ottawa Trust - Revenue	Xaxl'i'p Ranch	Social Housing	Operations	2015	Current Year
EXPENSES									
Advertising and promotion	-	-	-	-	340	-	1,479	1,819	
Amortization	-	-	-	-	5,869	101,393	126,249	233,511	
Catering	-	-	-	-	-	-	36,649	36,649	
Contracted services	-	-	-	-	-	-	21,464	21,464	
Fuel	-	-	-	-	4,115	-	7,441	11,556	
Honoraria	-	-	-	-	-	-	103,263	103,263	
Insurance	-	-	-	-	1,299	13,757	46,017	61,073	
Interest and bank charges	-	-	-	-	226	226	3,632	4,084	
Interest on long term debt	-	-	-	-	-	26,504	5,190	31,694	
Miscellaneous	-	-	-	-	-	-	96,889	97,099	
Professional fees	-	-	-	-	210	-	-	-	
Program expenses	-	-	-	-	7,014	6,500	248,250	261,764	
Rental	-	-	-	-	-	-	571,246	571,246	
Repairs and maintenance	-	-	-	-	4,560	-	30,133	34,683	
Salaries and wages	-	-	-	-	3,377	13,218	97,642	114,237	
Student allowances	-	-	-	-	4,817	31,041	1,307,309	1,343,167	
Supplies	-	-	-	-	-	-	397,083	397,083	
Telephone	-	-	-	-	10,881	74	120,528	131,483	
Training	-	-	-	-	-	-	42,106	42,106	
Travel	-	-	-	-	-	-	48,131	48,131	
Social Assistance payments	-	-	-	-	-	547	148,592	149,139	
Utilities	-	-	-	-	3,118	4,800	490,277	490,277	
Transfers to Replacement Reserves	-	-	-	-	-	27,093	46,482	54,480	
	-	-	-	-	-	-	-	27,093	
	-	-	-	-	45,826	225,153	3,996,052	4,267,031	
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	27,093	-	10,378	(4,677)	(11,470)	114,861	136,185	
SURPLUS (DEFICIT), BEGINNING OF YEAR	2,895,499	181,095	18,690	297,886	(666,635)	99,776	786,577	3,612,888	
TRANSFER									
Transfer of principal repayments	117,932	-	-	-	-	-	(219,325)	(101,393)	
Transfer depreciation	(233,511)	-	-	-	-	-	340,773	(101,393)	
	(115,579)	-	-	-	-	(5,869)	-	121,448	-
SURPLUS (DEFICIT), END OF YEAR	\$ 2,779,920	\$ 208,188	\$ 18,690	\$ 308,264	\$ (665,443)	\$ 88,306	\$ 1,566,567	\$ 3,749,073	