

Ts'kw'aylaxw First Nation
Consolidated Financial Statements
For the year ended March 31, 2015

Ts'kw'aylaxw First Nation
Consolidated Financial Statements
For the year ended March 31, 2015

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Ts'kw'aylaxw First Nation are the responsibility of management and have been approved by the Chief and another Band Councilor of the Band Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Ts'kw'aylaxw First Nation maintains systems of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The Ts'kw'aylaxw First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the Band's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Band Council.



Administrator



Councilor



Councilor



Councilor



Independent Auditor's Report

To the Chief and Council of Ts'kw'aylaxw First Nation

We were engaged to audit the accompanying consolidated financial statements of Ts'kw'aylaxw First Nation, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of change in net assets, operations 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

As noted in the summary of significant accounting policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in tangible capital assets.

Ts'kw'aylaxw First Nation also does not recognize loans and accrued interest outstanding from the treaty negotiation process as debt of the Band. As a result the long-term debt is understated by \$2,328,462 owed to the Government of Canada, and the Members' Equity is overstated by the same amount.



Basis for Qualified Opinion

In addition, we are not able to provide an opinion on the Ts'kw'aylaxw First Nation's investment in Marble Canyon Forestry Ltd. as we were unable to obtain the scope of the information required to gain sufficient and appropriate audit evidence over the investment in Marble Canyon Forestry Ltd. as it is prepared by another accounting firm. The scope limitation affects the investment in Marble Canyon Forestry Ltd.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Ts'kw'aylaxw 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.

Other Matters

Ts'kw'aylaxw First Nation has also prepared another set of consolidated financial statements for the year ended March 31, 2015 in accordance with Canadian public sector accounting standards. However, these consolidated financial statements include unaudited supplementary exhibits and schedules which present detailed program revenues and expenditures prepared to assist management of Ts'kw'aylaxw First Nation to meet the reporting requirements of various funding agencies. In addition, these consolidated financial statements have expanded disclosures for Chief and Council. Our audit report on the other set of consolidated financial statements was issued to the Chief and Council of Ts'kw'aylaxw First Nation and was dated August 17, 2015.

A handwritten signature in black ink that reads 'BDO Canada LLP'. The signature is stylized and cursive.

Chartered Professional Accountants

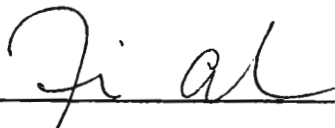


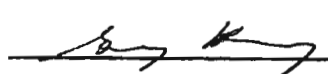
Kamloops, British Columbia
August 17, 2015

Ts'kw'aylaxw First Nation
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2015	2014
Financial Assets		
Cash (Note 3)	\$ 458,224	\$ 809,700
Restricted cash (Note 4)	858,915	850,413
Short term investments (Note 5)	150,000	150,000
Accounts receivable (Note 6)	467,464	242,540
Investments (Note 7)	22,179	27,964
Settlement Trust (Note 8)	29,071,974	27,427,500
	<u>31,028,756</u>	<u>29,508,117</u>
Liabilities		
Accounts payable (Note 9)	642,701	589,005
Deferred revenue (Note 10)	239,588	234,578
Due to replacement reserve (Note 11)	5,350	-
Long term debt (Note 12)	562,798	580,783
	<u>1,450,437</u>	<u>1,404,366</u>
Net Financial Assets	<u>29,578,319</u>	<u>28,103,751</u>
Non-financial Assets		
Prepaid expenses	12,283	13,685
Tangible capital assets (Note 13)	2,956,772	3,012,736
	<u>2,969,055</u>	<u>3,026,421</u>
Accumulated Surplus (Note 14)	<u>\$ 32,547,374</u>	<u>\$ 31,130,172</u>

Commitments (Note 15)
Contingencies (Note 16)

Approved on behalf of the Band Council:

 _____ Councilor	 _____ Councilor
 _____ Councilor	 _____ Councilor

Ts'kw'aylaxw First Nation

Exhibit B - Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2015	2014
Surplus - Exhibit C	\$ (412,153)	\$ (523,252)
Purchases of tangible capital assets	(46,263)	(993,805)
Amortization of tangible capital assets	102,227	69,585
	<u>55,964</u>	<u>(924,220)</u>
Change in prepaid expense	<u>1,402</u>	<u>22,273</u>
Equity change in Ottawa Trust	(14,812)	(42,461)
Equity change in investments	(5,785)	(9,682)
Transfers from Ottawa Trust	(19,178)	-
Equity change in Members' Trust	224,656	(118,958)
Equity change in Settlement Trust	1,644,474	-
	<u>1,829,355</u>	<u>(171,101)</u>
Increase (decrease) in net financial assets	1,474,568	(1,596,300)
Net financial assets, beginning of year	28,103,751	29,700,051
Net financial assets, end of year	\$ 29,578,319	\$ 28,103,751

Ts'kw'aylaxw First Nation
Exhibit C - Consolidated Statement of Operations

For the year ended March 31	2015	2014
Revenue		
Aboriginal Affairs and Northern Development Canada	\$ 1,919,602	\$ 2,088,959
First Nation Health Authority	334,515	311,942
Interest income	9,607	7,367
Members' Trust	97,000	397,279
Other revenue	903,360	910,794
	3,264,084	3,716,341
Expenses		
Administration	1,345,957	1,733,798
Community Welfare	960,865	1,205,332
Operations and Maintenance	141,104	230,432
Economic Development	321,062	568,165
Natural Resource Management	89,547	11,768
Education	341,908	278,721
Capital	475,794	211,377
	3,676,237	4,239,593
Deficit for the year	\$ (412,153)	\$ (523,252)

The accompanying notes are an integral part of these financial statements.

Ts'kw'aylaxw First Nation
Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2015	2014
Operating activities		
Cash received from funding agreements and contracts	\$ 3,225,748	\$ 3,582,820
Cash paid to suppliers and employees	(3,519,810)	(3,739,834)
Interest earned	35,220	23,415
Interest paid	(11,828)	(13,893)
	<u>(270,670)</u>	<u>(147,492)</u>
Capital activity		
Purchases of tangible capital assets	<u>(46,263)</u>	<u>(413,401)</u>
Financing activity		
Repayment of long term debt	(17,985)	(434)
Change in Ottawa and Members' Trusts	<u>(8,056)</u>	<u>(171,102)</u>
	<u>(26,041)</u>	<u>(171,536)</u>
Investing activities		
Change in investments	<u>-</u>	<u>37,682</u>
Decrease in cash and cash equivalents	(342,974)	(694,747)
Cash and cash equivalents, beginning of year	1,660,113	2,354,860
Cash and cash equivalents, end of year	\$ 1,317,139	\$ 1,660,113
Represented by:		
Cash	\$ 458,224	\$ 809,700
Restricted cash	<u>858,915</u>	<u>850,413</u>
	\$ 1,317,139	\$ 1,660,113

The accompanying notes are an integral part of these financial statements.

Ts'kw'aylaxw First Nation Notes to Consolidated Financial Statements

March 31, 2015

1. Significant Accounting Policies

Basis of Presentation These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CICA Public Sector Accounting Handbook, which encompasses the following principles.

**Reporting Entity and
Principles of Financial
Reporting**

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

These financial statements consolidate the assets, liabilities and results of operations for the following incorporated entities: 436158 B.C. Ltd. (dba Sky Blue Resort), Ts'kw'aylaxw Enterprises Inc., Ts'kw'aylaxw Economic Development Corporation and Ts'kw'aylaxw Forestry Company Ltd.

All inter-entity balances have been eliminated on consolidation.

Revenue Recognition Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Ts'kw'aylaxw First Nation retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Taxation revenue is recognized in the period in which the events that give rise to the revenue occurs.

Other revenue is recognized in the period in which the events that give rise to the revenue.

**Cash and Cash
Equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturities of three months or less.

Ts'kw'aylaxw First Nation Notes to Consolidated Financial Statements

March 31, 2015

1. Significant Accounting Policies (continued)

Ottawa Trust Revenue Funds Ts'kw'aylaxw First Nation uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in revenue of the Band upon withdrawal from the Ottawa Trust Fund.

Investments The Band accounts for Ts'kw'aylaxw Forestry Company Ltd.'s 100% interest in Marble Canyon Forestry Ltd. using the modified equity method. Under this method the cost of this investment is adjusted by earnings or losses of Marble Canyon Forestry Ltd. from the date of acquisition.

Inter-entity balances and transactions are not eliminated under the modified equity method.

Tangible Capital Assets Tangible capital assets are stated at cost less accumulated amortization and are recorded in the Capital Fund. The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations through interfund transfers and matched with the applicable revenue source in the year of expenditure. Tangible capital asset acquisitions are also recorded as an addition to assets of the Capital Fund with a corresponding increase in equity in capital assets.

Amortization is calculated on a declining balance basis at the following annual rates, except in the year of acquisition when one-half the rate is used:

Automotive equipment	30%
Band housing	5%
Boats	15%
Community buildings	5%
Irrigation equipment	20%
Machinery and equipment	30%
Office furniture and equipment	20%
Playground equipment	20%
TV satellite system	50%

Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs 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 purposes.

Ts'kw'aylaxw First Nation

Notes to Consolidated Financial Statements

March 31, 2015

1. Significant Accounting Policies (continued)

Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates.

Financial Instruments Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of its financial instruments reported in the financial statements approximate their carrying values, unless otherwise noted.

2. Economic Dependence

The Ts'kw'aylaxw First Nation receives a significant portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

3. Cash

	2015	2014
Operating Fund		
Cash and bank	\$ 332,131	\$ 550,482
Rental housing	(595)	40,197
	331,536	590,679
Other band entities	126,688	219,021
	\$ 458,224	\$ 809,700

The Band has negotiated a line of credit to an authorized amount of \$50,000 bearing interest at prime plus 0.75%. This line of credit is secured by an assignment of monies on Aboriginal Affairs and Northern Development Canada comprehensive funding agreement and a commitment letter in the amount of \$50,000.

Ts'kw'aylaxw First Nation Notes to Consolidated Financial Statements

March 31, 2015

4. Restricted Cash

	2015	2014
Trust Funds		
Members' Trust	\$ 177,096	\$ 153,781
Members' Trust GIC	100,000	100,000
Ottawa Revenue Fund	6,172	10,397
Ottawa Capital Fund	575,597	586,185
	858,865	850,363
Social Housing Project replacement reserve	50	50
	\$ 858,915	\$ 850,413

The Ottawa trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenditures of capital funds requires the consent of Aboriginal Affairs and Northern Development Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

Ts'kw'aylaxw First Nation administers their own revenue trust account known as the Members' Trust for land management activities. Withdrawals of the Members' Trust are recorded as revenue in the applicable fund where the monies are expended.

The Members' Trust GIC consists of a GIC held in a Canadian financial institution. The GIC earns interest at a rate of 0.9% (2014 - 1.3%) and matures February 2016.

Ts'kw'aylaxw First Nation
Notes to Consolidated Financial Statements

March 31, 2015

5. Short Term Investments

Short term investments consist of a GIC held in a Canadian financial institution. The GIC earns interest at a rate of 1.45% (2014 - 1.30%) and matures June 2016.

The Ts'kw'aylaxw First Nation also holds shares in Sun Life Financial at a cost of \$Nil (2014 - \$Nil). The fair market value of these shares is \$33,995 (2014 - \$33,342).

6. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	<u>2015</u>	<u>2014</u>
Operating Fund		
Trade receivables	\$ 367,331	\$ 77,004
Aboriginal Affairs and Northern Development Canada	-	69,859
Rental housing	318,987	385,504
Less: Allowance for doubtful accounts	(318,987)	(385,504)
Social Housing	21,016	-
	<u>388,347</u>	146,863
Trust Fund		
Royalties	79,117	95,677
	<u>\$ 467,464</u>	<u>\$ 242,540</u>

Ts'kw'aylaxw First Nation Notes to Consolidated Financial Statements

March 31, 2015

7. Investments

	2015	2014
Investment in Marble Canyon Forestry Ltd.	\$ 7,192	\$ 12,977
Due from Marble Canyon	14,987	14,987
	<u>\$ 22,179</u>	<u>\$ 27,964</u>

Ts'kw'aylaxw First Nation owns 100% effective ownership of Marble Canyon Forestry Ltd.

Summary of the unaudited financial statements of Marble Canyon Forestry Ltd. for the year ended March 31, 2015 is as follows:

Balance Sheet

Current assets	<u>\$ 11,315</u>
	<u>\$ 11,315</u>
Current liabilities	\$ 9,456
Due to shareholders	12,042
Share capital	100
Deficit	<u>(10,283)</u>
	<u>\$ 11,315</u>

Statement of Operations

Expenses	<u>5,785</u>
Net loss for the year	(5,785)
Retained earnings, beginning of year	<u>(4,498)</u>
Deficit, end of year	<u>\$ (10,283)</u>

Ts'kw'aylaxw First Nation
Notes to Consolidated Financial Statements

March 31, 2015

8. Settlement Trust

	<u>2015</u>	<u>2014</u>
Settlement Trust	\$ 29,071,974	\$ 27,427,500

In 2011, Ts'kw'aylaxw First Nation and other members of the St'at'imc Nation signed an agreement to establish the St'at'imc Trust. The amount above and the revenue recorded in the current year represent Ts'kw'aylaxw First Nation's proportionate share of the assets of the Trust to be funded over the next 50 years. The capital of the Trust is subject to restriction, however revenue earned on an annual basis is available for Ts'kw'aylaxw First Nation for their use. As at December 31, 2014, the Trust had been funded to the amount of \$3,504,773.

9. Accounts Payable

	<u>2015</u>	<u>2014</u>
Operating Fund	\$ 610,829	\$ 572,839
Other band entities	31,872	16,166
	<u>\$ 642,701</u>	<u>\$ 589,005</u>

Ts'kw'aylaxw First Nation
Notes to Consolidated Financial Statements

March 31, 2015

10. Deferred Revenue

Deferred revenue represents amounts received that relate to a subsequent period. A breakdown of deferred revenue is as follows:

	2015	2014
Operating		
Aboriginal Affairs and Northern Development Canada		
Special Needs	\$ 8,565	\$ 3,808
In-home care	8,678	-
Management Action Plan Pilot Project	1,363	-
Basic needs	36,674	49,101
National Child Benefit	1,903	1,184
Social Assistance for Employment and Training	523	523
Child out of Parental Home Allowance	15,109	-
Private school tuition	6,272	15,558
P&ID	10,035	-
FNLMI Environmental Management Agreement	8,921	49,404
	98,043	119,578
Other		
Members' Trust - Fire Department	100,000	100,000
Total operating deferred revenue	198,043	219,578
Solid Waste Transfer Station #5992	26,545	-
Total capital deferred revenue	26,545	-
Other		
Trust Fund -royalties	15,000	15,000
	\$ 239,588	\$ 234,578

Ts'kw'aylaxw First Nation

Notes to Consolidated Financial Statements

March 31, 2015

11. Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$5,400 annually. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada and Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

The Band is not in compliance with the Canada Mortgage and Housing Corporation agreement as the replacement reserve is currently underfunded by \$5,350.

12. Long Term Debt

	<u>2015</u>	<u>2014</u>
All Nations Trust Company, mortgage, repayable in monthly instalment of \$2,489 including interest at 2.08% per annum, due February 2019, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada	<u>\$ 562,798</u>	<u>\$ 580,783</u>

The estimated principal repayments on the above long term debt required over the next four years are as follows:

2016	\$ 18,331
2017	18,716
2018	19,109
2019	<u>506,642</u>
Total	<u>\$ 562,798</u>

Ts'kw'aylaxw First Nation
Notes to Consolidated Financial Statements

March 31, 2015

13. Tangible Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Automotive equipment	\$ 284,918	\$ 238,308	\$ 248,655	\$ 226,103
Band Housing	115,438	69,315	115,438	66,888
Community buildings	1,312,296	495,804	1,312,296	458,248
Irrigation equipment	3,873	3,803	3,873	3,786
Land and land improvements	232,551	-	232,551	-
Infrastructure under construction	247,550	-	247,550	-
Machinery and equipment	71,147	67,736	71,147	66,274
Office furniture and equipment	306,722	244,744	306,722	230,635
Playground equipment	40,658	39,490	40,658	39,197
Rental housing	811,007	507,551	811,007	491,580
TV satellite system	30,709	30,709	30,709	30,709
	3,456,869	1,697,460	3,420,606	1,613,420
436158 B.C. Ltd.				
Boats	5,323	4,923	5,323	4,852
Buildings	168,742	168,742	168,742	168,742
Land	512,085	-	512,085	-
Machinery and equipment	18,200	18,200	18,200	18,200
Office furniture and equipment	6,191	6,160	6,191	6,135
	710,541	198,025	710,541	197,929
Ts'kw'aylaxw Housing Management				
Buildings	702,956	18,420	692,956	434
Ts'kw'aylaxw Forestry Company Ltd.				
Automotive equipment	15,890	15,805	15,890	15,769
Office furniture and equipment	5,150	4,924	5,150	4,855
	21,040	20,729	21,040	20,624
	4,891,406	1,934,634	4,845,143	1,832,407
Net book value		\$ 2,956,772		\$ 3,012,736

Ts'kw'aylaxw First Nation
Notes to Consolidated Financial Statements

March 31, 2015

13. Tangible Capital Assets (continued)

2015												
	Automotive equipment	Band housing	Boats	Buildings	Irrigation equipment	Land and land improvements	Machinery and equipment	Office furniture and equipment	Playground equipment	Rental housing	TV Satellite system	Total
Cost, beginning of year	\$ 264,545	\$ 115,438	\$ 5,323	\$ 2,421,544	\$ 3,873	\$ 744,636	\$ 89,347	\$ 318,063	\$ 40,658	\$ 811,007	\$ 30,709	\$ 4,845,143
Additions	36,263	-	-	10,000	-	-	-	-	-	-	-	46,263
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Cost, end of year	300,808	115,438	5,323	2,431,544	3,873	744,636	89,347	318,063	40,658	811,007	30,709	4,891,406
Accumulated amortization, beginning of year	241,872	66,888	4,852	627,422	3,786	-	84,474	241,627	39,197	491,580	30,709	1,832,407
Amortization	12,241	2,427	71	55,542	17	-	1,462	14,203	293	15,971	-	102,227
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	254,113	69,315	4,923	682,964	3,803	-	85,936	255,830	39,490	507,551	30,709	1,934,634
Net carrying amount, end of year	\$ 46,695	\$ 46,123	\$ 400	\$ 1,748,580	\$ 70	\$ 744,636	\$ 3,411	\$ 62,233	\$ 1,168	\$ 303,456	\$ -	\$ 2,956,772

Ts'kw'aylaxw First Nation
Notes to Consolidated Financial Statements

March 31, 2015

13. Tangible Capital Assets (continued)

	2014											
	Automotive equipment	Band housing	Boats	Buildings	Irrigation equipment	Land and land improvements	Machinery and equipment	Office furniture and equipment	Playground equipment	Rental housing	TV Satellite system	Total
Cost, beginning of year	\$ 247,266	\$ 115,438	\$ 5,323	\$ 1,444,205	\$ 3,873	\$ 744,636	\$ 89,347	\$ 318,063	\$ 40,658	\$ 811,007	\$ 30,709	\$ 3,850,525
Additions	17,279	-	-	977,339	-	-	-	-	-	-	-	994,618
Cost, end of year	264,545	115,438	5,323	2,421,544	3,873	744,636	89,347	318,063	40,658	811,007	30,709	4,845,143
Accumulated amortization, beginning of year	235,856	64,333	4,769	589,926	3,764	-	82,386	223,961	38,832	488,286	30,709	1,762,822
Amortization	6,016	2,555	83	37,496	22	-	2,088	17,666	365	3,294	-	69,585
Accumulated amortization, end of year	241,872	66,888	4,852	627,422	3,786	-	84,474	241,627	39,197	491,580	30,709	1,832,407
Net carrying amount, end of year	\$ 22,673	\$ 48,550	\$ 471	\$ 1,794,122	\$ 87	\$ 744,636	\$ 4,873	\$ 76,436	\$ 1,461	\$ 319,427	\$ -	\$ 3,012,736

Ts'kw'aylaxw First Nation
Notes to Consolidated Financial Statements

March 31, 2015

14. Accumulated Surplus

Accumulated Surplus of the Band is comprised of the following:

	2015	2014
Funded reserves	\$ 50	\$ 50
Equity in investments	683,957	689,742
Equity in Ottawa Trust	581,770	596,582
Equity in Members' Trust	830,843	606,188
Contributed surplus	110,592	110,592
Equity in tangible capital assets	1,661,426	1,698,382
Equity in treaty negotiations	46,524	46,524
Equity in cultural reclamation fund	135,611	135,611
Restricted surplus (Note 18)	29,449,676	27,805,202
Deficit	(953,075)	(558,701)
	<u>\$ 32,547,374</u>	<u>\$ 31,130,172</u>

15. Commitments

Ts'kw'aylaxw First Nation has entered into a lease for office equipment with monthly payments of \$470, expiring in May 2016 and a lease for photocopiers with monthly payments of \$1,090, expiring in 2019. Estimated minimum lease payments over the next five years are as follows:

2016	\$ 18,720
2017	14,020
2018	13,080
2019	13,080
2020	3,270
	<u>\$ 62,170</u>

16. Contingencies

Ts'kw'aylaxw First Nation has guaranteed certain band member loans with Aboriginal Affairs and Northern Development Canada. The total amount guaranteed amounts to \$214,400 (2014 - \$214,400) with \$28,651 (2014 - \$28,277) being outstanding at March 31, 2015.

Ts'kw'aylaxw First Nation

Notes to Consolidated Financial Statements

March 31, 2015

17. Due to Government of Canada

The amounts due to the Government of Canada were advanced to the Ts'kw'aylaxw First Nation as loans to facilitate the treaty negotiations process. Total loans advanced to March 31, 2015 amount to \$2,328,462 (2014 - \$2,328,462). These amounts have not been reported on the Consolidated Statement of Financial Position.

18. Restricted Surplus

In prior years Chief and Council decided to internally restrict surpluses of the Band for the following projects:

	2015			2014
	Opening Balance	Transfers to (From)	Closing Balance	Closing Balance
Keatley Creek	\$ 219,453	\$ -	\$ 219,453	\$ 219,453
Settlement Trust	27,427,500	1,644,474	29,071,974	27,427,500
Pavilion Store	25,763	-	25,763	25,763
Language & Culture	14,043	-	14,043	14,043
General Operating Reserve	118,443	-	118,443	118,443
	\$ 27,805,202	\$ 1,644,474	\$ 29,449,676	\$ 27,805,202

19. Employee Benefits

The Ts'kw'aylaxw First Nation has a defined contribution plan providing pension benefits to certain of its employees. The pension cost charge represents contributions by the Band to the plan and amounts to \$20,847 (2014 - \$18,917).

20. Comparative Figures

Certain comparative amounts presented in the financial statements have been restated to conform to current year's basis of presentation.

Ts'kw'aylaxw First Nation Notes to Consolidated Financial Statements

March 31, 2015

21. Financial Instruments

Centralized Credit Risk

Amounts in deposit exceed Canadian deposit insurance.

22. Segment Disclosure

The First Nation is a diversified organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Administration

This item relates to the revenues and expenses that relate to the operations of the First Nation itself and cannot be directly attributed to specific segment.

Community Welfare

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

This service area provides services relating to the development, maintenance and service of the First Nation's assets, infrastructure and common property.

Education

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the First Nation's Members.

Economic Development

This service area provides for the development of economic opportunities to the Members.

Natural Resource Management

This service area includes exploration of natural resources and development of natural resource revenues.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Ts'kw'aylaxw First Nation
Notes to Consolidated Financial Statements

March 31, 2015

**22. Segment Disclosure
(continued)**

2015

	Administration	Community Welfare	Operations and Maintenance	Economic Development	Natural Resource Management	Education	Capital	Total
Revenue								
AANDC	\$ 628,879	\$ 341,344	\$ 80,104	\$ 29,970	\$ -	\$ 464,483	\$ 400,565	\$ 1,945,345
Other revenue	399,563	493,124	8,604	197,761	94,880	36,776	88,031	1,318,739
	1,028,442	834,468	88,708	227,731	94,880	501,259	488,596	3,264,084
Expenses								
Payroll	442,930	304,779	63,786	144,441	80,367	77,642	-	1,113,945
Other expenses	834,958	638,100	77,318	160,449	9,180	264,266	475,794	2,460,065
Amortization	68,069	17,986	-	16,172	-	-	-	102,227
	1,345,957	960,865	141,104	321,062	89,547	341,908	475,794	3,676,237
	\$ (317,515)	\$ (126,397)	\$ (52,396)	\$ (93,331)	\$ 5,333	\$ 159,351	\$ 12,802	\$ (412,153)

2014

	Administration	Community Welfare	Operations and Maintenance	Economic Development	Natural Resource Management	Education	Capital	Total
Revenue								
AANDC	\$ 673,942	\$ 423,009	\$ 83,487	\$ 29,469	\$ -	\$ 403,226	\$ 475,826	\$ 2,088,959
Other revenue	693,671	366,640	99,279	438,952	-	25,312	3,528	1,627,382
	1,367,613	789,649	182,766	468,421	-	428,538	479,354	3,716,341
Expenses								
Payroll	405,520	293,024	68,521	259,908	3,042	51,584	-	1,081,599
Other expenses	1,262,740	911,874	161,911	304,646	8,726	227,137	211,377	3,088,411
Amortization	65,538	434	-	3,611	-	-	-	69,583
	1,733,798	1,205,332	230,432	568,165	11,768	278,721	211,377	4,239,593
	\$ (366,185)	\$ (415,683)	\$ (47,666)	\$ (99,744)	\$ (11,768)	\$ 149,817	\$ 267,977	\$ (523,252)