

# **TS'KW'AYLAXW FIRST NATION**

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## **CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2017**

# TS'KW'AYLAXW FIRST NATION

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## CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

### March 31, 2017

The accompanying consolidated financial statements of Ts'kw'aylaxw First Nation and all the information in this annual report for the year ended March 31, 2017 are the responsibility of management and have been approved by the Chief and Council.

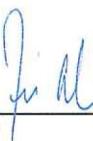
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen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

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

The 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.

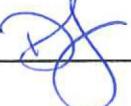
The Chief and Council review the Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to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

The consolidated financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of their members. Reid Hurst Nagy Inc. has full access to Chief and Council. Reid Hurst Nagy Inc. have full and free access to the council for information purposes.

  
Councillor

Sept. 26/2017

Date

  
Administrator

Sept. 26/2017

Date

## Independent Auditor's Report

To the Members of  
**Ts'kw'aylaxw First Nation**

We have audited the accompanying consolidated financial statements of Ts'kw'aylaxw First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows and the related schedules 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 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 First Nation'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 First Nation'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 audit opinion.

*Basis for Qualified Opinion*

Beginning April 1, 2009, generally accepted accounting principles for government entities required that the Band record the net value of tangible capital assets in its financial statements. The Band has not applied these new financial statement reporting standards. Because the Band did not provide us with a completed capital asset register reflecting the total cost of tangible capital assets owned by the Band and appropriate accumulated amortization and any impairment attributable to each of those assets, we were unable to determine the net value of the tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior year. Upon adoption of PS 1200 Financial Statement Presentation, the Band did not fully adopt all aspects of the standard as they relate to the aforementioned tangible capital assets as they have reported capital purchases and long-term debt payments as expenses and have failed to appropriately report depreciation as an expense.

*Qualified opinion*

In our opinion, except for the 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 the First Nation as at March 31, 2017 and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

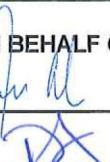
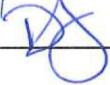
KELOWNA, B.C.  
September 26, 2017

# TS'KW'AYLAXW FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2017

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ 1,776,449	\$ 858,436
Restricted cash (Note 3)	1,286,844	1,102,264
Short term investments (Note 4)	1,964,739	150,000
Accounts receivable (Note 5)	892,477	590,756
Due from related parties (Note 6)	82,631	43,101
Long-term investments (Note 8)	52	52
St'at'imc Settlement Trust (Note 7)	2,144,022	3,739,795
	<b>8,147,214</b>	<b>6,484,404</b>
<b>LIABILITIES</b>		
Accounts payable (Note 10)	684,331	430,635
Deferred revenue (Note 11)	-	115,000
Long-term debt (Note 12)	931,487	544,445
	<b>1,615,818</b>	<b>1,090,080</b>
<b>NET FINANCIAL ASSETS</b>	<b>6,531,396</b>	<b>5,394,324</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	2,884,915	2,928,706
Prepaid expenses	10,144	18,937
	<b>2,895,059</b>	<b>2,947,643</b>
<b>ACCUMULATED SURPLUS (Note 13)</b>	<b>\$ 9,426,455</b>	<b>\$ 8,341,967</b>

APPROVED ON BEHALF OF THE TS'KW'AYLAXW FIRST NATION

  
\_\_\_\_\_, Councillor  
  
\_\_\_\_\_, Administrator

# TS'KW'AYLAXW FIRST NATION

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the year ended March 31, 2017

	2017	2016
<b><u>ANNUAL SURPLUS</u></b>	<b>\$ 1,084,488</b>	<b>\$ 1,598,394</b>
Acquisition of tangible capital assets	(78,693)	(80,839)
Amortization of tangible capital assets	<u>122,484</u>	<u>108,906</u>
	<b>43,791</b>	<b>28,067</b>
Acquisition of prepaid asset	(10,144)	(18,937)
Use of prepaid asset	<u>18,937</u>	<u>12,283</u>
	<b>8,793</b>	<b>(6,654)</b>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	<b>1,137,072</b>	<b>1,619,807</b>
<b><u>NET FINANCIAL ASSETS, BEGINNING OF YEAR</u></b>	<b>5,394,324</b>	<b>3,774,517</b>
<b><u>NET FINANCIAL ASSETS, END OF YEAR</u></b>	<b>\$ 6,531,396</b>	<b>\$ 5,394,324</b>

# TS'KW'AYLAXW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
<b>REVENUE</b>			
Federal Government:			
Indigenous and Northern Affairs Canada	\$ 4,945,485	\$ 4,746,935	\$ 3,387,098
Canada Mortgage and Housing Corporation	209,065	234,808	69,302
BC Hydro	77,467	77,467	79,612
First Nations Health Authority	882,531	1,535,326	645,626
Rental	5,212	52,685	50,413
Property tax assessed	57,805	57,805	112,329
Interest	9,887	174,257	50,380
Graymont	289,249	221,081	44,034
Royalties	-	-	267,128
Administration fee	98,482	290,334	61,839
First Nations Education Steering Committee	-	-	21,860
Other	2,683,831	1,418,657	838,256
Members' Trust	47,497	2,334,398	130,000
Province of BC	210,910	210,910	130,635
	9,517,421	11,354,663	5,888,512
<b>EXPENSES</b>			
Administration	1,067,106	1,292,791	1,076,193
Community Welfare	331,727	324,806	184,473
Operations and Maintenance	242,599	265,506	233,862
Economic Development	325,542	165,732	22,974
Natural Resources	326,186	282,064	82,469
Health	496,112	492,843	398,935
Education	290,590	284,667	383,559
Social Development	272,748	292,021	272,817
Capital Programs	12,178,068	4,095,904	1,266,889
Social Housing	-	42,328	40,224
Capital Fund	-	87,645	82,278
Ottawa Trust Fund	-	5,745	6,172
Internal Revenue Trust Fund	-	-	91,583
St'at'imc Community Trust Fund	-	1,353	-
Enterprise Fund	-	337,177	147,690
St'at'imc (PC) 2011 Trust Fund	-	2,299,593	-
	15,530,678	10,270,175	4,290,118
<b>ANNUAL SURPLUS</b>	(5,941,847)	<b>1,084,488</b>	1,598,394
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	<b>8,341,967</b>	6,743,573
<b>FUND BALANCE, END OF YEAR</b>	\$ (5,941,847)	<b>\$ 9,426,455</b>	\$ 8,341,967

# TS'KW'AYLAXW FIRST NATION

## CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31, 2017

	2017	2016
	0	
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 1,084,488	\$ 1,598,394
Change in non-cash items on statement of financial position	(154,232)	(463,687)
	<b>930,256</b>	<b>1,134,707</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of capital assets	(78,693)	(80,839)
Amortization	122,484	108,906
	<b>43,791</b>	<b>28,067</b>
<b>FINANCING ACTIVITIES</b>		
Due from (to) related parties	(39,530)	(31,029)
Long-term debt	387,042	(18,353)
	<b>347,512</b>	<b>(49,382)</b>
<b>INVESTING ACTIVITIES</b>		
Change in St'at'imc Trust	1,595,773	(469,832)
Investment in marketable securities	(1,814,739)	-
	<b>(218,966)</b>	<b>(469,832)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,102,593</b>	643,560
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,960,700</b>	1,317,140
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 3,063,293</b>	<b>\$ 1,960,700</b>
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash	\$ 1,776,449	\$ 858,436
Restricted cash	1,286,844	1,102,264
	<b>\$ 3,063,293</b>	<b>\$ 1,960,700</b>

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### (a) Reporting Entity

The Ts'kw'aylaxw First Nation reporting entity includes the Ts'kw'aylaxw First Nation government and all related entities that are controlled by the First Nation.

#### (b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Ts'kw'aylaxw First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Ts'kw'aylaxw First Nation.

Organizations consolidated in Ts'kw'aylaxw First Nation's financial statements include:

1. Ts'kw'aylaxw First Nation Operating Fund
2. Ts'kw'aylaxw First Nation Social Housing Fund
3. Ts'kw'aylaxw First Nation Capital Fund
4. Ts'kw'aylaxw First Nation Ottawa Trust Fund
5. Ts'kw'aylaxw First Nation Internal Revenue Trust Fund
6. Ts'kw'aylaxw First Nation St'at'imc Community Trust Fund
7. Ts'kw'aylaxw First Nation Enterprise Fund
8. Ts'kw'aylaxw First Nation St'at'imc (PC) 2011 Trust Fund

Organizations accounted for on a modified equity basis include:

9. Marble Canyon Forestry Ltd.

#### (c) Fund Accounting

The Ts'kw'aylaxw First Nation maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

#### (e) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

#### (f) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

#### (g) 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.

#### (h) Long-term Debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Capital Assets.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

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:

Buildings	5%
Automotive equipment	30%
TV satellite system	50%
Furniture and equipment	20%
Machinery and equipment	30%
Playground equipment	20%
Irrigation equipment	20%
Boats	5%

Tangible capital assets are written down when conditions indicate that they no longer contribute to Ts'kw'aylaxw First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service. Land is not amortized.

#### (j) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

#### (k) Budget

The budget reported in the financial statements was provided by management and is unaudited.

#### (l) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

#### (m) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

#### (n) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### 2. 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, 2017 amount to \$2,442,887 (2016 - \$2,426,308). These amounts have not been reported on the Consolidated Statement of Financial Position.

### 3. CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the year end date, the Fund is overfunded by \$898 (2016 - overfunded \$898).

Operating Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at year end date, the Fund is overfunded by \$- (2016 - \$12,588).

Ottawa Trust Funds:

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Members' Trust Funds:

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% (2016 - 0.9%) and matures February 2018.

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### CASH, continued

	2017	2016
Cash		
Band	\$ 1,666,670	\$ 781,996
Social Housing	34,127	65,821
Enterprise Fund	75,652	10,619
	<b>1,776,449</b>	<b>858,436</b>
Restricted cash		
Members' Trust	564,006	395,564
Members' Trust GIC	100,000	100,000
Ottawa Revenue Trust	12,299	5,745
Ottawa Capital Trust	575,597	575,597
Replacement Reserve Fund	17,998	12,598
Operating Reserve Fund	16,944	12,760
	<b>1,286,844</b>	<b>1,102,264</b>
	<b>\$ 3,063,293</b>	<b>\$ 1,960,700</b>

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 Indigenous and Northern Affairs Canada comprehensive funding agreement and a commitment letter in the amount of \$50,000.

### 4. SHORT TERM INVESTMENT

	2017	2016
GIC earning interest at a rate of 1.45% and matures May 2017	\$ 150,000	\$ 150,000
Marketable securities at fair market value (cost at \$1,810,656)	1,814,739	-
	<b>\$ 1,964,739</b>	<b>\$ 150,000</b>

The Ts'kw'aylaxw First Nation also holds shares in Sun Life Financial at a cost of \$Nil (2016 - \$Nil).

### 5. ACCOUNTS RECEIVABLE

	2017	2016
Trade receivables	\$ 150,373	\$ 151,772
Indigenous and Northern Affairs Canada	40,350	306,475
First Nations Health Authority	695,741	50,000
Graymont Western Canada Inc.	-	79,117
Rent receivables	334,705	332,084
Allowance for doubtful accounts	1,221,169 (328,692)	919,448 (328,692)
	<b>\$ 892,477</b>	<b>\$ 590,756</b>

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 6. DUE FROM RELATED PARTIES

	<b>2017</b>	<b>2016</b>
Due from St'atl'imx Hydro	\$ 2,286	\$ 2,286
Due to Ainsworth	(5,201)	(5,201)
Due from Marble Canyon Forestry Ltd.	85,546	46,016
	<hr/> <b>\$ 82,631</b>	<hr/> <b>\$ 43,101</b>

Transactions with related parties, if any, are in the normal course of business, and are for fair consideration that is mutually agreed upon by the related parties.

### 7. ST'AT'IMC SETTLEMENT TRUST

	<b>2017</b>	<b>2016</b>
St'at'imc Settlement Trust	<b>\$ 2,144,022</b>	<b>\$ 3,739,795</b>

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.

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2017

### 8. LONG TERM INVESTMENTS

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

	2017	2016
Investment in Marble Canyon Forestry Ltd.	\$ 52	\$ 52
	<b>2017 Total</b>	<b>2016 Total</b>
Current assets	\$ 107,134	\$ 177,367
Current liabilities	\$ 83,901	\$ 118,036
Due to shareholders	- 43,042	
Total liabilities	83,901	161,078
Share capital	100	100
Equity	23,133	16,189
Total equity	23,233	16,289
Total liabilities and equity	\$ 107,134	\$ 177,367
	<b>2017 Total</b>	<b>2016 Total</b>
Revenue	\$ 71,016	\$ 167,516
Expenses	64,072	141,044
Net income	\$ 6,944	\$ 26,472

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 9. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2017 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
Buildings	\$ 3,110,440	\$ 51,260	\$ 3,161,700	\$ 1,332,812	\$ 83,243	\$ 1,416,055		\$ 1,745,645
Automotive equipment	300,808	23,995	324,803	268,121	13,405	281,526		43,277
TV satellite system	30,709	-	30,709	30,709	-	30,709		-
Furniture and equipment	314,044	-	314,044	268,312	9,963	278,275		35,769
Machinery and equipment	174,205	3,438	177,643	95,043	15,612	110,655		66,988
Playground equipment	40,658	-	40,658	39,723	187	39,910		748
Irrigation equipment	3,873	-	3,873	3,817	10	3,827		46
Boats	5,323	-	5,323	5,003	64	5,067		256
Land	744,636	-	744,636	-	-	-		744,636
Infrastructure under construction	247,550	-	247,550	-	-	-		247,550
	<b>\$ 4,972,246</b>	<b>\$ 78,693</b>	<b>\$ 5,050,939</b>	<b>\$ 2,043,540</b>	<b>\$ 122,484</b>	<b>\$ 2,166,024</b>		<b>\$ 2,884,915</b>

	Cost			Accumulated amortization				2016 Net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
Buildings	\$ 3,110,440	\$ -	\$ 3,110,440	\$ 1,259,830	\$ 72,982	\$ 1,332,812		\$ 1,777,628
Automotive equipment	300,808	-	300,808	254,113	14,008	268,121		32,687
TV satellite system	30,709	-	30,709	30,709	-	30,709		-
Furniture and equipment	314,044	-	314,044	255,830	12,482	268,312		45,732
Machinery and equipment	93,366	80,839	174,205	85,936	9,107	95,043		79,162
Playground equipment	40,658	-	40,658	39,490	233	39,723		935
Irrigation equipment	3,873	-	3,873	3,803	14	3,817		56
Boats	5,323	-	5,323	4,923	80	5,003		320
Land	744,636	-	744,636	-	-	-		744,636
Infrastructure under construction	247,550	-	247,550	-	-	-		247,550
	<b>\$ 4,891,407</b>	<b>\$ 80,839</b>	<b>\$ 4,972,246</b>	<b>\$ 1,934,634</b>	<b>\$ 108,906</b>	<b>\$ 2,043,540</b>		<b>\$ 2,928,706</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 10. ACCOUNTS PAYABLE

	2017	2016
Accounts payable - general	\$ 634,659	\$ 403,272
Wages and benefits payable	49,672	27,363
	<b>\$ 684,331</b>	<b>\$ 430,635</b>

### 11. DEFERRED REVENUE

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

	March 31, 2016	Revenue recognized, 2017	March 31, 2017
<b>Other</b>			
Members' Trust - Fire Department	\$ 100,000	\$ (100,000)	\$ -
Graymont Trust - royalties	15,000	(15,000)	-
	<b>\$ 115,000</b>	<b>\$ (115,000)</b>	<b>\$ -</b>

### 12. LONG-TERM DEBT

	2017	2016
Royal Bank of Canada - Community Health Center construction loan bearing interest at prime rate plus 0.75% with no repayment during the year. The prime rate for the year is 2.70%.	\$ 325,000	\$ -
Royal Bank of Canada - repayable in monthly instalments of 362 including interest at 3.35% per annum, maturing August 16, 2020, secured by a GMC truck.	13,842	-
Royal Bank of Canada - repayable in monthly instalments of 1,380 including interest at prime rate plus 1.25% per annum, maturing August 2017, secured by a general security agreement.	66,989	-
All Nations Trust Company - repayable in monthly instalments of \$2,488.57 including interest at 2.08% per annum, maturing February 1, 2039, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	525,656	544,445
	<b>\$ 931,487</b>	<b>\$ 544,445</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 12. LONG-TERM DEBT, continued

Principal portion of long-term debt due within the next five years:

2018	\$ 415,034
2019	23,580
2020	24,129
2021	21,965
2022 and thereafter	446,779
	<hr/>
	\$ 931,487

### 13. ACCUMULATED SURPLUS

	2017	2016
Restricted		
Social Housing	\$ 154,636	\$ 132,464
Ottawa Trust Fund	587,897	581,343
Internal Revenue Trust Fund	-	1,051,514
St'at'imc Community Trust Fund	1,814,739	-
St'at'imc (PC) 2011 Trust Fund	2,144,022	3,739,795
	<hr/>	<hr/>
	4,701,294	5,505,116
Unrestricted		
Operating Fund	3,208,450	1,164,907
Capital Fund	1,505,497	1,569,147
Enterprise Fund	11,214	102,797
	<hr/>	<hr/>
	4,725,161	2,836,851
	<hr/>	<hr/>
	\$ 9,426,455	\$ 8,341,967

### 14. CONTINGENT LIABILITIES

TS'KW'AYLAXW FIRST NATION has guaranteed certain band member loans with Indigenous and Northern Affairs Canada. The total amount guaranteed amounts to \$214,400 (2016 - \$214,400) with \$24,680 (2016 - \$24,680) being outstanding at March 31, 2017.

### 15. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.

### 16. COMMITMENTS

Ts'kw'aylaxw First Nation has entered into a lease for office equipment with monthly payments of \$470, expiring in May 2017 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 following:

2018	13,080
2019	13,080
2020	3,270

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 17. ECONOMIC DEPENDENCE

Ts'kw'aylaxw First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Northern Affairs Canada.

### 18. SEGMENTED INFORMATION

As previously discussed in note 1 (e) the First Nation conducts its business through reportable segments as follows:

The Administration Programs department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

The Community Welfare Programs department provides services to help the Members by providing a variety of programs, community services and social assistance.

The Operations and Maintenance Programs department provides services relating to the development, maintenance and service of the First Nation's assets, infrastructure and common property.

The Economic Development Programs department provides for the development of economic opportunities to the Members.

The Natural Resource Management includes exploration of natural resources and development of natural resource revenues.

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

The Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs, it also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

The Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

The Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Ottawa Trust Fund, Internal Revenue Trust Fund, Enterprise Fund and St'at'imc (PC) 2011 Trust Fund transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 18. SEGMENTED INFORMATION, continued

	Administration		Community Welfare		Operations and Maintenance				
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
<b>Revenues</b>									
Indigenous and Northern Affairs Canada	\$ 523,394	\$ 557,044	\$ 504,925	\$ 67,677	\$ 67,677	-	\$ 100,595	\$ 100,595	\$ 84,315
BC Hydro	-	-	2,145	77,467	77,467	77,467	-	-	-
First Nations Health Authority	-	-	-	-	-	1,000	-	-	-
Property tax assessed	57,805	57,805	112,329	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	27,985	27,985	-
Members' Trust	35,000	35,000	45,000	-	-	65,000	12,497	-	20,000
Other revenue	251,442	465,056	152,812	323,719	255,650	92,441	18,918	188,193	41,575
<b>Total revenue</b>	<b>867,641</b>	<b>1,114,905</b>	<b>817,211</b>	<b>468,863</b>	<b>400,794</b>	<b>235,908</b>	<b>159,995</b>	<b>316,773</b>	<b>145,890</b>
<b>Expenses</b>									
Wages and benefits	398,532	436,615	395,710	6,847	25,515	17,503	135,398	121,888	101,808
Honoraria	136,110	148,294	120,893	2,165	915	8,900	-	-	-
Travel	82,316	94,932	142,757	18,128	18,128	-	13,409	16,836	5,441
Materials and supplies	28,877	27,309	24,021	-	-	-	912	912	97
Professional fees	186,708	246,736	233,110	141,184	110,456	-	4,454	4,657	5,851
Administration fees	17,708	17,708	17,708	77,467	79,948	-	-	-	-
Contractors	19,688	19,688	25,178	-	-	-	2,778	3,442	253
Repairs and maintenance	5,380	29,550	1,434	-	-	-	17,000	28,761	19,470
Other expenses	191,787	271,959	115,382	85,936	89,844	158,070	68,648	89,010	100,942
<b>Total expenses</b>	<b>1,067,106</b>	<b>1,292,791</b>	<b>1,076,193</b>	<b>331,727</b>	<b>324,806</b>	<b>184,473</b>	<b>242,599</b>	<b>265,506</b>	<b>233,862</b>
<b>Annual surplus (deficit)</b>	<b>\$ (199,465)</b>	<b>\$ (177,886)</b>	<b>\$ (258,982)</b>	<b>\$ 137,136</b>	<b>\$ 75,988</b>	<b>\$ 51,435</b>	<b>\$ (82,604)</b>	<b>\$ 51,267</b>	<b>\$ (87,972)</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 18. SEGMENTED INFORMATION, continued

	Economic Development			Natural Resources			Health		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
<b>Revenues</b>									
Indigenous and Northern Affairs Canada	\$ 267,573	\$ 267,573	\$ 29,407	-	\$ -	\$ -	\$ -	\$ -	\$ -
First Nations Health Authority	-	-	-	-	-	-	423,054	430,108	414,351
Other revenue	8,000	8,000	9,278	308,626	339,876	203,305	76,104	77,810	58,916
<b>Total revenue</b>	<b>275,573</b>	<b>275,573</b>	<b>38,685</b>	<b>308,626</b>	<b>339,876</b>	<b>203,305</b>	<b>499,158</b>	<b>507,918</b>	<b>473,267</b>
<b>Expenses</b>									
Wages and benefits	76,295	37,116	17,836	80,602	102,665	46,045	176,434	188,454	149,126
Honoraria	-	-	-	1,600	1,600	-	26,640	26,958	9,625
Travel	1,989	-	2,606	-	-	-	69,039	62,694	68,734
Materials and supplies	106	-	225	-	-	45	-	-	-
Professional fees	218,388	100,453	656	149,520	83,396	6,416	13,456	13,456	16,272
Administration fees	-	-	-	88,324	88,324	-	35,263	35,263	13,223
Contractors	28,644	28,044	250	1,292	1,292	-	500	500	9,446
Repairs and maintenance	-	-	-	-	-	-	17,968	13,830	3,876
Other expenses	120	119	1,401	4,848	4,787	29,963	156,812	151,688	128,633
<b>Total expenses</b>	<b>325,542</b>	<b>165,732</b>	<b>22,974</b>	<b>326,186</b>	<b>282,064</b>	<b>82,469</b>	<b>496,112</b>	<b>492,843</b>	<b>398,935</b>
<b>Annual surplus (deficit)</b>	<b>\$ (49,969)</b>	<b>\$ 109,841</b>	<b>\$ 15,711</b>	<b>\$ (17,560)</b>	<b>\$ 57,812</b>	<b>\$ 120,836</b>	<b>\$ 3,046</b>	<b>\$ 15,075</b>	<b>\$ 74,332</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 18. SEGMENTED INFORMATION, continued

	2017 Budget	Education		2017 Budget	Social Development		2017 Budget	Capital Programs	
		2017 Actual	2016 Actual		2017 Actual	2016 Actual		2017 Actual	2016 Actual
<b>Revenues</b>									
Indigenous and Northern Affairs Canada	\$ 275,093	\$ 321,768	\$ 477,521	\$ 278,198	\$ 306,319	\$ 333,214	\$ 3,438,405	\$ 3,159,530	\$ 1,958,400
Indigenous and Northern Affairs Canada -Recoveries	-	-	-	(5,450)	(33,571)	(684)	-	-	-
First Nations Health Authority	-	-	-	-	-	-	459,477	1,105,218	230,275
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	181,080	181,080	43,559
Other revenue	3,920	3,920	41,028	-	-	-	1,499	1,499	1,727
<b>Total revenue</b>	<b>279,013</b>	<b>325,688</b>	<b>518,549</b>	<b>272,748</b>	<b>272,748</b>	<b>332,530</b>	<b>4,080,461</b>	<b>4,447,327</b>	<b>2,233,961</b>
<b>Expenses</b>									
Wages and benefits	48,174	53,639	77,746	55,664	57,723	44,130	1,937	1,985	13,702
Honoraria	17,350	18,305	10,490	-	-	-	500	500	300
Travel	1,336	3,404	11,671	1,271	1,272	298	408	407	361
Materials and supplies	-	-	35	-	-	-	223	223	-
Professional fees	-	-	-	-	-	94	1,510,483	328,302	598,936
Administration fees	-	-	16,496	2,760	6,720	-	-	55,782	-
Contractors	-	-	-	-	-	-	2,084,006	2,125,280	596,203
Repairs and maintenance	-	238	961	-	-	-	3,739	3,739	-
Other expenses	223,730	209,081	266,160	213,053	226,306	228,295	8,576,772	1,579,686	57,387
<b>Total expenses</b>	<b>290,590</b>	<b>284,667</b>	<b>383,559</b>	<b>272,748</b>	<b>292,021</b>	<b>272,817</b>	<b>12,178,068</b>	<b>4,095,904</b>	<b>1,266,889</b>
<b>Annual surplus (deficit)</b>	<b>\$ (11,577)</b>	<b>\$ 41,021</b>	<b>\$ 134,990</b>	<b>-</b>	<b>\$ (19,273)</b>	<b>\$ 59,713</b>	<b>\$ (8,097,607)</b>	<b>\$ 351,423</b>	<b>\$ 967,072</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 18. SEGMENTED INFORMATION, continued

	Social Housing			Capital Fund			Ottawa Trust Fund		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
<b>Revenues</b>									
Canada Mortgage and Housing Corporation	\$ -	\$ 25,743	\$ 25,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	-	38,757	24,065	-	23,995	-	-	12,299	5,745
<b>Total revenue</b>	<b>-</b>	<b>64,500</b>	<b>49,808</b>	<b>-</b>	<b>23,995</b>	<b>-</b>	<b>-</b>	<b>12,299</b>	<b>5,745</b>
<b>Expenses</b>									
Travel	-	225	544	-	-	-	-	-	-
Materials and supplies	-	382	150	-	-	-	-	-	-
Professional fees	-	6,510	1,500	-	-	-	-	-	-
Administration fees	-	-	2,800	-	-	-	-	-	-
Contractors	-	278	960	-	-	-	-	-	-
Repairs and maintenance	-	4,636	1,773	-	-	-	-	-	-
Other expenses	-	30,297	32,497	-	87,645	82,278	-	5,745	6,172
<b>Total expenses</b>	<b>-</b>	<b>42,328</b>	<b>40,224</b>	<b>-</b>	<b>87,645</b>	<b>82,278</b>	<b>-</b>	<b>5,745</b>	<b>6,172</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 22,172</b>	<b>\$ 9,584</b>	<b>-</b>	<b>\$ (63,650)</b>	<b>\$ (82,278)</b>	<b>-</b>	<b>\$ 6,554</b>	<b>\$ (427)</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 18. SEGMENTED INFORMATION, continued

	Internal Revenue Trust Fund			St'at'imc Community Trust Fund			Enterprise Fund		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
<b>Revenues</b>									
Royalties	\$ -	\$ -	\$ 267,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Members' Trust	-	-	-	-	2,299,398	-	-	-	-
Other revenue	-	-	45,126	-	3,455	-	-	245,594	51,566
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>312,254</b>	<b>-</b>	<b>2,302,853</b>	<b>-</b>	<b>-</b>	<b>245,594</b>	<b>51,566</b>
<b>Expenses</b>									
Wages and benefits	-	-	-	-	-	-	-	40,524	55,295
Honoraria	-	-	-	-	-	-	-	3,000	-
Travel	-	-	-	-	-	-	-	2,732	1,496
Materials and supplies	-	-	-	-	-	-	-	16,963	37,245
Professional fees	-	-	4,999	-	231	-	-	22,510	3,698
Repairs and maintenance	-	-	-	-	-	-	-	3,047	27,125
Other expenses	-	-	86,584	-	1,122	-	-	248,401	22,831
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>91,583</b>	<b>-</b>	<b>1,353</b>	<b>-</b>	<b>-</b>	<b>337,177</b>	<b>147,699</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 220,671</b>	<b>\$ -</b>	<b>\$ 2,301,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (91,583)</b>	<b>\$ (96,125)</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

### 18. SEGMENTED INFORMATION, continued

	St'at'imc (PC) 2011 Trust Fund			Consolidated totals		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
<b>Revenues</b>						
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ 4,950,935	\$ 4,780,506	\$ 3,387,782
Indigenous and Northern Affairs Canada -Recoveries	-	-	-	(5,450)	(33,571)	(684)
BC Hydro	-	-	-	77,467	77,467	79,612
First Nations Health Authority	-	-	-	882,531	1,535,326	645,626
Property tax assessed	-	-	-	57,805	57,805	112,329
Canada Mortgage and Housing Corporation	-	-	-	209,065	234,808	69,302
Royalties	-	-	-	-	-	267,128
Members' Trust	-	-	-	47,497	2,334,398	130,000
Other revenue	-	703,820	469,833	992,228	2,367,924	1,197,417
<b>Total revenue</b>	<b>-</b>	<b>703,820</b>	<b>469,833</b>	<b>7,212,078</b>	<b>11,354,663</b>	<b>5,888,512</b>
<b>Expenses</b>						
Wages and benefits	-	-	-	979,883	1,066,124	918,901
Honoraria	-	-	-	184,365	199,572	150,208
Travel	-	-	-	187,896	200,630	233,908
Materials and supplies	-	-	-	30,118	45,789	61,818
Professional fees	-	-	-	2,224,193	916,707	871,532
Administration fees	-	-	-	221,522	283,745	50,227
Contractors	-	-	-	2,136,908	2,178,524	632,290
Repairs and maintenance	-	-	-	44,087	83,801	54,639
Other expenses	-	2,299,593	-	9,521,706	5,295,283	1,316,595
<b>Total expenses</b>	<b>-</b>	<b>2,299,593</b>	<b>-</b>	<b>15,530,678</b>	<b>10,270,175</b>	<b>4,290,118</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (1,595,773)</b>	<b>\$ 469,833</b>	<b>\$ (8,318,600)</b>	<b>\$ 1,084,488</b>	<b>\$ 1,598,394</b>