

SONGHEES FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended MARCH 31, 2017

**Brynjolfson & Company
Chartered Professional Accountant**

**SONGHEES FIRST NATION
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2017**

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SONGHEES FIRST NATION
1100 Admirals Road
Victoria, B.C.
V9A 2P6

Management's Statement of Responsibility

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council meet periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Brynjolfson & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Songhees First Nations and meet when required.

On behalf of Songhees First Nation:



C. S. Clark
Executive Director

DATE 6/28/17



Brynjolfson & Co. Chartered Professional Accountant

797 Kona Crescent
Victoria, B.C. V8X 4N9
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INDEPENDENT AUDITOR'S REPORT

To the Members of
Songhees First Nation:

I have audited the accompanying financial statements of the Songhees First Nation, which comprises the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of operations, consolidated statement of change in net debt, and consolidated statement of cash flow 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 generally accepted accounting principles, 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.

Auditor's responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the 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 entity's preparation of fair presentation of the 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all materials respects, the financial position of Songhees First Nation as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Professional Accountant

May 29, 2017
Victoria, BC

SONGHEES FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2017

	2017 Actual \$	2016 Actual \$
Financial assets		
Cash	3,407,210	3,008,637
Cash – Restricted, Note 7	290,422	200,933
Accounts receivable	1,782,386	1,781,523
Investment in mutual funds	2,266,059	2,246,793
Investment in shares	25	25
Trust funds, Note 4 (a)	<u>15,200</u>	<u>13,869</u>
	<u>7,761,302</u>	<u>7,251,780</u>
Liabilities		
Accounts payable and accruals	2,029,496	2,916,654
Deferred revenue	110,612	-
Reserves	1,334,224	1,305,306
Debt, Note 5	<u>18,462,527</u>	<u>18,988,006</u>
	<u>21,936,859</u>	<u>23,209,966</u>
Net financial assets (net debt)	(14,175,557)	(15,958,186)
Non-financial assets		
Tangible capital assets - Note 3	31,130,992	32,051,070
Inventory	46,192	37,705
Prepaid expenses	<u>192,904</u>	<u>99,984</u>
	<u>31,370,088</u>	<u>32,188,759</u>
Accumulated surplus, Note 8	<u>17,194,531</u>	<u>16,230,573</u>

Approved by:
 Chief
 Councillor
 Councillor
 Councillor

 Councillor
 Councillor
 Councillor
 Councillor

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

SONGHEES FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2017

	<u>Budget</u>	<u>2017</u>	<u>2016</u>
REVENUES			
Aboriginal Affairs and Northern Development Canada	\$ 2,819,141	\$ 2,819,141	\$1,889,752
FNHA	327,146	327,146	361,261
Canada Mortgage and Housing Corporation Subsidy	63,687	63,687	41,186
CSETS	116,105	110,681	123,390
Local revenue account (property taxation)	1,258,746	1,275,535	1,323,924
FNGST	1,403,425	1,403,425	1,492,808
Lease	697,259	1,019,882	604,194
Other	<u>2,326,580</u>	<u>2,759,208</u>	<u>1,402,786</u>
	<u>9,012,089</u>	<u>9,778,705</u>	<u>7,239,301</u>
EXPENDITURES			
Governance and Administration	961,427	956,889	850,114
Lands Management	394,536	379,746	266,639
Infrastructure and Public Works	308,841	263,074	293,963
Education	2,061,354	1,971,966	2,103,940
Health	434,080	475,622	463,935
Band Generated Revenue	3,063,718	2,952,463	4,171,208
JBVT & Lekwungen Harvesters	-	(53,277)	92,095
Social Development	364,064	214,051	333,465
Treaty	-	(8,180)	39,899
Property Taxation and By-Laws	1,265,408	1,371,972	1,251,685
Social Housing Program	156,661	150,125	149,149
Ottawa Trust Fund	-	-	1,316
	<u>9,012,089</u>	<u>8,674,451</u>	<u>10,017,408</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE OTHER OTHER	<u>—</u>	1,104,254	(2,778,107)
Transfer contributed surplus	(375,403)	(365,255)	
Transfers Trusts/ Reserves	<u>235,107</u>	<u>245,052</u>	
ANNUAL SURPLUS/(DEFICIT)	963,958	(2,898,310)	
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>16,230,573</u>	<u>19,128,883</u>	
ACCUMULATED SURPLUS, END OF YEAR	<u>\$17,194,531</u>	<u>\$16,230,573</u>	

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

SONGHEES FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31, 2017

	2017 Actual \$	2016 Actual \$
Annual surplus (deficit) - operations	1,104,254	(2,778,107)
- other (contributed surplus/trusts/reserves)	(140,296)	(120,203)
Acquisition of tangible capital assets	(2,000)	(168,250)
Amortization of tangible capital assets charged against Capital Fund and Social Housing Fund	439,777	425,284
Amortization of tangible capital assets charged against Operations Fund	<u>482,301</u>	<u>482,301</u>
	<u>1,884,036</u>	<u>(2,158,975)</u>
Acquisition of prepaid expenses	(192,904)	(99,984)
Use of prepaid expense	99,984	181,405
Acquisition of inventory	(46,192)	(37,705)
Use of inventory	<u>37,705</u>	<u>38,070</u>
Change in Net Financial Assets/Net Debt	1,782,629	(2,077,189)
Net Debt, at beginning of year	<u>(15,958,186)</u>	<u>(13,880,997)</u>
Net debt, end of year	<u>(14,175,557)</u>	<u>(15,958,186)</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

SONGHEES FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended March 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 1,104,254	\$(2,778,107)
Items not requiring a current outlay of cash:		
- Amortization	922,078	907,585
Change in non-cash items:		
- (Increase) decrease in restricted cash	(89,488)	(22,180)
- (Increase) decrease in trust funds	(1,330)	-
- (Increase) decrease in accounts receivable	(863)	65,356
- (Increase) decrease in prepaid expenses	(92,920)	81,421
- (Increase) decrease in inventory	(8,487)	365
- Increase (decrease) in accounts payable	(887,158)	884,348
- Increase (decrease) in replacement reserves	28,918	18,007
- Increase (decrease) in deferred revenue	<u>110,612</u>	<u>(60,000)</u>
	<u>1,085,616</u>	<u>(903,205)</u>
FINANCING ACTIVITIES		
Increase (decrease) in contributed surplus	(375,403)	(365,254)
(Increase) decrease of investments	(19,267)	1,754,184
Increase (repayment) of long-term debt	<u>(525,479)</u>	<u>(452,025)</u>
	<u>(920,149)</u>	<u>936,905</u>
INVESTING ACTIVITIES		
Increase (decrease) in local revenue funds	235,106	245,051
(Increase) decrease in capital assets	<u>(2,000)</u>	<u>(168,250)</u>
	<u>233,106</u>	<u>76,801</u>
INCREASE (DECREASE) IN CASH DURING YEAR	398,573	110,501
CASH – Beginning of year	<u>3,008,637</u>	<u>2,898,136</u>
CASH – End of year	<u>\$3,407,210</u>	<u>\$3,008,637</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

SONGHEES FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Summary Financial Statements have been prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The Songhees First Nation reporting entity includes the Songhees First Nation government and all related entities that are controlled by the First Nation.

a) Fund Accounting

Songhees First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Summary Financial Statements.

b) Reporting Entity and Principles of Financial Reporting

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

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Songhees First Nation Government Operations and Local Revenue (Taxation)
- Songhees First Nation Trust Funds
- Songhees First Nation Social Housing Program
- Songhees First Nation Controlled Entities

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessary been eliminated on the individual schedules.

c) 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 government 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.

SONGHEES FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

d) Cash

Cash includes cash on hand and balances with banks net of bank overdraft.

e) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an on-going basis for producing goods or delivering services.

Tangible capital assets are reported at net book value. When conditions indicate that a tangible capital asset no longer contributes to the ability to provide goods or services, the carrying value of the asset is reduced to reflect the decline in value.

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

f) Amortization

Tangible capital assets are amortized over their expected useful life using the straight-line balance method at the following rates:

General Housing	5%
Buildings and improvements	4%/5%
General equipment	20%
Infrastructure	4%
Docks	5%
Boats	15%
Automotive	30%

In the year of acquisition, 50% of the normal amortization is recorded. Assets acquired through funding contributions are amortized against contributed surplus.

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to annual principal reduction in related long term debt, as required for CMHC reporting purposes.

g) 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 and accumulated surplus.

SONGHEES FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

h) Revenue Recognition

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

i) Measurement Uncertainty

In preparing financial statements for the government of Songhees 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 year. Significant areas of estimation include allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of long-lived assets, accrued liabilities, and disclosure of contingencies. Actual results could differ from those estimates.

j) Financial Instruments

Songhees First Nation's financial instrument consists of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that Songhees First Nation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

2. ECONOMIC DEPENDENCE

The government of Songhees First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue for administering its government related programs. In addition, the Nation receives income through a GST sharing agreement with the federal government; it also receives additional revenue from a long term lease agreement. These funds are utilized, in part, for the servicing of long term debt.

SONGHEES FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

3. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	Net Book Value 2017	Net Book Value 2016
OPERATING				
Float	58,638	51,301	7,337	\$10,269
Oceangoing canoes	26,405	26,405	-	-
Trailer – triple-wide	102,229	96,441	5,788	10,899
Trailer - youth centre	56,000	32,200	23,800	26,600
Band owned housing	316,299	86,968	229,331	245,146
Preschool addition	381,312	200,191	181,121	200,186
Van	19,293	19,293	-	-
Office equipment	115,082	115,082	-	17,902
Properties	<u>3,245,422</u>	<u>—</u>	<u>3,245,422</u>	<u>3,245,422</u>
	<u>4,320,680</u>	<u>627,881</u>	<u>3,692,799</u>	<u>3,756,424</u>
LOCAL REVENUE				
Infrastructure	583,766	280,206	303,560	326,910
Building	94,290	59,108	35,182	39,900
Playground	97,600	59,780	37,820	42,700
Tractor/backhoe	69,000	69,000	-	-
Trailer	182,572	137,051	45,521	54,649
Truck	30,424	30,424	-	-
General equipment	39,535	39,535	-	-
Boat	<u>9,000</u>	<u>7,650</u>	<u>1,350</u>	<u>3,150</u>
	<u>1,106,187</u>	<u>682,754</u>	<u>423,433</u>	<u>467,309</u>
CMHC				
CMHC Housing	<u>1,456,690</u>	<u>632,450</u>	<u>824,240</u>	<u>886,614</u>
WELLNESS CENTRE				
Building	27,064,889	1,623,894	25,440,995	25,982,293
Equipment and fixtures	1,054,528	632,717	421,811	632,716
Artwork	120,275	-	120,275	118,275
Carvings	<u>207,439</u>	<u>—</u>	<u>207,439</u>	<u>207,439</u>
	<u>28,447,131</u>	<u>2,256,611</u>	<u>26,190,520</u>	<u>26,940,723</u>
TOTALS	<u>\$35,330,688</u>	<u>\$4,199,696</u>	<u>\$31,130,992</u>	<u>\$32,051,070</u>

SONGHEES FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

4. TRUST FUNDS

a) Ottawa Trust Fund and Highway Burning Trust Fund

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

	<u>Opening Balance</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2017</u>	<u>2016</u>
Revenue	2	1,331	-	1,333	2
Capital	<u>219</u>	—	—	<u>219</u>	<u>219</u>
Fund Total	<u>221</u>	<u>1,331</u>	—	<u>1,552</u>	<u>221</u>
<i>The Highway Burning Trust Fund</i> is a fund being jointly held by Songhees Nation and Esquimalt Nation. Only Songhees Nation's portion is reflected on the financial statements.				<u>13,648</u>	<u>13,648</u>
Total				<u>15,200</u>	<u>13,689</u>

b) James Bay Village Trust Fund consist of funds received for the James Bay Settlement, being held in trust and administered by the Nation who have appointed an independent Trust Corporation to act as a third Trustee as well as to administer the Trust and maintain the records. This trust fund has not been included in the consolidated financial statement and has not been included as part of the operations of the Nation. The trust fund balance as at March 31, 2017 is \$9,802,587 (2016 – balance \$10,944,570).

5. LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
Fixed rate business mortgage, from Van City Credit Union, \$13,500,000, repayable monthly \$69,910 blended at 3.85%, secured by own source revenue (currently FN GST)	12,439,237	12,797,847
Less: portion due within one year	<u>370,165</u>	<u>357,404</u>
	<u>12,069,072</u>	<u>12,440,443</u>

SONGHEES FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

	<u>2017</u>	<u>2016</u>
Promissory Note payable to First Nations Finance Authority, repayable yearly at \$93,857 principal, plus interest at 3.79%, payments commencing June 26, 2015, amortized over 30 years; the promissory note has a term of ten (10) years, expiring June 26, 2024.	4,996,393	5,096,934
Less: portion due within one year	<u>93,857</u>	<u>93,857</u>
	<u>4,902,536</u>	<u>5,003,077</u>
Loan payable, All Nations Trust, on the housing unit located at #5 Maple Bank Songhees Nation, secured by ministerial guarantee from AANDC, repayable @ \$983 per month, interest at 5.25 %	152,656	156,612
Less: portion due within one year	<u>3,849</u>	<u>3,665</u>
	<u>148,807</u>	<u>152,947</u>
Canada Mortgage and Housing Corporation Mortgages, secured by ministerial guarantees from AANDC and first mortgages on twenty-four housing units.		
- Loan #153-52495002, repayable @ \$1,379 per month, including interest at 1.62%	47,200	62,878
- Loan #193-62409001, repayable @ \$1,534 per month, including interest at 1.82%	204,796	219,379
- Loan #193-62409002 repayable @ \$3,420 per month, including interest at 1.53%	<u>572,245</u>	<u>604,356</u>
	<u>824,241</u>	<u>886,613</u>
Less: portion due within one year	<u>63,232</u>	<u>53,476</u>
	<u>761,009</u>	<u>833,136</u>
Loan payable, Greater Victoria Harbour Authority, non-interest bearing, maturing March 31, 2017 – current portion	<u>50,000</u>	<u>50,000</u>
	<u>\$ 18,462,527</u>	<u>\$18,988,006</u>

Principal repayments required over the next five years:

2018 - \$581,103	2021 - \$578,520
2019 - \$544,676	2022 - \$593,708
2020 - \$559,954	

SONGHEES FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

6. SOCIAL HOUSING RESERVES

a) Replacement Reserve

Under the terms of the agreement with CMHC, a replacement reserve is maintained to provide for future asset replacement. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to expenditures approved by CMHC.

b) Subsidy Surplus Reserve

Under the terms of the agreement with CMHC, express federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit. These funds, along with accumulated interest, must be held in a separate bank account. The funds in this account may only be used to meet future subsidy requirements.

c) Operating Reserve

Under the terms of the agreement with CMHC (Section 95, Post 1997 on Reserve Program), any surplus revenue will be retained within an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to ongoing operating costs of housing projects committed under the Post 1997 On Reserve Program.

7. RESTRICTED CASH

	<u>2017</u>	<u>2016</u>
Comprised of the following		
Band Housing reserve funds	\$ -	\$9,626
CMHC reserve funds	<u>290,422</u>	<u>191,307</u>
	<u><u>\$290,422</u></u>	<u><u>\$200,933</u></u>

8. ACCUMULATED SURPLUS / (DEFICIT)

	<u>2017</u>	<u>2016</u>
Represented by:		
Operations Surplus cumulative	1,742,512	638,257
Trust Funds	13,648	13,648
Local Revenue (Property Taxation)	2,826,555	2,591,449
Contributed surplus Operations	<u>12,611,816</u>	<u>12,987,219</u>
	<u><u>17,194,531</u></u>	<u><u>16,230,573</u></u>

SONGHEES FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

9. CONTINGENT LIABILITIES

- a) Restricted (set) unexpended surpluses can be recovered by the funding agency.
- b) The Nation has Ministerial Guarantees for loan balances outstanding. The contingent liability as at year-end amounts to \$1,074,552 as per confirmation provided by Aboriginal Affairs and Northern Development Canada.
- c) The Nation commenced a law suit against the governments of Canada and British Columbia claiming damages for breach of treaty rights. The action remains outstanding. The action may result in a substantial judgment in favor of the Nation, or there is a possibility that the action may be dismissed and the Nation will be liable for the Court costs of both governments. Specific amounts related to the above have yet to be identified.

10. WEST BAY MARINA ACQUISITION

On May 9, 2005, Songhees First Nation entered into a purchase agreement with Her Majesty the Queen in the Right of Canada to purchase curtain lands in Esquimalt for \$1,880,000. The purchase was facilitated by the use of Xhamasung Holdings LLP which has two partners, Kosapsum Development Corporation (Esquimalt First Nation shareholder) and Lekwungen Development Corporation (Songhees First Nation shareholder). The purchase was financed by a down payment of \$42,720 and annual payments of \$42,720 for 15 years and a balloon payment at the end of term for \$1,937,699. Interest is charged at 4.94% per year.

11. LOAN TO SALISH SEA INDUSTRIAL SERVICES LTD.

Songhees Nation has a 25.5% interest (bare trust) in Salish Sea Industrial Services Ltd. It is a corporation that provides industrial marine and construction services as well as a First Nations employment programs. The loan is non interest, unsecured and with no specific terms of repayment, as follows:

	<u>2017</u>	<u>2016</u>
Loan receivable	\$ <u>350,000</u>	\$ <u>350,000</u>

SONGHEES FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

12. INVESTMENT IN FIRST NATION CONTROLLED ENTITIES

	<u>2017</u>	<u>2016</u>
Lekwungen Development Corp. (unaudited):		
- advances	99,728	98,346
- membership equity	<u>37,985</u>	<u>38,640</u>
Total	<u>137,713</u>	<u>136,986</u>

Unaudited financial information for the year ended March 31, 2017 is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Net profit (Loss)</u>
Year ended March 31, 2017	<u>\$144,802</u>	<u>\$106,162</u>	<u>\$ 727</u>	<u>\$ (655)</u>

	<u>2017</u>	<u>2016</u>
Songhees Nation Investment Corp. (unaudited):		
- advances	175,887	90,095
- share capital	1	1
- equity (net assets)	<u>3,646,143</u>	<u>1,721,800</u>
Total	<u>3,822,031</u>	<u>1,811,896</u>

Financial information for the fiscal year ended March 31, 2017 prepared from unaudited financial statements is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Net Profit (Loss)</u>
Year ended March 31, 2017	<u>\$3,874,189</u>	<u>\$177,387</u>	<u>\$ 73,071</u>	<u>\$(50,659)</u>

13. COMPARATIVE FIGURES

Prior year's comparative amounts have been reclassified where necessary to conform to the current year's presentation.

14. SEGMENTED DISCLOSURE

Songhees First Nation
Schedule of Segmented Operations
(unaudited)
2017

FOR THE YEAR ENDED MARCH 31, 2017

	Admin.	Lands	Public Works	Education	Health	Band Funds	Lekwungen Harvesters	Social Dev.	Treaty	Local Revenue (Taxation)	CMHC	Ottawa Housing	Trust Fund	TOTAL
Revenue														
AANDC	380,674	204,536	220,540	1,564,673	43,750	51,918	-	390,872	-	-	-	-	-	2,856,963
Health Canada	-	-	-	-	327,146	-	-	-	-	-	-	-	-	327,146
CMHC	-	-	22,501	-	-	-	-	-	-	-	41,186	-	-	63,687
CSETS	-	-	-	110,681	-	-	-	-	-	-	-	-	-	110,681
Local Revenue (Taxation)	-	-	-	-	-	-	-	-	-	1,275,535	-	-	-	1,275,535
FNGST	-	-	-	-	-	1,403,425	-	-	-	-	-	-	-	1,403,425
Other	592,206	199,551	77,408	360,864	83,879	2,338,224	-	10,027	-	6,662	108,939	1,330	3,779,090	
Prior year funding recoveries	-	(13,661)	-	(22,845)	-	-	-	(1,316)	-	-	-	-	-	(37,822)
	972,880	390,426	320,449	2,013,373	454,775	3,793,567	-	399,583	-	1,282,197	150,125	1,330	9,778,705	
Expenditure														
Salaries and benefits	436,817	104,088	109,856	481,658	247,814	220,023	-	48,513	-	-	-	-	-	1,648,769
Amortization	-	-	473,888	-	-	8,412	-	-	-	-	62,375	-	-	544,675
Direct Assistance	-	-	-	-	-	-	-	161,780	-	-	-	-	-	161,780
Debt Servicing	10,322	-	680,657	-	-	9,870	-	-	-	-	-	-	-	700,849
Professional fees	208,101	139,201	49,283	1,250	7,116	542,103	-	-	-	-	3,080	-	-	950,134
Local revenue taxation	-	-	-	-	-	-	-	-	-	1,049,224	-	-	-	1,049,224
Reserve fund allocation	-	-	-	-	-	-	-	-	-	226,311	28,416	-	-	254,727
Tuition	-	-	-	1,039,022	-	-	-	-	-	-	-	-	-	1,039,022
Other	427,604	46,678	703,683	449,973	205,774	427,201	-	3,758	-	4,346	56,254	-	-	2,325,271
Department transfers	(125,955)	89,779	(1,754,293)	63	14,918	1,744,854	(53,277)	-	(8,180)	92,091	-	-	-	-
	956,889	379,746	263,074	1,971,966	475,622	2,952,463	(53,277)	214,051	(8,180)	1,371,972	150,125	-	-	8,674,451
Surplus/(deficit)	15,991	10,680	57,375	41,407	(20,847)	841,104	53,277	185,532	8,180	(89,775)	-	1,330	1,104,254	

**REVIEW ENGAGEMENT REPORT IN CONNECTION WITH THE SCHEDULE OF
REMUNERATION AND EXPENSES PAID TO ELECTED OFFICIALS FOR THE YEAR
ENDED MARCH 31, 2017**

To Aboriginal Affairs and Northern Development Canada:

I have reviewed the remuneration and expenses of elected First Nation members, as recorded in the general ledger of the Songhees First Nation as required and forms part of its financial statements for the year ended March 31, 2017, on which I reported May 29, 2017.

My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures, and discussion related to information supplied to me by Songhees First Nation.

A review does not constitute an audit and consequently I do not express an audit opinion on these schedules.

Based on my review, nothing has come to my attention that causes me to believe that this schedule is not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Brynjolfson & Co.

Brynjolfson & Company
Chartered Professional Accountant

May 29, 2017
Victoria, B.C.

SONGHEES FIRST NATION
SCHEDULE OF REMUNERATION AND EXPENSES
PAID TO ELECTED OFFICIALS
FOR THE YEAR ENDED MARCH 31, 2017

Name of individual	Position/Title	Number of Months	Remuneration \$	Expenses \$	Total \$
Ron Sam	Chief	12	24,000	7,012	31,012
Garry Albany	Councillor	12	24,000	3,500	27,500
Jackie Albany	Councillor	12	24,000	3,875	27,875
Frank George	Councillor	12	24,000	2,675	26,675
John Rice Jr.	Councillor	12	24,000	3,650	27,650
Karen Tunkara	Councillor	12	24,000	950	24,950

1. *The number of months during the fiscal year that the individual was on staff.*
2. *Remuneration means any salaries, wages, commissions, bonuses, fees, honoraria, dividends, and any other monetary benefits other than the reimbursement of expenses and non-monetary benefits.*
3. *Expenses includes the costs of transportation, accommodation, meals, hospitality and incidental expenses.*

**SONGHEES FIRST NATION
RECONCILIATION OF AANDC REVENUE FROM
FINANCIAL STATEMENTS TO FUNDING CONFIRMATION
FOR THE YEAR ENDED MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
AANDC Revenue Reconciliation		
AANDC Revenue per Consolidated Statement of Operations, page 4	2,856,963	2,882,790
Less: AANDC funding adjustments	<u>(37,822)</u>	<u>(993,038)</u>
Balance per Consolidated Statement of Operations, page 4	2,819,141	1,889,752
Add: Due from AANDC	<u>191</u>	<u>—</u>
Net Budget per AANDC Funding Confirmation	<u>2,819,332</u>	<u>1,889,752</u>