

XAXLI'P FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2017

XAXLI'P FIRST NATION
Index to Consolidated Financial Statements
Year Ended March 31, 2017

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Revenues and Expenditures	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 11
Operations By Department (<i>Schedule 1</i>)	12 - 13


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, 2017

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, 2017, 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)

Suite 1588 - 789 West Pender Street
Vancouver BC V6C 1H2
T 604 434-8026
F 604 434-8972

Suite 312 - 1959 152 Street
Surrey, BC V4A 9E3
T 604 531-0982
F 604 531-0985

975 Terminal Avenue North
Nanaimo, BC V9S 4K3
T 250 753-9193
F 250 753-9337

1486 Fisher Road - PO Box 27
Cobble Hill BC V0R 1L0
T 250 743-2861
F 250 743-9906

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, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Nanaimo, British Columbia
July 27, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

XAXLI'P FIRST NATION
Consolidated Statement of Financial Position
March 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 992,180	\$ 1,099,701
Restricted cash (Note 2)	423,996	386,347
Portfolio investments	322,596	389,889
Accounts receivable	436,537	412,302
	<u>2,175,309</u>	<u>2,288,239</u>
LIABILITIES		
Accounts payable	332,494	42,069
Wages payable	67,592	86,808
Deferred income	679,409	844,239
Long term debt (Note 5)	1,223,871	1,355,173
	<u>2,303,366</u>	<u>2,328,289</u>
NET FINANCIAL ASSETS	<u>(128,057)</u>	<u>(40,050)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	8,716	-
Tangible capital assets (Notes 3, 4)	3,912,439	4,036,226
	<u>3,921,155</u>	<u>4,036,226</u>
ACCUMULATED SURPLUS	<u>\$ 3,793,098</u>	<u>\$ 3,996,176</u>

ON BEHALF OF THE COUNCIL

 Chief

 Councillor

XAXLI'P FIRST NATION
Consolidated Statement of Revenues and Expenditures
Year Ended March 31, 2017

	Budget 2017	2017	2016
REVENUE			
AANDC	\$ -	\$ 2,002,712	\$ 2,483,420
Canada Mortgage and Housing Corporation	-	155,473	150,936
Assets	-	37,033	95,756
Province of British Columbia	-	466,568	429,889
Investment income	-	18,789	33,493
Xaxli'p Settlement Funds	-	154,310	328,940
Rental revenue	-	190,713	185,478
Work opportunity program	-	10,980	35,916
Program revenue	-	8,623	46,132
First Nations Health Authority	-	874,262	888,523
FNESC	-	36,551	26,622
Allocation to RRF	-	27,093	27,093
Other income	-	1,039,148	430,381
	-	5,022,255	5,162,579
EXPENSES			
Advertising and promotion	-	17,065	8,798
Amortization	-	222,509	225,406
Bad debts	-	-	1,483
Catering	-	17,012	24,809
Contracted services	-	34,485	21,047
Fuel	-	23,205	7,811
Honoraria	-	158,446	107,182
Insurance	-	73,175	74,387
Interest and bank charges	-	13,684	13,112
Interest on long term debt	-	22,199	24,100
Miscellaneous	-	162,623	121,307
Professional fees	-	370,695	716,657
Program expenses	-	713,177	628,323
Property taxes	-	1,426	-
Rental	-	36,569	27,544
Repairs and maintenance	-	401,801	210,272
Salaries and wages	-	1,500,555	1,320,453
Social Assistance payments	-	503,274	533,638
Student allowances	-	352,965	323,142
Supplies	-	151,968	129,885
Telephone	-	34,548	37,043
Training	-	58,121	67,493
Transfers to Replacement Reserve	-	27,093	27,093
Travel	-	278,811	207,973
Utilities	-	49,925	56,522
	-	5,225,331	4,915,480
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ -	\$ (203,076)	\$ 247,099

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, 2017

	2017	2016
ANNUAL SURPLUS	\$ (203,076)	\$ 247,099
Amortization	222,509	225,406
Prepaid expenses	(8,716)	-
Purchase of tangible capital assets	(98,721)	(26,688)
	<u>115,072</u>	<u>198,718</u>
INCREASE IN NET FINANCIAL ASSETS	(88,007)	445,818
Net financial assets, beginning of year	(40,050)	(485,868)
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ (128,057)</u>	<u>\$ (40,050)</u>

XAXLI'P FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (203,076)	\$ 247,099
Item not affecting cash:		
Amortization of tangible capital assets	222,509	225,406
	<u>19,433</u>	<u>472,505</u>
Changes in non-cash working capital:		
Accounts receivable	(24,235)	53,635
Accounts payable	290,427	(18,031)
Deferred income	(164,830)	183,430
Prepaid expenses	(8,721)	-
Wages payable	(19,216)	24,544
	<u>73,425</u>	<u>243,578</u>
Cash flow from operating activities	<u>92,858</u>	<u>716,083</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(98,721)	(26,688)
Portfolio investments	67,293	(11,401)
	<u>(31,428)</u>	<u>(38,089)</u>
Cash flow used by investing activities	<u>(31,428)</u>	<u>(38,089)</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	-	26,688
Repayment of long term debt	(131,302)	(126,539)
	<u>(131,302)</u>	<u>(99,851)</u>
Cash flow used by financing activities	<u>(131,302)</u>	<u>(99,851)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(69,872)</u>	<u>578,143</u>
Cash - beginning of year	<u>1,486,048</u>	<u>907,905</u>
CASH - END OF YEAR	<u>\$ 1,416,176</u>	<u>\$ 1,486,048</u>
CASH CONSISTS OF:		
Cash	\$ 992,180	\$ 1,099,701
Restricted cash	<u>423,996</u>	<u>386,347</u>
	<u>\$ 1,416,176</u>	<u>\$ 1,486,048</u>

XAXLI'P FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

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, 2017

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

	<u>2017</u>	<u>2016</u>
Ottawa Trust Funds	\$ 345,576	\$ 336,427
Replacement Reserve Fund	78,420	49,920
	<u>\$ 423,996</u>	<u>\$ 386,347</u>

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Buildings	\$ 6,810,095	\$ 4,284,586	\$ 2,525,509	\$ 2,679,811
Office furniture and equipment	584,510	501,566	82,944	48,801
Land	496,445	-	496,445	446,505
Infrastructure	2,361,000	1,604,946	756,054	787,556
Automotive equipment and machinery	850,134	798,647	51,487	73,553
	<u>\$ 11,102,184</u>	<u>\$ 7,189,745</u>	<u>\$ 3,912,439</u>	<u>\$ 4,036,226</u>

XAXLI'P FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

4. CHANGES IN TANGIBLE CAPITAL ASSETS

	Beginning of year	Additions	Disposals	2017	2016
Cost					
Land	\$ 446,505	\$ 49,940	\$ -	\$ 496,445	\$ 446,505
Buildings	6,810,095	-	-	6,810,095	6,810,095
Office equipment	535,729	48,781	-	584,510	535,729
Infrastructure	2,361,000	-	-	2,361,000	2,361,000
Automotive equipment	850,134	-	-	850,134	850,134
	<u>\$ 11,003,463</u>	<u>\$ 98,721</u>	<u>\$ -</u>	<u>\$ 11,102,184</u>	<u>\$ 11,003,463</u>
Accumulated Amortization					
Buildings	\$ 4,130,284	\$ 154,302	\$ -	\$ 4,284,586	\$ 4,130,284
Office equipment	486,928	14,638	-	501,566	486,928
Infrastructure	1,573,444	31,502	-	1,604,946	1,573,444
Automotive equipment	776,581	22,066	-	798,647	776,581
	<u>\$ 6,967,237</u>	<u>\$ 222,508</u>	<u>\$ -</u>	<u>\$ 7,189,745</u>	<u>\$ 6,967,237</u>

XAXLI'P FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

5. LONG TERM DEBT

	<u>2017</u>	<u>2016</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.	\$ 3,364	\$ 17,007
RBC loan bearing interest at 3.42% per annum, repayable on demand.	141,261	145,660
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 a vehicle.	16,059	22,517
ANTC housing loans bearing interest at various rates, repayable in monthly blended payments. The loans are secured by ministerial guarantees.	<u>1,063,187</u>	<u>1,169,989</u>
	<u>\$ 1,223,871</u>	<u>\$ 1,355,173</u>

Principal repayment terms are approximately:

2018	\$ 115,343
2019	117,026
2020	119,737
2021	848,166
2022	<u>23,599</u>
	<u>\$ 1,223,871</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.

XAXIL'IP FIRST NATION
Operations By Department
Year Ended March 31, 2017
(Schedule 1)

	Equity in Capital Assets	Replacement Reserve Fund	Equity in Ottawa Trust - Capital	Equity in Ottawa Trust - Revenue	Xaxil'ip Ranch	Social Housing	Operations	2017 Current Year
REVENUE								
AANDC								
Canada Mortgage and Housing Corporation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,002,712	\$ 2,002,712
Assets	-	-	-	-	-	75,362	80,111	155,473
Province of British Columbia	-	-	-	-	-	-	37,033	37,033
Investment income	-	-	-	-	-	-	466,568	466,568
Rental revenue	-	-	-	3,593	-	-	15,196	18,789
Xaxil'ip Settlement Funds	-	-	-	-	-	136,068	54,645	190,713
Work opportunity program	-	-	-	-	-	-	154,310	154,310
Program revenue	-	-	-	-	-	-	10,980	10,980
First Nations Health Authority	-	-	-	-	-	-	8,623	8,623
FNESC	-	-	-	-	-	-	874,262	874,262
Other income	-	-	-	-	-	-	36,551	36,551
Allocation to RRF	-	27,093	-	-	-	-	1,039,148	1,039,148
	-	27,093	-	3,593	-	211,430	4,780,139	5,022,255

(continues)

XAXLI'P FIRST NATION
Operations By Department (continued)
Year Ended March 31, 2017

(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	2017 Current Year
EXPENSES								
Advertising and promotion	-	-	-	-	-	-	17,065	17,065
Amortization	-	-	-	-	3,900	106,801	111,808	222,509
Catering	-	-	-	-	-	-	17,012	17,012
Contracted services	-	-	-	-	-	-	34,485	34,485
Fuel	-	-	-	-	-	-	23,205	23,205
Honoraria	-	-	-	-	-	-	158,446	158,446
Insurance	-	-	-	-	-	8,280	64,895	73,175
Interest and bank charges	-	-	-	-	-	190	13,484	13,684
Interest on long term debt	-	-	-	-	-	17,285	4,914	22,199
Miscellaneous	-	-	-	-	-	-	162,623	162,623
Professional fees	-	-	-	-	175	4,243	366,277	370,695
Program expenses	-	-	-	-	-	-	713,177	713,177
Rental	-	-	-	-	-	-	36,569	36,569
Repairs and maintenance	-	5,719	-	-	28	27,310	368,744	401,801
Salaries and wages	-	-	-	-	23,837	14,747	1,461,971	1,500,555
Social Assistance payments	-	-	-	-	-	-	503,274	503,274
Student allowances	-	-	-	-	-	-	352,965	352,965
Supplies	-	-	-	-	-	-	151,918	151,968
Telephone	-	-	-	-	-	-	34,548	34,548
Training	-	-	-	-	-	-	58,121	58,121
Transfers to Replacement Reserve	-	-	-	-	-	27,093	278,617	27,093
Travel	-	-	-	-	127	194	49,798	278,811
Utilities	-	-	-	-	-	-	1,426	49,925
Property taxes	-	-	-	-	-	-	1,426	1,426
	-	5,719	-	-	28,067	206,193	4,985,352	5,225,331
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	21,374	-	3,593	(28,067)	5,237	(205,213)	(203,076)
SURPLUS (DEFICIT), BEGINNING OF YEAR	2,681,053	233,482	18,690	317,738	(668,138)	95,512	1,317,837	3,986,174
TRANSFERS								
Transfer of principal repayments	131,302	-	-	-	-	-	(238,103)	(106,801)
Transfer depreciation	(222,509)	-	-	-	(3,900)	-	333,210	106,801
Transfer capital acquisitions	98,721	-	-	-	-	-	(98,721)	-
	7,514	-	-	-	(3,900)	-	(3,614)	-
SURPLUS (DEFICIT), END OF YEAR	\$ 2,688,567	\$ 254,856	\$ 18,690	\$ 321,331	\$ (692,305)	\$ 100,749	\$ 2,434,075	\$ 3,793,098