

**XAXLI'P FIRST NATION**  
**Consolidated Financial Statements**  
**Year Ended March 31, 2016**

**XAXLI'P FIRST NATION**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2016**

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## Management's Responsibility for Financial Reporting

The consolidated financial statements of XAXLI'P FIRST NATION have been prepared in accordance with Canadian public sector accounting standards. 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 Anton, Bryson & Schindler Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.

  
\_\_\_\_\_  
Chief  
\_\_\_\_\_  
Councillor

Lillooet, BC  
July 27, 2016

## 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, 2016, and the consolidated statements of revenues and expenditures, 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 qualified audit opinion.

(continues)



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

Basis for Qualified Opinion

XAXLI'P FIRST NATION does not recognize loans and accrued interest outstanding from the treaty negotiation process as debt. As a result, long-term debt is understated by approximately \$2,800,000 and accumulated surplus is overstated by the same amount.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of XAXLI'P FIRST NATION as at March 31, 2016 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 27, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

**XAXLI'P FIRST NATION**  
**Consolidated Statement of Financial Position**  
**March 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,099,701	\$ 529,227
Restricted cash (Note 2)	386,347	378,678
Portfolio investments	389,889	378,488
Accounts receivable	445,748	499,383
	<u>2,321,685</u>	<u>1,785,776</u>
<b>LIABILITIES</b>		
Accounts payable	75,517	93,548
Wages payable	86,808	62,264
Deferred income	844,239	660,809
Mortgages payable (Note 5)	1,355,173	1,455,023
	<u>2,361,737</u>	<u>2,271,644</u>
<b>NET FINANCIAL ASSETS</b>	<u>(40,052)</u>	<u>(485,868)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Notes 3, 4)	4,036,226	4,234,944
<b>ACCUMULATED SURPLUS</b>	<u>\$ 3,996,174</u>	<u>\$ 3,749,076</u>

ON BEHALF OF THE COUNCIL

 Chief

 Councillor

**XAXLI'P FIRST NATION**  
**Consolidated Statement of Revenues and Expenditures**  
**Year Ended March 31, 2016**

	Budget 2016	2016	2015
<b>REVENUE</b>			
Aboriginal Affairs and Northern Development			
Canada	\$ -	\$ 2,483,420	\$ 1,961,021
Canada Mortgage and Housing Corporation	-	150,936	76,427
Assets	-	95,756	-
Province of British Columbia	-	429,889	418,742
Investment income	-	33,493	28,298
ISET	-	-	54,049
Xaxli'p Settlement Funds	-	328,940	210,484
Fisheries and Oceans	-	-	15,210
Rental revenue	-	185,478	182,764
Work opportunity program	-	35,916	32,521
Program revenue	-	46,132	27,982
First Nations Health Authority	-	888,523	744,144
FNESC	-	26,622	38,490
Allocation to RRF	-	27,093	27,093
Other income	-	430,381	585,991
	-	5,162,579	4,403,216
<b>EXPENSES</b>			
Advertising and promotion	-	8,798	1,819
Amortization	-	225,406	233,511
Bad debts	-	1,483	-
Catering	-	24,809	36,649
Contracted services	-	21,047	21,464
Fuel	-	7,811	11,556
Honoraria	-	107,182	103,263
Insurance	-	74,387	61,073
Interest and bank charges	-	13,112	4,084
Interest on long term debt	-	24,100	31,694
Miscellaneous	-	121,307	97,099
Professional fees	-	716,657	261,764
Program expenses	-	628,323	571,246
Rental	-	27,544	34,693
Repairs and maintenance	-	210,272	114,237
Salaries and wages	-	1,320,453	1,343,167
Social Assistance payments	-	533,638	490,277
Student allowances	-	323,142	397,083
Supplies	-	129,885	131,483
Telephone	-	37,043	42,106
Training	-	67,493	48,131
Transfers to Replacement Reserve	-	27,093	27,093
Travel	-	207,973	149,139
Utilities	-	56,522	54,400
	-	4,915,480	4,267,031
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ -</b>	<b>\$ 247,099</b>	<b>\$ 136,185</b>

See notes to financial statements

Anton, Bryson & Schindler Chartered Professional Accountants LLP

**XAXLI'P FIRST NATION**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended March 31, 2016**

	2016	2015
<b>ANNUAL SURPLUS</b>	<b>\$ 247,099</b>	<b>\$ 136,185</b>
Amortization	225,406	233,511
Purchase of tangible capital assets	(26,688)	-
	<u>198,718</u>	<u>233,511</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>445,817</b>	<b>369,697</b>
Net financial assets, beginning of year	(485,869)	(855,566)
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b><u>\$ (40,052)</u></b>	<b><u>\$ (485,869)</u></b>



**XAXLI'P FIRST NATION**  
**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 247,099	\$ 136,185
Item not affecting cash:		
Amortization of tangible capital assets	225,406	233,511
	<u>472,505</u>	<u>369,696</u>
Changes in non-cash working capital:		
Accounts receivable	53,635	117,999
Accounts payable	(18,031)	(288,880)
Deferred income	183,430	(287,557)
Wages payable	24,544	(22,070)
	<u>243,578</u>	<u>(480,508)</u>
Cash flow from (used by) operating activities	<u>716,083</u>	<u>(110,812)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(26,688)	-
Portfolio investments	(11,401)	(11,794)
Cash flow used by investing activities	<u>(38,089)</u>	<u>(11,794)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term financing	26,688	-
Repayment of long term debt	(126,539)	(117,932)
Cash flow used by financing activities	<u>(99,851)</u>	<u>(117,932)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>578,143</b>	<b>(240,538)</b>
Cash - beginning of year	<u>907,905</u>	<u>1,148,443</u>
<b>CASH - END OF YEAR</b>	<b>\$ 1,486,048</b>	<b>\$ 907,905</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 1,099,701	\$ 529,227
Restricted cash	<u>386,347</u>	<u>378,678</u>
	<u>\$ 1,486,048</u>	<u>\$ 907,905</u>

**XAXLI'P FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2016**

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**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.

*(continues)*

**XAXLI'P FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2016**

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

	<b>2016</b>	<b>2015</b>
Ottawa Trust Funds	\$ 336,427	\$ 326,955
Replacement Reserve Fund	49,920	51,723
	<b>\$ 386,347</b>	<b>\$ 378,678</b>

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<b>2016 Net book value</b>	2015 Net book value
Buildings	\$ 6,810,095	\$ 4,130,284	\$ 2,679,811	\$ 2,834,398
Office furniture and equipment	535,729	486,928	48,801	61,001
Land	446,505	-	446,505	446,505
Infrastructure	2,361,000	1,573,444	787,556	820,371
Automotive equipment and machinery	850,134	776,581	73,553	72,669
	<b>\$ 11,003,463</b>	<b>\$ 6,967,237</b>	<b>\$ 4,036,226</b>	<b>\$ 4,234,944</b>



**XAXLI'P FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2016**

**4. CHANGES IN TANGIBLE CAPITAL ASSETS**

	Beginning of year	Additions	Disposals	2016	2015
<u>Cost</u>					
Land	\$ 446,505	\$ -	\$ -	\$ 446,505	\$ 446,505
Buildings	6,810,095	-	-	<b>6,810,095</b>	6,810,095
Office equipment	535,729	-	-	<b>535,729</b>	535,729
Infrastructure	2,361,000	-	-	<b>2,361,000</b>	2,361,000
Automotive equipment	823,446	26,688	-	<b>850,134</b>	823,446
	<b>\$ 10,976,775</b>	<b>\$ 26,688</b>	<b>\$ -</b>	<b>\$ 11,003,463</b>	<b>\$ 10,976,775</b>
<u>Accumulated Amortization</u>					
Buildings	\$ 3,975,697	\$ 154,587	\$ -	\$ 4,130,284	\$ 3,975,697
Office equipment	474,728	12,200	-	<b>486,928</b>	474,728
Infrastructure	1,540,629	32,815	-	<b>1,573,444</b>	1,540,629
Automotive equipment	750,777	25,804	-	<b>776,581</b>	750,777
	<b>\$ 6,741,831</b>	<b>\$ 225,406</b>	<b>\$ -</b>	<b>\$ 6,967,237</b>	<b>\$ 6,741,831</b>



**XAXLI'P FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2016**

**5. MORTGAGES PAYABLE**

	<u>2016</u>	<u>2015</u>
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.	\$ 17,007	\$ 30,017
RBC loan bearing interest at 3.42% per annum, repayable on demand.	145,660	149,912
RBC loan bearing interest at 3.78% per annum, repayable in monthly blended payments of \$600. The loan matures on July 15, 2019 and is secured by vehicle loan.	22,517	-
ANTC housing loans bearing interest at various rates, repayable in monthly blended payments. The loans are secured by ministerial guarantees.	<u>1,169,989</u>	<u>1,275,094</u>
	<u>\$ 1,355,173</u>	<u>\$ 1,455,023</u>

Principal repayment terms are approximately:

2017	\$ 128,701
2018	115,342
2019	117,026
2020	119,737
2021	848,166
Thereafter	<u>26,201</u>
	<u>\$ 1,355,173</u>

**6. 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.

**XAXLI'P FIRST NATION**  
**Operations By Department**  
**Year Ended March 31, 2016**

(Schedule 1)

	Equity in Capital Assets	Replacement Reserve Fund	Equity in Ottawa Trust - Capital	Equity in Ottawa Trust - Revenue	Xaxli'p Ranch	Social Housing	Operations	2016 Current Year
<b>REVENUE</b>								
<b>AANDC</b>								
Aboriginal Affairs and Northern Development Canada	\$ -	\$ -	\$ -	-	-	-	2,483,420	\$ 2,483,420
Canada Mortgage and Housing Corporation	-	-	-	-	-	75,362	75,574	150,936
Assets	-	-	-	-	-	-	95,756	95,756
Province of British Columbia	-	-	-	-	-	-	429,889	429,889
Investment income	-	-	-	9,473	-	-	24,020	33,493
Rental revenue	-	-	-	-	-	141,140	44,338	185,478
Xaxli'p Settlement Funds	-	-	-	-	-	-	328,940	328,940
Work opportunity program	-	-	-	-	4,119	-	31,797	35,916
Program revenue	-	-	-	-	-	-	46,132	46,132
First Nations Health Authority	-	-	-	-	-	-	888,523	888,523
FNESC	-	-	-	-	-	-	26,622	26,622
Other income	-	-	-	-	22,700	-	407,681	430,381
Allocation to RRF	-	27,093	-	-	-	-	-	27,093
	-	27,093	-	9,473	26,819	216,502	4,882,692	5,162,579

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**XAXLI'P FIRST NATION**  
**Operations By Department (continued)**  
**Year Ended March 31, 2016**

(Schedule 1)

	Equity in Capital Assets	Replacement Reserve Fund	Equity in Ottawa Trust - Capital	Equity in Ottawa Trust - Revenue	Xaxli'p Ranch	Social Housing	Operations	2016 Current Year
<b>EXPENSES</b>								
Advertising and promotion	-	-	-	-	-	-	8,798	8,798
Amortization	-	-	-	-	4,743	105,106	115,557	225,406
Bad debts	-	-	-	-	-	-	1,483	1,483
Catering	-	-	-	-	-	-	24,809	24,809
Contracted services	-	-	-	-	-	-	21,047	21,047
Fuel	-	-	-	-	1,377	-	6,434	7,811
Honoraria	-	-	-	-	-	-	107,182	107,182
Insurance	-	-	-	-	2,342	11,306	60,739	74,387
Interest and bank charges	-	-	-	-	170	327	12,815	13,112
Interest on long term debt	-	-	-	-	-	18,973	5,127	24,100
Miscellaneous	-	-	-	-	59	-	121,248	121,307
Professional fees	-	-	-	-	890	-	715,767	716,657
Program expenses	-	-	-	-	-	-	628,323	628,323
Rental	-	-	-	-	-	-	27,544	27,544
Repairs and maintenance	-	-	-	-	2,789	30,342	177,141	210,272
Salaries and wages	-	-	-	-	13,344	16,357	1,290,752	1,320,453
Social Assistance payments	-	-	-	-	-	-	533,638	533,638
Student allowances	-	-	-	-	-	-	323,142	323,142
Supplies	-	-	-	-	6,668	1,234	121,983	129,885
Telephone	-	-	-	-	-	-	37,043	37,043
Training	-	-	-	-	-	-	67,493	67,493
Transfers to Replacement Reserve	-	-	-	-	-	27,093	-	27,093
Travel	-	-	-	-	40	357	207,576	207,973
Utilities	-	-	-	-	1,833	-	54,689	56,522
	-	-	-	-	34,255	211,095	4,670,130	4,915,480
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	-	27,093	-	9,473	(7,436)	5,407	212,562	247,099
<b>SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	2,779,920	208,188	18,690	308,265	(665,444)	88,307	1,011,149	3,749,075
<b>TRANSFERS</b>								
Transfer of principal repayments	126,539	-	-	-	-	-	(231,645)	(105,106)
Transfer depreciation	(225,406)	-	-	-	(4,743)	-	335,255	105,106
	(98,867)	-	-	-	(4,743)	-	103,610	-
<b>SURPLUS (DEFICIT), END OF YEAR</b>	\$ 2,681,053	\$ 235,281	\$ 18,690	\$ 317,738	\$ (668,137)	\$ 93,714	\$ 2,131,250	\$ 3,996,174

See notes to financial statements  
Anton, Bryson & Schindler Chartered Professional Accountants LLP