

**TSEYECUM FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

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Management Letter



Alex E. Palmer, CPA, CMA  
Timmy Leslie, CPA, CGA, CMA  
Tavish Annis, CPA, CGA

PA Professional Corporation

## **To the Members of Tseycum First Nation**

### **MANAGEMENT'S 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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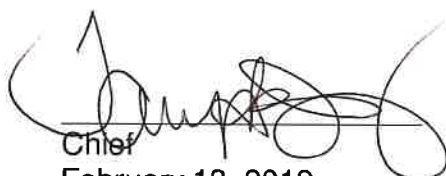
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PA Professional Corporation

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  
February 18, 2019

  
Councilor  
February 18, 2019

  
Councilor  
February 18, 2019

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Alex E. Palmer, CMA, CPA, ACFE  
Tammy Leslie, CPA, CGA, CMA, CF  
Evelyn Adams, CPA, CGA, CMA

A Partnership Corporation

**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, 2018 and the Consolidated Statements of Operations and Accumulated Surplus, Change in Net Financial Debts and Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory information and schedules one through six which are comprised of the Statement of Financial position, Statement of Operations and Accumulated Surplus, Change in Net Financial Debts and Cash Flows for the Social Housing program.

### *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

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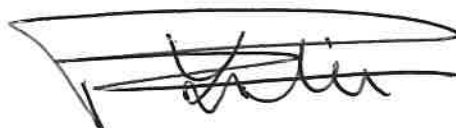
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as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tseycum First Nation as at March 31, 2018, 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  
February 18, 2019

A handwritten signature in dark ink, consisting of a series of loops and strokes, positioned above the printed title.

Chartered Professional Accountants

**TSEY CUM FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2018**

	2018	2017
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 96	\$ (38,908)
Restricted cash (Note 7)	19,973	95,349
Accounts receivable (Note 4)	438,359	150,654
Inventory	1,310	-
Portfolio investments (Note 5)	3	3
	<u>459,741</u>	<u>207,098</u>
<b>Liabilities</b>		
Bank indebtedness (Note 12)	193,919	68,919
Accounts payable and accrued liabilities	208,953	68,101
Deferred revenues	91,116	34,840
Bank loans (Notes 9 & 17)	475,444	516,104
Accrued payroll and benefits	49,762	27,848
	<u>1,019,194</u>	<u>715,812</u>
<b>Net Debt - Exhibit "C"</b>	<u>(559,453)</u>	<u>(508,714)</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Notes 1 & 10)	4,375,607	4,518,922
Deferred expenditures (Note 6)	15,253	15,620
	<u>4,390,860</u>	<u>4,534,542</u>
<b>Accumulated Surplus - Exhibit "B"</b>	<u>\$ 3,831,407</u>	<u>\$ 4,025,828</u>

  
Chief

  
Councilor

  
Councilor

**TSEYECUM FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	2018		2017
	Budget	Actual	
<b>Revenue</b>			
Federal Government:			
Department of Indigenous and Northern Affairs	\$ 698,367	\$ 640,258	\$ 600,508
Department of Fisheries and Oceans	72,320	56,740	58,520
Mortgage and Housing Corporation	32,169	253,506	44,799
Provincial Government	10,323	115,855	260,618
Victoria Airport Authority	-	26,778	2,000
Coast Salish Employment and Training Society	42,625	56,345	53,138
Fishing license lease	103,500	4,500	104,962
First Nation Education Steering Committee	18,575	8,015	8,362
First Nation Health Authority	-	70,482	10,301
Victoria Native Friendship Centre	-	21,481	15,093
Intertribal Health Authority	235,990	262,756	288,356
Mainroad South Island Contracting	-	28,052	51,408
Tsartlip First Nation	45,831	45,831	45,831
BC Hydro	-	2,000	2,000
Camosun College	51,450	3,300	54,782
Steelhead LNG	-	-	20,000
Oil & Gas Commission	-	-	5,000
Capital Regional District	-	67,298	-
Donations	9,910	3,250	-
Anglican Church of Canada	-	-	15,000
United Way of Victoria	10,000	10,000	10,000
Pacific Salmon Foundation	-	-	17,500
Vancouver Port Authority	-	229,000	10,000
New Relationship Trust	-	4,000	4,000
Interest	-	-	52
Rent	-	76,511	97,192
District of North Saanich	-	3,700	-
Western Canada Marine	-	12,227	-
NILTUO CFS Society	-	36,780	-
Fortis BC	-	1,838	-
Trust funds held by Federal Gov't (Note 7)	-	591	560
Economic activities - other	46,002	23,096	37,975
	<u>1,377,062</u>	<u>2,064,190</u>	<u>1,817,957</u>

**TSEY CUM FIRST NATION  
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2018**

	2018		2017
	Budget	Actual	
<b>Revenue (balance forward)</b>	1,377,062	2,064,190	1,817,957
<b>Expenses</b>			
Amortization	-	201,546	207,864
Operating fund (net of cost allocations) (Note 11)	2,284,649	1,992,881	1,835,192
Social housing (net of cost allocations) (Note 11)	74,436	64,184	119,944
General capital fund (net of cost allocations) (Note 11)	-	-	-
	<u>2,359,085</u>	<u>2,258,611</u>	<u>2,163,000</u>
<b>Annual surplus/(deficit) - Exhibits "C" &amp; "D"</b>	(982,023)	(194,421)	(345,043)
 SURPLUS, beginning of year	 <u>4,025,828</u>	 <u>4,025,828</u>	 <u>4,370,871</u>
<b>Accumulated Surplus/(Deficit), end of year - Exhibit "A"</b>	<b><u>\$ 3,043,805</u></b>	<b><u>\$ 3,831,407</u></b>	<b><u>\$ 4,025,828</u></b>



**TSEYECUM FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT  
FOR THE YEAR ENDED MARCH 31, 2018**

	2018		2017
	Budget	Actual	
<b>Annual Surplus - Exhibit "B"</b>	\$ (982,023)	\$ (194,421)	\$ (345,043)
Acquisition of tangible capital assets	-	(57,852)	-
Amortization of tangible capital assets	-	201,546	207,864
Use of prepaid expenses	-	(12)	(53)
(Increase)/Decrease in net debt	(982,023)	(50,739)	(137,232)
Net debt, beginning of year	(508,714)	(508,714)	(371,482)
Net debt, end of year - Exhibit "A"	<u>\$ (1,490,737)</u>	<u>\$ (559,453)</u>	<u>\$ (508,714)</u>

**Exhibit "D"**

**TSEY CUM FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2018**

	2018	2017
<b>Operating transactions</b>		
Annual Surplus - Exhibit "B"	\$ (194,421)	\$ (345,043)
Non-cash items included in annual surplus/(deficit)		
Amortization of tangible capital assets	201,546	207,864
	7,125	(137,179)
Change in non-cash working capital balances		
Accounts receivable	(287,705)	58,993
Deferred expenditures	(12)	(53)
Inventory	(1,310)	-
Accounts payable and accrued liabilities	140,852	(21,810)
Deferred revenues	56,276	(97,450)
Accrued payroll and benefits	21,914	16,730
Cash provided by operating transactions	(62,860)	(180,769)
<b>Capital transactions</b>		
Proceeds on disposal of capital assets	-	-
Acquisition of tangible capital assets	(57,852)	-
Cash provided/(applied) by capital transactions	(57,852)	-
<b>Financing transactions</b>		
Repayment of loans	(40,660)	(57,314)
Cash applied to financing transactions	(40,660)	(57,314)
<b>Increase/(decrease) in cash and cash equivalents</b>	(161,372)	(238,083)
<b>Cash and cash equivalents, beginning of year</b>	(12,478)	225,605
<b>Cash and cash equivalents, end of year</b>	\$ (173,850)	\$ (12,478)
<b>Represented by:</b>		
Cash	\$ 20,069	\$ 56,441
Bank overdraft	(193,919)	(68,919)
	\$ (173,850)	\$ (12,478)

**TSEYCUM FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**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**

Tseycum First Nation has permitted Indigenous and Northern Affairs Canada to allocate its education funding to the Saanich Indian School Board. Indigenous and Northern Affairs Canada has contributed these monies directly to the School Board. Tseycum 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.

**TSEY CUM FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**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, 2018**

**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 Indigenous and Northern Affairs 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 Indigenous and Northern Affairs Canada.

**3. TRANSFERS**

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

**TSEYCUM FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**4. ACCOUNTS RECEIVABLE**

	2018	2017
<b>Operating Fund</b>		
Band Members	\$ 24,165	\$ 25,671
Government of Canada		
Parks Canada	-	7,575
Department of Fisheries and Oceans	44,193	4,103
Goods and Services Tax	5,438	3,547
Child Maintenance	(853)	(853)
Indigenous and Northern Affairs Canada	8,022	-
Province of British Columbia	4,556	7,556
Coast Salish Employment and Training Society	14,478	5,619
Canada Mortgage and Housing	25,224	25,224
First Nation Entities	-	1,250
Archaeology Monitoring	2,404	18,367
Capital Regional District	73,953	-
Band owned Housing – CMHC Funding	192,060	-
Miscellaneous	8,715	8,138
	<u>402,355</u>	<u>106,197</u>
<b>Social Housing Fund</b>		
Rent	<u>\$ 36,004</u>	<u>\$ 44,457</u>
	<u>\$ 438,359</u>	<u>\$ 150,654</u>

**5. PORTFOLIO INVESTMENTS**

	2018	2017
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.

**TSEYECUM FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**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.

	2018	2017
Prepaid Expenses	\$ -	\$ 694
Social Development payments	<u>15,631</u>	<u>14,926</u>
	<u>\$ 15,631</u>	<u>\$ 15,620</u>

**7. RESTRICTED CASH**

Ottawa Trust Funds	\$ 7,578	\$ 6,987
Replacement Reserve	<u>12,395</u>	<u>88,362</u>
	<u>\$ 19,973</u>	<u>\$ 95,349</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 2018	2017
<b>Revenue</b>	\$ 6,388	\$ 591	-	\$ 6,979	\$ 6,388
<b>Capital</b>	599	-	-	<u>599</u>	<u>599</u>
				<u>\$ 7,578</u>	<u>\$ 6,987</u>

**TSEYCUM FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**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, 2018**

**9. LONG TERM DEBT**

Lender	Loan	Interest Rate	Compounding	Maturity Date	Monthly Payment	2018	2017
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**Band Owned Housing Loans**

The following loans are secured by a Ministerial Guarantee utilizing the Ottawa Trust Funds as security:

Royal Bank	Demand Loan	2.85%	Semi-Annual	Dec. 2021	\$ 1,059	\$ 45,226	\$ 56,537
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**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
CMHC - Royal Bank	Demand Loan	3.54%	Semi-Annual	Oct. 2018	<u>\$ 2,996</u>	<u>\$ 430,218</u>	<u>\$ 450,541</u>

<b>TOTAL GROSS DEBT</b>					<u>\$ 4,055</u>	<u>\$ 475,444</u>	<u>\$ 516,104</u>
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**TSEYCUM FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**9. LONG TERM DEBT cont'd**

<b>FUTURE SCHEDULED PRINCIPAL REDUCTION</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Band Owned Housing Loans</b>					
Royal Bank	\$ 12,708	\$ 12,708	\$ 19,810	\$ -	\$ -
<b>Social Housing Loans</b>					
CMHC – Royal Bank	<u>430,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<u><b>\$ 442,926</b></u>	<u><b>\$ 12,708</b></u>	<u><b>\$ 19,810</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>

**TSEYCUM FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**10. TANGIBLE CAPITAL ASSETS**

	Cost Mar. 31, 2017	Additions	Dispositions/ Transfers	Cost Mar. 31, 2018
<b>Operating Fund</b>				
Band Housing	\$ 2,238,492	\$ 380	\$ -	\$ 2,238,872
Multi Purpose Building and Longhouse	223,505	-	-	223,505
Portables	140,652	-	-	140,652
Head Start Building	-	42,500	-	42,500
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
Foreshore 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	15,352	-	53,686
	<u>5,825,493</u>	<u>58,232</u>	<u>-</u>	<u>5,883,725</u>
<b>Social Housing Fund</b>				
Buildings and Equipment	<u>1,147,779</u>	<u>-</u>	<u>-</u>	<u>1,147,779</u>
	<u>\$ 6,973,272</u>	<u>\$ 58,232</u>	<u>\$ -</u>	<u>\$ 7,031,504</u>

	Accumulated Amortization	Amortization	Dispositions/ Transfers	Accumulated Amortization
<b>Operating Fund</b>				
Band Housing	\$ 618,234	\$ 64,817	\$ -	\$ 683,051
Multi Purpose Building and Longhouse	105,246	4,330	-	109,576
Portables	69,691	6,407	-	76,098
Head Start Building	-	850	-	850
Drainage Improvements	205,776	15,070	-	220,846
Water Mains and Road Upgrades	179,824	31,220	-	211,044
Infrastructure	204,618	21,014	-	225,632
Sewer Systems	228,543	11,740	-	240,283
Foreshore Project	70,124	3,906	-	74,030
General Equipment	99,323	3,841	-	103,164
Vehicle Equipment	18,300	1,407	-	19,707
Office Equipment	73,388	1,401	-	74,789
Computer Equipment	36,175	5,410	-	41,585
	<u>1,909,242</u>	<u>171,413</u>	<u>-</u>	<u>2,080,655</u>
<b>Social Housing Fund</b>				
Buildings and Equipment	<u>545,108</u>	<u>30,134</u>	<u>-</u>	<u>575,242</u>
	<u>\$ 2,454,350</u>	<u>\$ 201,547</u>	<u>\$ -</u>	<u>\$ 2,655,897</u>
Net Book Value	<u>\$ 4,518,922</u>			<u>\$ 4,375,607</u>

**TSEYCUM FIRST NATION**  
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**10. TANGIBLE CAPITAL ASSETS cont'd**

Interest included in cost of additions in the year ended March 31, 2018 totalled \$nil (2017 - \$nil). All tangible capital assets were amortized in the year.

**11. EXPENDITURES BY OBJECT**

	Budget	2018	2017
<b>Operating fund</b>			
Advertising and donations	\$ -	\$ -	\$ 617
Bad Debt Expenses	-	49,857	13,337
Basic needs	361,285	228,091	212,315
Bank charges and interest	31,197	11,726	4,942
Bereavement	-	169	6,146
Contract - general	543,797	590,771	198,961
Equipment lease and repairs	-	7,712	20,528
Honoraria	165,490	108,242	135,225
Insurance	8,000	14,061	12,267
Materials and supplies	85,499	121,730	13,673
Meetings	-	750	10,320
Membership pay-out	-	1,000	1,500
Mortgage interest	12,681	12,681	12,671
Office licenses and dues	4,700	5,919	31,658
Professional fees	106,349	116,206	42,000
Programs	498,922	186,336	494,780
Repairs and maintenance	31,632	57,178	53,331
Training	19,024	2,708	15,470
Travel	35,633	29,621	28,989
Telephone	23,051	25,988	21,520
Utilities	26,059	28,012	22,991
Wages and benefits	331,330	401,705	464,579
INAC Funding Recoveries	-	19,170	34,840
Cost allocations	-	(26,752)	(17,468)
	<u>\$ 2,284,649</u>	<u>\$ 1,992,881</u>	<u>\$ 1,835,192</u>

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**11. EXPENDITURES BY OBJECT Cont'd**

	Budget	2018	2017
<b>Social Housing</b>			
Contract – general	\$ 3,915	\$ 3,915	\$ 26,787
Insurance	8,753	8,793	8,753
Materials and supplies	188	188	11,947
Mortgage payments	45,024	45,024	63,193
Professional fees	3,000	3,000	3,000
Replacement Reserve	13,556	13,556	13,556
Fire Protection	-	-	762
Travel	-	-	908
Utilities	-	19,057	34,960
Cost allocations	-	(29,349)	(43,922)
	<u>\$ 74,436</u>	<u>\$ 64,184</u>	<u>\$ 119,944</u>

**12. BANK INDEBTEDNESS**

	2018	2017
RBC term loan bearing interest at RBC prime rate + 2.13% per annum, repayable in annual payments of \$80,000 and is secured by CMHC approved payments to the band.	\$ 160,000	\$ -
RBC line of credit bearing interest at RBC prime rate + 1.5% per annum.	<u>\$ 33,919</u>	<u>\$ 68,919</u>
	<u>\$ 193,919</u>	<u>\$ 68,919</u>

**13. 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.

**14. DEFICIT RECOVERY AND GOING CONCERN CONSIDERATIONS**

The First Nation is economically dependent on the Department of Indigenous and Northern Affairs Canada (INAC). 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.

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**15. RELATED PARTIES**

At year end, payroll advances, rental payments owed and loans to Elected Officials of the First Nation totaled \$35,245 (2017 - \$27,691).

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, 2018 are \$65,889; \$43,715 and \$26,815 (2017 - \$150,516). 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.

**16. COMPARATIVE FIGURES**

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

**17. 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.

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**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.

**18. BUDGET FIGURES**

The budget figures were compiled from information provided by the management of the First Nation and were neither audited nor reviewed.