

**TSEYCUM FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

INDEX

Management's Responsibility

Independent Auditors' Report

Exhibit "A" – Consolidated Statement of Financial Position
at March 31, 2017

Exhibit "B" – Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2017

Exhibit "C" – Consolidated Statement of Changes in Net Debt
for the year ended March 31, 2017

Exhibit "D" - Consolidated Statement of Cash Flows
for the year ended March 31, 2017

Notes to the Consolidated Financial Statements

Review Engagement Report

Annex "B" – Schedule of Salaries, Honoraria, Travel and Other Remuneration

Review Engagement Report

Annex "C" – Schedule of Remuneration and Expenses Paid to Unelected Senior Officials

Management Letter



Alex E. Palmer, C.P.A., C.A.*
Tammy Leslie, C.P.A., C.G.A., C.A.†

*A Professional Corporation

**To the Members of
Tseycum First Nation**

MANAGEMENT RESPONSIBILITY

The financial statements of Tseycum First Nation have been prepared in accordance with Canadian accounting standards for public sector organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Tseycum First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Chief and Council carries out this responsibility principally through its management. The management is appointed by the Chief and Council and meets periodically with members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the management reports to the Chief and Council prior to its approval of the financial statements. Management also considers, for review by the Chief and approval by the members, the engagement or re-appointment of the external auditors.

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Alex E. Palmer, C.P.A., C.A.*
Tammy Leslie, C.P.A., C.G.A., C.A.**

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The financial statements have been audited on behalf of the shareholders by PALMER LESLIE, Chartered Professional Accountants, in accordance with Canadian accounting standards for public sector organizations.



Chief
July 28, 2017



Councilor
July 28, 2017

Councilor
July 28, 2017

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**To the Members of
Tseycum First Nation**

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of Tseycum 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 Debts and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 of 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 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.

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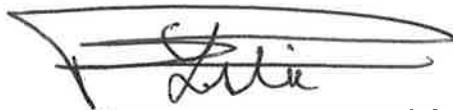
To the Members of
Tseycum First Nation
Independent Auditors' Report
Page 2

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 Tseycum First Nation as at March 31, 2017, and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Duncan, BC
July 28, 2017



Chartered Professional Accountants

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Exhibit "A"

TSEYCUM FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	2017	2016
Financial Assets		
Cash and cash equivalents (Note 7)	\$ 56,441	\$ 225,605
Accounts receivable (Note 4)	150,654	209,647
Portfolio investments (Note 5)	3	3
	<u>207,098</u>	<u>435,255</u>
Liabilities		
Bank overdraft (Note 7)	68,919	-
Accounts payable and accrued liabilities	68,101	89,911
Deferred revenues	34,840	132,290
Bank loans (Notes 9 & 16)	516,104	573,418
Accrued payroll and benefits	27,848	11,118
	<u>715,812</u>	<u>806,737</u>
Net Debt - Exhibit "C"	<u>(508,714)</u>	<u>(371,482)</u>
Non-Financial Assets		
Tangible capital assets (Notes 1 & 10)	4,518,922	4,726,786
Deferred expenditures (Note 6)	15,620	15,567
	<u>4,534,542</u>	<u>4,742,353</u>
Accumulated Surplus - Exhibit "B"	<u>\$ 4,025,828</u>	<u>\$ 4,370,871</u>



Councilor



Councilor

Exhibit "B"

TSEYKUM FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2017

	2017		2016
	Budget	Actual	
Revenue			
Federal Government:			
Indian and Northern Affairs Canada	\$ 657,518	\$ 600,508	\$ 663,164
Department of Fisheries and Oceans	72,320	58,520	44,099
Mortgage and Housing Corporation	44,799	44,799	41,728
Parks Canada	14,100		15,830
Provincial Government	260,618	260,618	15,874
Victoria Airport Authority		2,000	1,000
Coast Salish Employment and Training Society	53,138	53,138	53,138
Fishing license lease	101,500	104,962	99,500
First Nation Education Steering Committee	10,664	8,362	3,287
First Nation Health Authority		10,301	550
Victoria Native Friendship Centre	15,093	15,093	18,943
Intertribal Health Authority	240,391	288,356	272,394
Mainroad South Island Contracting	51,408	51,408	
Tsartlip First Nation	45,831	45,831	45,831
Tsawaout First Nation			6,035
BC Hydro	2,000	2,000	2,000
Camosun College	51,450	54,782	35,788
Steelhead LNG	20,000	20,000	
Oil & Gas Commission	5,000	5,000	
Anglican Church of Canada		15,000	
United Way of Victoria	10,000	10,000	
University of Victoria			250
Pacific Salmon Foundation		17,500	
Vancouver Port Authority		10,000	37,000
New Relationship Trust		4,000	4,000
Interest		52	3,014
Rent	1,400	97,192	100,073
Trust funds held by Federal Gov't (Note 7)		560	559
Economic activities - other		37,975	13,874
	<u>1,657,230</u>	<u>1,817,957</u>	<u>1,477,931</u>
Expenses			
Amortization		207,864	217,891
Operating fund (net of cost allocations) (Note 11)	1,641,564	1,835,192	1,680,242
Social housing (net of cost allocations) (Note 11)	127,352	119,944	87,044
General capital fund (net of cost allocations) (Note 11)	332,754		45,000
	<u>2,101,670</u>	<u>2,163,000</u>	<u>2,030,177</u>
Annual surplus/(deficit) - Exhibits "C" & "D"	(444,440)	(345,043)	(552,246)
SURPLUS, beginning of year	4,370,871	4,370,871	4,923,117
Accumulated Surplus/(Deficit), end of year - Exhibit "A"	<u>\$ 3,926,431</u>	<u>\$ 4,025,828</u>	<u>\$ 4,370,871</u>

Exhibit "C"

**TSEYCUM FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
Annual Surplus - Exhibit "B"	\$ (345,043)	\$ (552,246)
Acquisition of tangible capital assets	-	(7,860)
Disposal of tangible capital assets	-	5,992
Amortization of tangible capital assets	207,864	217,891
Use of prepaid expenses	<u>(53)</u>	<u>21,695</u>
(Increase)/Decrease in net debt	(137,232)	(314,528)
Net debt, beginning of year	<u>(371,482)</u>	<u>(56,954)</u>
Net debt, end of year - Exhibit "A"	<u>\$ (508,714)</u>	<u>\$ (371,482)</u>

Exhibit "D"

**TSEYKUM FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
Operating transactions		
Annual Surplus - Exhibit "B"	\$ (345,043)	\$ (552,246)
Non-cash items included in annual surplus/(deficit)		
Gain on disposal of tangible capital assets	-	(2,008)
Amortization of tangible capital assets	207,864	217,891
	<u>(137,179)</u>	<u>(336,363)</u>
Change in non-cash working capital balances		
Accounts receivable	58,993	(70,713)
Deferred expenditures	(53)	21,695
Accounts payable and accrued liabilities	(21,810)	(9,641)
Deferred revenues	(97,450)	92,290
Accrued payroll and benefits	16,730	2,706
Cash provided by operating transactions	<u>(180,769)</u>	<u>(300,026)</u>
Capital transactions		
Proceeds on disposal of capital assets	-	8,000
Acquisition of tangible capital assets	-	(7,860)
Cash provided/(applied) by capital transactions	<u>-</u>	<u>140</u>
Financing transactions		
Repayment of loans	(57,314)	(55,703)
Cash applied to financing transactions	<u>(57,314)</u>	<u>(55,703)</u>
Increase/(decrease) in cash and cash equivalents	(238,083)	(355,589)
Cash and cash equivalents, beginning of year	225,605	581,194
Cash and cash equivalents, end of year	<u>\$ (12,478)</u>	<u>\$ 225,605</u>
Represented by:		
Cash	\$ 56,441	\$ 225,605
Bank overdraft	<u>(68,919)</u>	<u>-</u>
	<u>\$ (12,478)</u>	<u>\$ 225,605</u>

TSEYKUM FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These summarized financial statements have been prepared in accordance with Generally Accepted Accounting Standards for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, which encompasses the following principles:

Fund Accounting

The assets and liabilities have been segregated by fund in respective statements of financial position. Operating results are reported by schedule for the purpose of providing information relating to specific objectives, as determined by statutory requirement, management needs or pursuant to various fiscal arrangements entered into by the First Nation.

The Operating Fund reports the general and local Government activities of the First Nation Administration.

The Social Housing Fund reports the activities within the First Nation sponsored Social Housing Program.

The Enterprise Fund reports the results of activities for independent commercial entities owned by the First Nation.

The Trust Fund reports on trust funds owned by the First Nation and held by third parties.

The Capital Fund reports the capital asset transactions of the First Nation, including information as to the source and application of financing.

Saanich Indian School Board

Tseykum First Nation has permitted Aboriginal Affairs and Northern Development Canada to allocate its education funding to the Saanich Indian School Board. Aboriginal Affairs and Northern Development Canada has contributed these monies directly to the School Board. Tseykum First Nation is not responsible for the activities of the school.

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 provide resources to discharge existing liabilities but are employed to deliver First Nation services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

TSEYCUM FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES cont'd

Tangible Capital Assets

Buildings, infrastructure and equipment expenditures incurred after March 31, 2000 were valued at acquisition cost and were recorded in the Capital Fund. With the exception of Band Owned Housing and Social Housing, expenditures incurred previous to April 1, 2000 were charged to operations in the year of acquisition and had not been reflected 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 funded by the applicable revenue source in the year of acquisition. These expenditures are also recorded as an addition to the assets of the Capital Fund with a corresponding increase in Equity in Capital Assets.

Tangible Capital Assets are amortized annually with a corresponding reduction in Equity in Capital Assets. Assets are amortized over their expected useful life using the declining balance method at the following rates:

Buildings	4%
Community Infrastructure	4%
Equipment	20%
General Housing	5%
Computers	100%

In the year of acquisition 50% of the normal amortization is recorded.

Net Debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

Funding received which relates to the following fiscal period is reflected as deferred revenue on the Statement of Financial Position.

Funding which is received and recorded as revenue in the current period, but which is committed to expenditures in the subsequent period or is subject to recovery by the funding agency, is classified as a restricted surplus.

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES cont'd

Measurement Uncertainty

In preparing the financial statements for the government of Tseycum First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. The main estimates used in preparing these financial statements include allowance for doubtful accounts and accrued liabilities. Actual results could differ from these estimates.

2. ECONOMIC DEPENDENCE

The First Nation received a major portion of its operating revenues pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by Tseycum First Nation and Aboriginal Affairs and Northern Development Canada. It is expected that the agreement will be renewed on an annual basis.

Funding is based on an annual budget which is agreed to by the parties and consists of flexible transfer payments and contribution payments. In the case of the flexible transfer payments, the First Nation is permitted to use surpluses at its own discretion, provided the terms and conditions of the agreement are met, but must take responsibility for any deficits. In the case of the contribution payments, any surpluses must be returned to Aboriginal Affairs and Northern Development Canada.

3. TRANSFERS

All transfers between funds have been approved by the Council with an appropriate Band Council Resolution having been affected where required.

TSEYKUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

4. ACCOUNTS RECEIVABLE

	2017	2016
Operating Fund		
Band Members	\$ 25,671	\$ 47,441
Government of Canada		
Parks Canada	7,575	7,575
Department of Fisheries and Oceans	4,103	21,502
Goods and Services Tax	3,547	4,906
Child Maintenance	(853)	(732)
Province of British Columbia	7,556	3,800
Camosun College	-	32,788
Coast Salish Employment and Training Society	5,619	4,567
Canada Mortgage and Housing	25,224	25,224
First Nation Entities	1,250	-
Archeology Monitoring	18,367	-
Miscellaneous	<u>8,138</u>	<u>13,052</u>
	106,197	160,895
Social Housing Fund		
Rent	<u>\$ 44,457</u>	<u>47,567</u>
	<u>\$ 150,654</u>	<u>\$ 208,462</u>

5. PORTFOLIO INVESTMENTS

	2017	2016
Long Term Investments	<u>\$ 3</u>	<u>\$ 3</u>

This corporation is a subsidiary of the First Nation and was incorporated under the British Columbia Company Act on July 26, 2001. The company's year end is March 31. The company is presently inactive and its only asset is a trailer. All operating expenses for the asset are paid by the First Nation and are reflected in these financial statements.

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

6. DEFERRED EXPENDITURES

Deferred expenditures consist of the following payments made in the current year which are related to activities in the next fiscal period.

	2017	2016
Prepaid Expenses	\$ 694	-
Social Development payments	<u>14,926</u>	<u>15,567</u>
	<u><u>\$ 15,620</u></u>	<u><u>\$ 15,567</u></u>

7. RESTRICTED CASH

	\$ 6,987	\$ 6,427
Ottawa Trust Funds	<u>88,362</u>	<u>175,090</u>
Replacement Reserve	<u><u>\$ 95,349</u></u>	<u><u>\$ 181,517</u></u>

Ottawa Trust Funds

The Ottawa 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	Opening Balance	Additions	Withdrawals	Closing Balance 2017	2016
Revenue	\$ 5,828	\$ 560	-	\$ 6,388	\$ 5,828
Capital	599	-	-	<u>599</u>	<u>599</u>
				<u><u>\$ 6,987</u></u>	<u><u>\$ 6,427</u></u>

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

7. RESTRICTED CASH cont'd

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 \$13,556 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.

Subsidy Surplus Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited 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 this account may only be used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance. At year end, this Reserve was not funded.

8. USE OF ESTIMATES

The preparation of financial statements in accordance with Generally Accepted Accounting Standards for the Public Sector Accounting Board requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the collectibility of accounts receivable, deferred revenues and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

9. LONG TERM DEBT

Lender	Loan	Interest Rate	Compounding	Maturity Date	Monthly Payment	2017	2016
Band Owned Housing Loans							
The following loans are secured by a Ministerial Guarantee utilizing the Ottawa Trust Funds as security:							
Royal Bank	Demand Loan	2.61%	Semi-Annual	Dec. 2017	\$ 1,056	\$ 56,537	\$ 67,574
Social Housing Loans							
The following loans are governed by the Canada Mortgage and Housing Corporation funding arrangement and are secured by Ministerial Guarantee utilizing the Ottawa Trust Funds as security:							
CMHC – Royal Bank	Demand Loan	2.47%	Semi-Annual	July 2017	\$ 2,270	\$ 9,026	\$ 35,685
CMHC - Royal Bank	Demand Loan	3.54%	Semi-Annual	Oct. 2018	<u>\$ 2,996</u>	<u>\$ 450,541</u>	<u>\$ 470,159</u>
TOTAL GROSS DEBT					<u>\$ 6,322</u>	<u>\$ 516,104</u>	<u>\$ 573,418</u>

Palmer Leslie
Chartered Professional Accountants

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

9. LONG TERM DEBT cont'd

FUTURE SCHEDULED PRINCIPAL REDUCTION	2018	2019	2020	2021	2022
Band Owned Housing Loans					
Royal Bank	\$ 56,537	\$ -	\$ -	\$ -	\$ -
Social Housing Loans					
CMHC – Royal Bank	9,026	-	-	-	-
CMHC – Royal Bank	<u>20,327</u>	<u>430,214</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 85,890</u>	<u>\$ 430,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Palmer Leslie
Chartered Professional Accountants

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

10. TANGIBLE CAPITAL ASSETS

	Cost Mar. 31, 2016	Additions	Dispositions/ Transfers	Cost Mar. 31, 2017
Operating Fund				
Band Housing	\$ 2,238,492	\$ -	\$ -	\$ 2,238,492
Multi Purpose Building and Longhouse	223,505	-	-	223,505
Portables	140,652	-	-	140,652
Drainage Improvements	582,516	-	-	582,516
Water Mains and Road Upgrades	960,304	-	-	960,304
Infrastructure	729,966	-	-	729,966
Sewer Systems	522,045	-	-	522,045
Foresore Project	167,773	-	-	167,773
General Equipment	122,216	-	-	122,216
Vehicle Equipment	22,991	-	-	22,991
Office Equipment	76,699	-	-	76,699
Computer Equipment	38,334	-	-	38,334
	<u>5,825,493</u>	<u>-</u>	<u>-</u>	<u>5,825,493</u>
Social Housing Fund				
Buildings and Equipment	<u>1,147,779</u>	<u>-</u>	<u>-</u>	<u>1,147,779</u>
	<u><u>\$ 6,973,272</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,973,272</u></u>
	Accumulated Amortization	Amortization	Dispositions/ Transfers	Accumulated Amortization
Operating Fund				
Band Housing	\$ 550,723	\$ 67,511	\$ -	\$ 618,234
Multi Purpose Building and Longhouse	100,735	4,511	-	105,246
Portables	63,178	6,513	-	69,691
Drainage Improvements	190,078	15,698	-	205,776
Water Mains and Road Upgrades	147,304	32,520	-	179,824
Infrastructure	182,728	21,890	-	204,618
Sewer Systems	216,313	12,230	-	228,543
Foresore Project	66,055	4,069	-	70,124
General Equipment	94,522	4,801	-	99,323
Vehicle Equipment	16,289	2,011	-	18,300
Office Equipment	71,637	1,751	-	73,388
Computer Equipment	33,535	2,640	-	36,175
	<u>1,733,097</u>	<u>176,145</u>	<u>-</u>	<u>1,909,242</u>
Social Housing Fund				
Buildings and Equipment	<u>513,389</u>	<u>31,719</u>	<u>-</u>	<u>545,108</u>
	<u><u>\$ 2,246,486</u></u>	<u><u>\$ 207,864</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,454,350</u></u>
Net Book Value	<u><u>\$ 4,726,786</u></u>			<u><u>\$ 4,518,922</u></u>

TSEYCUM FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

10. TANGIBLE CAPITAL ASSETS cont'd

Interest included in cost of additions in the year ended March 31, 2017 totalled \$nil (2016 - \$nil). All tangible capital assets were amortized in the year.

11. EXPENDITURES BY OBJECT

	Budget	2017	2016
Operating fund			
Advertising and donations	\$ -	\$ 617	\$ -
Bad Debt Expenses	- -	13,337	20,434
Basic needs	290,940	212,315	224,511
Bank charges and interest	6,600	4,942	4,316
Bereavement	- -	6,146	6,330
Contract - general	164,935	198,961	209,570
Equipment lease and repairs	7,009	20,528	4,104
Honoraria	156,090	135,225	102,895
Insurance	12,781	12,267	11,665
Materials and supplies	39,471	13,673	27,336
Meetings	46,720	10,320	- -
Membership pay-out	- -	1,500	5,900
Mortgage interest	12,671	12,671	12,604
Office licenses and dues	30,508	31,658	30,114
Professional fees	36,400	42,000	35,549
Programs	365,879	494,780	295,123
Repairs and maintenance	6,061	53,331	108,179
Training	2,010	15,470	2,627
Travel	34,937	28,989	32,786
Telephone	22,358	21,520	21,976
Utilities	27,606	22,991	28,216
Wages and benefits	378,588	464,579	404,497
INAC Funding Recoveries	- -	34,840	103,499
Cost allocations	- -	(17,468)	(11,989)
	<u>\$ 1,641,564</u>	<u>\$ 1,835,192</u>	<u>\$ 1,680,242</u>
General Capital fund			
Cost Allocations	<u>\$ 32,754</u>	<u>\$ - -</u>	<u>\$ 45,000</u>

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

11. EXPENDITURES BY OBJECT Cont'd

	Budget	2017	2016
Social Housing			
Contract – general	\$ 26,787	\$ 26,787	\$ 13,186
Insurance	8,753	8,753	8,753
Materials and supplies	11,947	11,947	9,816
Mortgage payments	63,193	63,193	63,426
Professional fees	-	3,000	3,000
Replacement Reserve	15,910	13,556	13,556
Fire Protection	762	762	-
Travel	-	908	938
Utilities	-	34,960	32,875
Cost allocations	<u>-</u>	<u>(43,922)</u>	<u>(58,506)</u>
	<u>\$ 127,352</u>	<u>\$ 119,944</u>	<u>\$ 87,044</u>

12. RESTRICTED EQUITY IN FINANCIAL ASSETS

Certain program surpluses are restricted as to their use. They may be committed to the continuation of the particular program, subject to recovery by the applicable funding agency, or generally accessible for limited purposes only and not available for use in general operations.

13. DEFICIT RECOVERY AND GOING CONCERN CONSIDERATIONS

The First Nation is economically dependent on the Department of Aboriginal Affairs and Northern Development Canada (AANDC). The funding to the First Nation is expected to last in the foreseeable future, however, if funding is lost, the First Nation could not continue operations.

14. RELATED PARTIES

At year end, payroll advances and loans to Elected Officials of the First Nation totaled \$27,691 (2016 - \$20,064).

The First Nation has guaranteed three members' mortgages for new homes built on the reserve in prior years. The balances in the three mortgages at March 31, 2017 are \$73,784 \$49,917 and \$27,560 (2016 - \$151,261). Should any of the members default on their loan, the title to the home would revert to the First Nation. Two of the homes were appraised at \$298,000 and \$285,000 respectively at March 31, 2007.

15. COMPARATIVE FIGURES

The comparative balances have been reclassified where necessary to the current financial statement format.

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

16. FINANCIAL INSTRUMENTS

The First Nation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is the First Nation Management's opinion that the First Nation is not exposed to significant interest rate, credit, or currency risk arising from these financial instruments.

Held for trading

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition of adoption of CICA (PSAB) 3450 Financial Instruments - Recognition and Measurement, even if that instrument would otherwise satisfy the definition of held for trading. The First Nation has classified the following assets and liabilities as held for trading: cash and term deposits.

The First Nation's held for trading instruments are initially recognized at their fair value. Any gain/loss arising as a result of the difference between the carrying amount and their fair value is recognized in net income. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are not recorded on the settlement date. Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value are recognized immediately in income.

Loans and receivables

The First Nation has classified the following financial assets as loans and receivables: accounts receivable. The assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell items are recorded on the settlement date. Total interest income, calculated using the effective interest rate method, is recognized in total income.

Other financial liabilities

The First Nation has classified the following financial liabilities as other financial liabilities: accounts payable. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date. Total interest expense (if any) is calculated using the effective interest rate method and would be recognized in net income.