

**Ts'kw'aylaxw First Nation**  
**Consolidated Financial Statements**  
*March 31, 2018*

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## Management's Responsibility

To the Members of Ts'kw'aylaxw First Nation

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.


The Ts'kw'aylaxw First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 30, 2018



Chief



Councillor

## Independent Auditors' Report

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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, 2018, and the consolidated statements of operations, changes in net financial assets (net debt) 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 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 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 is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ts'kw'aylaxw First Nation as at March 31, 2018 and the results of its operations, changes in net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Other Matter*

The consolidated financial statements of Ts'kw'aylaxw First Nation for the year ended March 31, 2017 were audited by another firm of chartered professional accountants who issued a modified opinion on September 26, 2017.

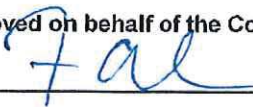

Nanaimo, British Columbia

July 30, 2018

*MNP LLP*

Chartered Professional Accountants

**Ts'kw'aylaxw First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2018*

	2018	2017 <i>Restated - Note 13</i>
<b>Financial assets</b>		
Cash and cash equivalents	3,371,946	2,440,455
Accounts receivable	113,739	232,606
GST receivable	17,570	11,075
Portfolio investments (Note 15)	2,293,739	1,964,739
Advances to related entities (Note 4)	-	82,631
Investment in First Nation business entity (Note 6)	24,758	52
Funds held in trust (Note 7)	20,597	587,897
Restricted cash (Note 5)	36,978	34,942
Investment in Treaty (Note 16)	2,461,177	2,442,887
<b>Total financial assets</b>	<b>8,340,504</b>	<b>7,797,284</b>
<b>Liabilities</b>		
Accounts payable and accruals	1,198,027	684,317
Long-term debt (Note 8)	4,950,080	931,487
First Nation Loan Agreement (Note 16)	2,461,177	2,442,887
<b>Total financial liabilities</b>	<b>8,609,284</b>	<b>4,058,691</b>
<b>Net financial assets (net debt)</b>	<b>(268,780)</b>	<b>3,738,593</b>
<b>Contingencies (Note 9)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	11,593,227	4,280,437
Prepaid expenses	-	10,144
<b>Total non-financial assets</b>	<b>11,593,227</b>	<b>4,290,581</b>
<b>Accumulated surplus</b>	<b>11,324,447</b>	<b>8,029,174</b>
Approved on behalf of the Council		
	Chief	 Councillor

The accompanying notes are an integral part of these financial statements

# Ts'kw'aylaxw First Nation

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2018

	Schedules	2018 Budget Note 11	2018	2017 Restated - Note 13
<b>Revenue</b>				
Indigenous Services Canada		2,514,793	2,813,583	4,746,935
Canada Mortgage and Housing Corporation				
Non-profit on-reserve housing		-	25,743	25,743
RRAP homeowner and disabled programs		961,455	51,350	181,080
Housing internship initiative for First Nation and Inuit youth		-	9,780	27,985
First Nations Health Authority		2,145,365	2,838,153	1,535,932
Other revenue		513,331	793,346	824,847
Investment income		1,000	6,072	11,322
BC Hydro		155,284	77,817	77,467
Province of BC		274,284	109,244	210,910
Graymont		78,820	87,122	236,882
Rental income		24,000	90,376	67,445
Property tax		71,524	58,672	57,805
Administration fees		185,714	149,340	290,334
Earnings (loss) from investment in First Nation business entity		-	24,706	-
Trust allocations		-	-	2,299,398
RRF allocations		-	5,400	7,320
<b>Total revenue</b>		<b>6,925,570</b>	<b>7,140,704</b>	<b>10,601,405</b>
<b>Program expenses</b>				
Administration	3	1,165,066	1,165,039	1,589,913
Community Welfare	4	583,065	289,888	289,928
Operations and Maintenance	5	955,802	551,960	265,507
Economic Development	6	148,232	117,866	175,510
Natural Resources	7	141,602	83,865	282,065
Health	8	555,114	465,095	492,841
Education	9	585,614	426,862	284,665
Social Development	10	341,158	263,550	292,021
Capital Programs	11	1,662,473	448,919	2,804,080
Social Housing	12	59,871	32,387	47,729
Trusts	13	-	-	1,354
<b>Total expenses</b>		<b>6,197,997</b>	<b>3,845,431</b>	<b>6,525,613</b>
<b>Annual surplus</b>		<b>727,573</b>	<b>3,295,273</b>	<b>4,075,792</b>
<b>Accumulated surplus, beginning of year, as previously stated</b>		<b>-</b>	<b>9,426,455</b>	<b>8,341,967</b>
Correction of errors (Note 13)		-	(1,397,281)	(4,388,585)
<b>Accumulated surplus, beginning of year, as restated</b>		<b>8,029,174</b>	<b>8,029,174</b>	<b>3,953,382</b>
<b>Accumulated surplus, end of year</b>		<b>8,756,747</b>	<b>11,324,447</b>	<b>8,029,174</b>

**Ts'kw'aylaxw First Nation**  
**Consolidated Statement of Change in Net Financial Assets (Net Debt)**  
*For the year ended March 31, 2018*

	<i>2018 Budget Note 11</i>	<i>2018</i>	<i>2017 Restated - Note 13</i>
<b>Annual surplus</b>	<b>757,573</b>	<b>3,295,273</b>	4,075,792
Purchases of tangible capital assets	<b>(8,517,233)</b>	<b>(7,427,263)</b>	(1,474,215)
Amortization of tangible capital assets	<b>29,863</b>	<b>114,473</b>	122,484
	<b>(8,487,370)</b>	<b>(7,312,790)</b>	(1,351,731)
Use of prepaid expenses	-	<b>10,144</b>	8,793
<b>(Increase) decrease in net debt</b>	<b>(7,729,797)</b>	<b>(4,007,373)</b>	2,732,854
<b>Net financial assets, beginning of year</b>	<b>3,738,593</b>	<b>3,738,593</b>	1,005,739
<b>Net financial assets (net debt), end of year</b>	<b>(3,991,204)</b>	<b>(268,780)</b>	3,738,593

**Ts'kw'aylaxw First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2018*

	<b>2018</b>	<i>2017 Restated - Note 13</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	<b>3,295,273</b>	4,075,792
Non-cash items		
Amortization	<b>114,473</b>	122,484
Earnings (loss) from investment in First Nation business entity	<b>(24,706)</b>	-
	<b>3,385,040</b>	4,198,276
Changes in working capital accounts		
Accounts receivable	<b>118,871</b>	(290,641)
Prepaid expenses	<b>10,144</b>	8,793
Accounts payable and accruals	<b>513,706</b>	253,682
GST receivable	<b>(6,495)</b>	(11,075)
Funds held in trust	<b>567,300</b>	(6,554)
Restricted cash	<b>(2,036)</b>	(9,584)
Deferred revenue	<b>-</b>	(115,000)
	<b>4,586,530</b>	4,027,897
<b>Financing activities</b>		
Advances of long-term debt	<b>4,055,397</b>	405,831
Repayment of long-term debt	<b>(36,804)</b>	(18,789)
	<b>4,018,593</b>	387,042
<b>Capital activities</b>		
Purchases of tangible capital assets	<b>(7,427,263)</b>	(1,474,215)
<b>Investing activities</b>		
Purchase of portfolio investments	<b>(329,000)</b>	(1,814,739)
Advances to related First Nation entities	<b>-</b>	(39,530)
Repayment of advances to related First Nation entities	<b>82,631</b>	-
	<b>(246,369)</b>	(1,854,269)
<b>Increase in cash resources</b>	<b>931,491</b>	1,086,455
<b>Cash resources, beginning of year</b>	<b>2,440,455</b>	1,354,000
<b>Cash resources, end of year</b>	<b>3,371,946</b>	2,440,455



**1. Operations**

The Ts'kw'aylaxw First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Ts'kw'aylaxw First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Reporting entity consolidated***

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Ts'kw'aylaxw First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Operating Fund
- Social Housing Fund
- Enterprise Fund
- Capital Fund
- Treaty Fund

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Ts'kw'aylaxw First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

Marble Canyon Forestry Ltd.

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Cash and cash equivalents***

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Tangible capital assets***

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at their fair value on the date of contribution.

All intangible assets and items inherited by the right of the First Nation, such as reserve land, forests, water and mineral resources, are not recognized in the First Nation's consolidated financial statements.

**2. Significant accounting policies** *(Continued from previous page)*

**Amortization**

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Buildings	declining balance	5 %
Automotive equipment	declining balance	30 %
TV satellite system	declining balance	50 %
Furniture and equipment	declining balance	20 %
Machinery and equipment	declining balance	30 %
Playground equipment	declining balance	20 %
Irrigation equipment	declining balance	20 %
Boats	declining balance	5 %

**Funds held in Ottawa Trust Fund**

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

**Asset classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

**Liability for contaminated site**

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2018.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2018, no liability for contaminated site exists.

**Net financial assets (net debt)**

The First Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of consolidated financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated annual surplus.

**2. Significant accounting policies** *(Continued from previous page)*

**Revenue recognition**

- i) Government funding  
The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.
- ii) Canada Mortgage and Housing Corporation ("CMHC")  
CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.
- iii) Rental income  
Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.
- iv) Own source and other revenue  
Own source and other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.
- v) Investment income  
Investment income is recognized by the First Nation when investment income is earned.

**Measurement uncertainty**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus (deficit) in the periods in which they become known.

**Segments**

The First Nation conducts its business through a number of reportable segments as described in Note 10. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

**Portfolio investments**

Portfolio investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

**Long-lived assets and discontinued operations**

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

**2. Significant accounting policies** *(Continued from previous page)*

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in surplus for the year. Prices for similar items are used to measure fair value of long-lived assets.

**3. Change in accounting policy**

**PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions**

Effective April 1, 2017, the First Nation adopted the recommendations relating to PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the consolidated financial statements of adopting the new Sections.

**PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights**

Effective April 1, 2017, the First Nation adopted the recommendations relating to PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Statement Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

PS 3380 Contractual Rights establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

There was no material impact on the consolidated financial statements of adopting the new Sections.

**4. Advances to related entities**

The following advances bear no interest, are unsecured and have no fixed terms of repayment

	<b>2018</b>	<b>2017</b>
Due to/from St'at'imx Hydro	-	2,286
Due to/from Ainsworth	-	(5,201)
Due to/from Marble Canyon Forestry Ltd	-	85,546
	-	82,631

**5. Restricted cash**

Replacement reserve	<b>36,978</b>	34,942
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Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, these reserves were over-funded.

**Ts'kw'aylaxw First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**6. Investment in First Nation business entity**

The First Nation has an investments in the following entity:

		2018
	<i>Investment cost</i>	<i>Cumulative share of earnings (loss)</i>
		<i>Total investment</i>
<b>Wholly-owned Business:</b>		
Marble Canyon Forestry Ltd.	52	24,706
		<b>24,758</b>

Summary financial information, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>Marble Canyon Forestry Ltd. As at March 31, 2018</i>
<b>Assets</b>	
Cash	23,081
Property, plant and equipment	1,276
<b>Total assets</b>	<b>24,357</b>
<b>Liabilities</b>	
Accounts payable and accruals	1
<b>Total liabilities</b>	<b>1</b>
	<b>24,356</b>
<b>Total revenue</b>	<b>49,138</b>
<b>Total expenses</b>	<b>47,565</b>
	<b>1,573</b>
<b>Comprehensive income</b>	<b>1,573</b>

The financial statements of Marble Canyon Forestry Ltd. have not been audited.

**7. Funds held in trust**

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2018	2017 <i>Restated - Note 13</i>
<b>Capital Trust</b>		
Balance, beginning of year	575,597	575,597
Less: Transfers to First Nation	560,495	-
Balance, end of year	15,102	575,597
<b>Revenue Trust</b>		
Balance, beginning of year	12,300	5,746
Interest	12,916	6,554
	25,216	12,300
Less: Transfers to First Nation	19,721	-
Balance, end of year	5,495	12,300
Combined balance	20,597	587,897

**Ts'kw'aylaxw First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**8. Long-term debt**

	<b>2018</b>	<b>2017</b>
RBC construction loan, bearing interest at prime plus 0.75% interest, as yet without security and repayment terms	<b>3,994,000</b>	325,000
RBC vehicle loan repayable in monthly installments of \$362 including interest at 3.35% per annum, maturing August 16, 2020 - secured by a vehicle	<b>10,036</b>	13,842
All Nations Trust mortgage repayable in monthly installments of \$2,489 including interest at 2.08% per annum, maturing February 1, 2039 - secured by a ministerial guarantee	<b>506,500</b>	525,656
RBC loan repayable in monthly installments of \$1,380 including interest at prime plus 1.25% per annum, maturing August 4, 2018 - secured by a general security agreement	<b>53,147</b>	66,989
All Nations Trust mortgage, currently without interest, security and stated terms of repayment	<b>386,397</b>	-
	<b>4,950,080</b>	931,487

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2019	4,070,938
2020	24,344
2021	22,307
2022	20,990
2023	23,197
	<b>4,161,776</b>
Thereafter	788,304

**9. Contingencies**

The final results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.

**10. Segments**

The First Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

**Administration**

Includes revenue and expenses related to administration of the First Nation.

**Community Welfare**

Includes revenue and expenses related to the welfare of members of the community.

**Operations and Maintenance**

Includes revenue and expenses related to operations of the assets and infrastructure of the community.

**Health**

Includes revenue and expenses related to health programs and initiatives for members of the community.

**Natural Resources**

Includes revenue and expenses related to conservation and stewardship of the First Nation's land and resources.

**Eductaion**

Includes revenue and expenses related programs aimed at providing education and training to members of the community.

**Capital Programs**

Includes revenue and expenses related to adding infrastructure to the community.

**Economic Development**

Includes revenue and expenses related to economic undertakings on behalf of the First Nation.

**Social Housing**

Includes revenue and expenses related to provision of subsidized housing to members of the community.

**11. Budget information**

The disclosed budget information has been approved by the Chief and Council of the Ts'kw'aylaxw First Nation on April 13, 2017.

**12. Economic dependence**

Ts'kw'aylaxw First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of Treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

**13. Correction of errors**

During the year, the First Nation determined that:

Construction in progress on tangible capital assets had not been capitalized in fiscal 2017. The impact of this correction has resulted in an increase in tangible capital assets of \$1,395,522, a decrease in expenses of \$1,395,522 and an increase in accumulated surplus of \$1,395,522 as at March 31, 2017.

Treaty loans and investment in treaty had not been recorded at March 31, 2017. For 2017, The impact of this correction has resulted in an increase in investment in treaty of \$2,442,887 and an increase in First nation Loan Agreement of \$2,442,887 as at March 31, 2017.

Investment in St'at'imc Trust was overstated. The impact of this correction has resulted in a decrease of \$2,144,022 to Funds held in trust, a decrease in accumulated surplus of \$3,739,795, a decrease in revenue of \$703,820 and a decrease in expenses of \$2,299,593 as at March 31, 2017.

Accounts receivable as at March 31, 2017 were overstated. The impact of this correction has resulted in a decrease in accounts receivable of \$648,796 and a decrease in accumulated surplus of \$648,796 at March 31, 2017.

Net adjustment to accumulated surplus at March 31, 2018 was \$1,397,281 (2017 - \$4,388,585).

**14. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**15. Portfolio investments**

	<b>2018</b>	<i>2017 Restated - Note 13</i>
Measured at cost:		
Marketable Securities	<b>2,293,739</b>	1,814,739
GIC	-	150,000
	<b>2,293,739</b>	1,964,739

Market value of securities \$2,292,000 (2017 - \$1,965,000).

**16. First Nation Loan Agreement**

During treaty negotiations, Ts'kw'aylaxw First Nation received interest free advances from Indigenous Services Canada pursuant to an agreement with the British Columbia Treaty Commission and Indigenous Services Canada. After the First Nation opted out of negotiations interest began to accrue at 0.07%.

The original funds were used solely for the purposes of treaty negotiations. The loan proceeds become due and payable upon the earlier of:

- a) the date a treaty signed by the Negotiating Parties takes effect unless otherwise agreed in the treaty;
- b) the later of;
  - the twelfth anniversary of the date of the first Loan Advance by Canada to the First Nation under the earliest First Nation Funding Agreement; or
  - the Extended Due Date; and
- c) the date the Federal Minister demands payment of the Loan due to an event of default under the agreement or under any First Nation Funding Agreement.

The First Nation capitalizes all expenses related to the Treaty process as management expects the future settlement to exceed the investment in treaty balance. During 2018 the First Nation capitalized \$18,290 interest (2017 - \$16,096).