

Tseshah First Nation

Financial Statements

March 31, 2015

Tseshah First Nation**Consolidated Financial Statements**

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Tseshah First Nation

Management's Statement of Responsibility for Financial Reporting

March 31, 2015

The accompanying consolidated financial statements of Tseshah First Nation for the year ended March 31, 2015 are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and necessarily include estimates which are based on management's best judgements.

Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The consolidated financial statements have been reviewed and approved by Chief and Council.

McINTOSH | NORTON | WILLIAMS, an independent firm of chartered professional accountants, has been engaged to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements, follows.


Chief Councillor

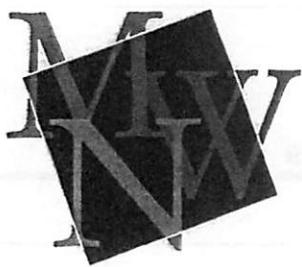
JULY 29, 2015

Date


Councillor

JULY 29, 2015

Date



Cory McIntosh, CPA, CGA, CAFM, CFP *
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**practising as a professional corporation*

McINTOSH | NORTON | WILLIAMS
certified general accountants

"It's not what you earn, it's what you keep!"

Independent Auditor's Report

To the Members of Tseshah First Nation

We have audited the accompanying consolidated financial statements of Tseshah First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tseshah First Nation as at March 31, 2015, 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.


McINTOSH | NORTON | WILLIAMS
chartered professional accountants

Port Alberni, British Columbia
July 29, 2015

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Tseshah First Nation

Consolidated Statement of Financial Position

March 31	2015	2014
	\$	\$
Financial Assets		
Cash	2,479,159	2,562,960
Accounts receivable (Note 3)	642,905	990,548
GST recoverable	16,478	22,820
Restricted cash (Note 4)	1,691,115	1,642,288
Short-term investments	190,528	178,759
<u>Long-term investments (Note 5)</u>	<u>5,432,337</u>	<u>5,491,351</u>
	10,452,522	10,888,726
Liabilities		
Demand Loan (Note 6)	70	-
Accounts payable	1,734,389	1,691,630
GST Payable	-	5,700
Deferred Revenue (Note 7)	344,198	822,354
Committed Funds (Note 8)	442,967	1,001,769
Wages & Benefits Payable	203,133	165,640
Reserves (Note 9)	401,763	330,342
Long-term debt (Note 10)	12,680,771	12,767,179
	15,807,291	16,784,614
Net debt	(5,354,769)	(5,895,888)
Non-financial Assets		
Capital assets (Note 12)	19,723,696	18,527,544
Prepaid expenses	72,095	121,394
Inventory (Note 14)	157,712	207,924
	19,953,503	18,856,862
Accumulated Surplus (Note 15)	14,598,734	12,960,974
Contingent liabilities (Note 16)		

Approved on behalf of the Chief and Council

~~_____, Chief Councillor~~

Jan, Councillor

The accompanying notes are an integral part of the financial statements

Tseshah First Nation

Consolidated Statement of Change in Net Debt

For the year ended March 31	2015	2014
	\$	\$
Excess of revenue over expenditures	1,078,957	119,363
Acquisition of tangible capital assets	(2,786,800)	(1,265,358)
Amortization of tangible capital assets	1,590,649	1,485,836
Net book value of assets disposed	-	21,965
	(1,196,151)	242,443
Use of prepaid asset	49,299	417,080
Use of inventory	50,212	7,771
Change in committed funds	558,802	(151,653)
Correction of prior period income	-	(107,217)
	558,802	(258,870)
Increase in net financial assets	541,119	527,787
Net debt at beginning of year	(5,895,888)	(6,423,675)
Net debt at end of year	(5,354,769)	(5,895,888)

The accompanying notes are an integral part of the financial statements

Tseshah First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
	\$	\$	\$
Revenue			
Sales	75,000	8,550,042	8,306,662
Nuu-chah-nulth Tribal Council - CFNFA	3,233,894	3,025,811	2,712,065
Nuu-chah-nulth Tribal Council - non CFNFA	2,362,262	2,065,813	1,601,981
Rental Income	106,960	493,233	494,556
Other revenue	75,000	355,176	331,836
Government of Canada	229,559	231,849	233,562
Canada Mortgage and Housing	-	205,582	177,132
Fish license fees	251,494	188,189	226,311
Province of B.C.	146,000	184,859	411,075
Administration recoveries	58,248	133,358	11,711
Nuu-chah-nulth Employment & Training Board	77,000	78,463	79,351
Share of net income (loss) of enterprises	-	69,773	(173,204)
Interest income	1,200	58,917	61,912
Lease Income	5,600	56,800	58,300
Fees	39,000	45,045	187,675
First Nation Education Steering Committee	8,500	14,940	29,784
Nuu-chah-nulth Economic Development Corporation	-	13,151	18,821
Other grants	4,000	8,175	4,000
BC Special	-	2,622	2,580
Vancouver Island Health Authority	-	-	19,000
Work Opportunity program	5,380	-	-
	6,679,097	15,781,798	14,795,110
Expenditures (Note 17)			
Operating Fund	7,273,606	5,849,160	5,791,393
Trust Fund	-	8,000	8,000
Social Housing Fund	-	462,517	490,452
Enterprise Fund	-	8,297,489	8,284,780
Treaty Fund	-	85,675	101,122
	7,273,606	14,702,841	14,675,747
Excess of revenue over expenditures	(594,509)	1,078,957	119,363
Surplus at beginning of year	13,962,744	13,962,744	13,843,381
Surplus at end of year	13,368,235	15,041,701	13,962,744

The accompanying notes are an integral part of the financial statements

Tseshah First Nation

Consolidated Statement of Cash Flows

<u>For the year ended March 31, 2015</u>	<u>2015</u>	<u>2014</u>
	\$	\$
Cash flows from Operating activities		
Excess of revenue over expenditures	1,078,957	119,363
Items not affecting cash		
Amortization	1,590,649	1,483,850
Correction of prior period income	-	(107,217)
	2,669,606	1,495,996
<u>Change in non-cash operating working capital</u>	<u>528,046</u>	<u>775,624</u>
	3,197,652	2,271,620
Capital activities		
Acquisition of capital assets	(2,786,800)	(1,263,371)
Proceeds from sale of capital assets	-	21,965
	(2,786,800)	(1,241,406)
Financing activities		
Long-term debt	(86,406)	(559,606)
Reserves	71,421	52,140
Deferred Revenue	(478,156)	461,987
	(493,141)	(45,479)
Investing activities		
(Increase) decrease in investments	59,014	394,363
Increase (decrease) in cash and cash equivalents	(23,275)	1,379,098
Cash and cash equivalents, beginning of year	4,384,007	3,004,909
Cash and cash equivalents, end of year	4,360,732	4,384,007
Represented by		
Cash	2,479,159	2,562,960
Restricted cash	1,691,115	1,642,288
Short-term investments	190,528	178,759
Demand Loan	(70)	-
	4,360,732	4,384,007

The accompanying notes are an integral part of the financial statements

Tseshah First Nation

Notes to Consolidated Financial Statements

March 31, 2015

1. Basis of Presentation and Significant Accounting Policies

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

(a) Fund Accounting

The Tseshah 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 purposes of presentation in the Summary Financial Statements.

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

- Operating Fund
- Trust Fund
- Social Housing Fund
- Enterprise Fund
- Treaty Fund

(b) Reporting Entity Principles of Financial Reporting

The Tseshah First Nation reporting entity includes all related entities which are accountable to the First Nation, and which are either owned, directly or indirectly, or controlled by the Tseshah First Nation except Tsisha Investments Ltd. and Tseshah Development Society. These entities are inactive and financial statements have not been prepared. Commercial entities owned or controlled by the First Nation are consolidated on a modified equity basis.

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 necessarily been eliminated on the individual schedules.

Readers of the Financial Statements should refer to the consolidated Financial Statements.

(c) Comparative Figures

Comparative figures have been reclassified, where applicable, to conform to current presentation.

(d) Revenue Recognition

Funding received under the terms of agreements is recognized as revenue when received. Funding received but not yet expended is included in the applicable statement of revenue and expenditure.

(e) Short term investments

Short term investments are all term deposits or bonds recorded at cost plus accrued interest. These term deposits have been pledged as security for certain loans with the Bank of Montreal.

Tseshah First Nation

Notes to Consolidated Financial Statements

March 31, 2015

1. Basis of Presentation and Significant Accounting Policies (continued)

(f) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(g) Tangible Capital Assets

Amortization of assets is calculated to reflect anticipated life expectancy on a straight line basis as follows:

Automotive equipment	5 years Straight line
Community Buildings	20 years Straight line
Computer Equipment	3 years Straight line
Housing	20 years Straight line
Infrastructure	20 years Straight line
Office equipment	5 years Straight line
Other equipment	5 years Straight line
Paving	10 years Straight line
Shellfish licenses	20 years Straight line

Tseshah Market assets:

Buildings	5% Declining balance
Gas equipment	6% Declining balance
Equipment and fixtures	20% Declining balance
Gas bar	20% Declining balance
Parking lot	8% Declining balance
Water and septic system	6% Declining balance
Smallwares	100% Declining balance

The social housing assets are amortized equal to the principal repayment on the related mortgage as required by Canada Mortgage and Housing.

2. Economic Dependence

Tseshah First Nation receives a significant portion of its operating revenue pursuant to an agreement referred to as the Canada First Nation Funding Agreement (CFNFA). This agreement has been entered into by the Nuu-chah-nulth Tribal Council, its member First Nations and Aboriginal Affairs and Northern Development Canada. The current agreement covers the period April 1, 2013 to March 31, 2018.

3. Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts of \$26,392 (2014 - \$232,768).

Tseshah First Nation

Notes to Consolidated Financial Statements

March 31, 2015

4. Restricted Cash

Restricted cash is comprised of:

	2015	2014
	\$	\$
Ottawa trust - revenue	64,387	58,402
Ottawa trust - capital	78,605	78,605
Trust bank	12,367	20,290
Trust investments	924,787	902,808
Social Housing Replacement reserve bank	243,936	232,366
Social Housing Operating reserve bank	117,033	99,817
Tseshah Market	250,000	250,000
	1,691,115	1,642,288

The Tseshah Market restricted cash consists of a reserve fund established by the board of directors for future fuel system upgrades and expansion.

5. Long-term investments

Investments are comprised of investments in and advances to subsidiaries. Subsidiaries controlled by the First Nation are consolidated in these financial statements on the modified equity basis.

	2015	2014
	\$	\$
Coast Forest Management Ltd.	25,000	25,000
Equis Forest Products Ltd.	126,464	124,184
Tseshah Somass Society	2,042,260	2,042,260
Tsisha Investments Ltd.	(99,870)	(99,870)
Shahowis Holdings Ltd.	2,746	2,746
Omoah Forestry LLP	2,550,843	2,459,131
CISAA Forestry LLP	77,910	72,065
Ekoolthaht Marine LLP	(14,381)	6,012
Tseshah Forestry Corporation	444,163	619,542
Tseshah Economic Development Corporation	292,613	239,951
Tseshah Fisheries Corporation	1,055	330
Alberni Ice LP	(16,466)	-
	5,432,337	5,491,351

The First Nation owns 100% of the Tseshah Somass Society. The Society was registered in 2006 and purchased land on the Somass River adjacent to reserve lands owned by the First Nation. The investment consists of advances to the Society for the purchase of the land.

Tseshah First Nation

Notes to Consolidated Financial Statements

March 31, 2015

5. Long-term investments, continued

The First Nation owns 51% of the common shares of Equis Forest Products Ltd. The investment is comprised of share costs and advances receivable of \$11,299 plus share of accumulated earnings of \$115,165. The company had assets of \$398,873 and liabilities of \$172,957 as at October 31, 2014 and revenues of \$1,162,039 and cost of sales and expenses of \$1,180,282 for the year then ended.

Shahowis Holdings Ltd. is owned 100% by the First Nation. The company is not active and the investment consists of advances for expenses paid by the First Nation on behalf of the company.

Tsisha Investments Ltd. is owned 100% by the First Nation. The investment consists of advances from the company of \$99,870 earned on the sale of shares in Tsemac Manufacturing Ltd. less expenses paid on behalf of the company by the First Nation. The company is not active and has not prepared financial statements.

The First Nation owns 30% of the common voting shares of Coast Forest Management Ltd. The investment is comprised of \$25,000 for the common shares recorded at cost.

The First Nation is a limited liability partner in Omoah Forestry LLP receiving 99.99% of the profits. The investment is comprised of partnership unit costs of \$999 plus advances receivable of \$2,327,050 and share of accumulated income of \$223,793. The partnership had assets of \$2,978,882 and liabilities of \$2,959,496 as at December 31, 2014 and revenues of \$541,329 and cost of sales and expenses of \$557,355 for the period then ended.

The First Nation is a limited liability partner in Cisaa Forestry LLP receiving 99.99% of the profits. The investment is comprised of partnership unit costs of \$999 plus share of accumulated profit of \$854,852 less advances payable of \$776,942. The partnership had assets of \$1,184,208 and liabilities of \$327,565 as at December 31, 2014 and revenues of \$1,054,332 and cost of sales and expenses of \$1,000,754 for the period then ended.

The First Nation is a limited liability partner in Ekoolthaht Marine LLP receiving 99.99% of the profits. The investment is comprised of partnership unit costs of \$999 plus advances receivable of \$10,412 less share of accumulated losses of \$4,968. The partnership had assets of \$62,550 and liabilities of \$66,535 as at December 31, 2014 and revenues of \$35,819 and expenses of \$27,958 for the period then ended.

The First Nation owns 100% of the common shares of Tseshah Forestry Corporation. The investment is comprised of share costs of \$1, accumulated losses of \$459,190 plus advances receivable of \$903,354. The company had assets of \$198,410 and liabilities of \$649,840 as at December 31, 2014 and revenues of \$221,588 and expenses of \$217,704 for the period then ended.

The First Nation owns 100% of the common shares of Tseshah Economic Development Corporation. The investment is comprised of share costs of \$1, plus advances receivable of \$289,608. The company had assets of \$1,731,926 and liabilities of \$1,1734,929 as at December 31, 2014 related to development of a hydro-electric project.

The First Nation owns 50% of Alberni Ice Limited Partnership. The investment consists of the share of accumulated losses of \$16,681 and advances receivable of \$215. The partnership had assets of \$234,073 and liabilities of \$17,436 as at December 31, 2014 and revenues of \$28,860 and expenses of \$48,372 for the period then ended.

Tseshah First Nation

Notes to Consolidated Financial Statements

March 31, 2015

6. Demand Loan

Demand loan consists of a \$737,500 line of credit from the Bank of Montreal with an interest rate of prime plus 1.25%; secured by a general security agreement. As at March 31, 2015, the balance in the line of credit was \$70 (2014 - nil).

7. Deferred Revenue

Deferred revenue consists of contributions and revenue received in the fiscal year which applies to a subsequent fiscal year (2015 - \$18,477; 2014 - \$478,387) and rent deposits (2015 - \$19,490; 2014 - \$15,727). Deferred revenue also includes grants (net of amortization) for the purpose of acquiring capital assets at Tseshah Market. The grants are being amortized at the same rate as the capital assets to which they relate.

	2015	2014
	\$	\$
Deferred grants - beginning of year	328,240	340,151
Grants received during the year	3,704	14,313
Applied to income	(25,713)	(26,224)
	306,231	328,240

8. Committed Funds

The equity in the following programs is committed for projects which continued or commenced subsequent to March 31, 2015.

	2015	2014
	\$	\$
Education	98,641	55,772
Capital	344,326	816,945
Member Services	-	14,909
Aboriginal Society Development Initiatives	-	102,470
Band Administered Housing	-	11,673
	442,967	1,001,769

9. Reserves

Reserves are comprised of the Social Housing replacement reserves and operating reserve in the amount of \$401,763 (2014 - \$330,342). These funds are a requirement of the agreements with Canada Mortgage and Housing Corporation and can only be accessed under the terms of the agreements.

Tseshah First Nation**Notes to Consolidated Financial Statements**

March 31, 2015

10. Long-term debt

	2015 \$	2014 \$
All Nations Trust social housing mortgage, repayable at \$1,986 per month including interest at 1.67%; secured by guarantee of AANDC; matures June 2018.	361,559	423,810
All Nations Trust social housing mortgage, repayable at \$15,771 per month including interest at 2.04%; secured by guarantee of AANDC; matures March 2019.	2,948,916	3,076,844
All Nations Trust social housing mortgage, repayable at \$7,616 per month including interest at 1.65%; secured by guarantee of AANDC; matures September 2016.	1,648,777	1,712,482
Bank of Montreal, interest only payments at prime plus 1.25% per annum, secured by a fixed charge against logging assets; due on demand. Periodic principal repayments from proceeds of sale of logging assets plus 50% of logging profits quarterly. Repayment terms are subject to periodic review. See additional note below*.	464,347	593,947
All Nations Trust social housing mortgage, repayable at \$2,492 per month including interest at 1.83%; secured by guarantee of AANDC; matures December 2019.	582,300	-
Bank of Montreal loan, repayable at \$14,583 per month plus interest calculated at prime plus 1.25% per annum; secured by a promissory note and a charge against specific assets; due on demand. Repayment terms are subject to periodic review. See additional note below*.	2,677,500	2,847,500
NEDC, repayable at \$1,124 per month including interest at 7% per annum, matures March, 2014.	-	3,287
NEDC, repayable at \$561 per month including interest at 12% per annum, matures April 2022.	28,181	35,056
NEDC, forgivable at \$1 for every \$1 of principal paid on the preceding loan.	13,828	20,648
NEDC, repayable at \$675 per month including interest at 8% per annum, matures April 2019.	28,979	34,568
NEDC, repayable at \$10,642 per month including interest at 6% per annum, matures January, 2027.	1,098,371	1,156,129
NEDC, repayable at \$718 per month including interest at 6% per annum, matures May 2015. The First Citizens' Fund will pay off 40% of this loan principal in deferred contributions according to the First Citizens' Fund guideline.	4,182	15,866

Tseshah First Nation

Notes to Consolidated Financial Statements

March 31, 2015

10. Long-term debt, continued

	2015 \$	2014 \$
Parkland Industries Ltd. incentive loan bearing interest at 0% per annum. The loan is forgivable at a rate of \$0.004 for every litre of light petroleum purchased by the Tseshah Market. The loan matures in 2017 and is secured by a firm and irrevocable letter of credit.	8,369	25,537
Nuu-chah-nulth Tribal Council Treaty loan, for details see note11.	2,810,604	2,810,604
NEDC, repayable at \$345 per month including interest at 8% per annum, matures June 2016.	4,858	8,477
NEDC, forgivable at \$1 for every \$1 of principal paid on the preceding loan.	-	2,424
	12,680,771	12,767,179

All NEDC loans are secured by certain assets, an assignment of CFNFA funds and insurance and a general security agreement.

*Although Bank of Montreal loans are due on demand, it is not anticipated that payments will be in excess of the required amount. The terms of these loans are subject to periodic review and subject to change.

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

2016	489,228
2017	2,014,703
2018	432,905
2019	3,141,870
2020 and thereafter	6,602,065
	12,680,771

11. Treaty Loan from Nuu-chah-nulth Tribal Council

The First Nation has received funds from the Nuu-chah-nulth Tribal Council pursuant to an agreement the Tribal Council had negotiated on its behalf with the Federal Department of Aboriginal Affairs and Northern Development Canada and the provincial British Columbia Treaty Commission. Under the terms of that agreement, the Tribal Council received both loaned and contributed funds, which it subsequently reloaned and contributed to the First Nation.

The funds are to be used solely for the purpose of treaty negotiations. Repayment provisions for this loan are outlined in the First Nation Negotiation Support Agreement between Aboriginal Affairs and Northern Development Canada, the Nuu-chah-nulth Tribal Council and the First Nation.

Tseshah First Nation

Notes to Consolidated Financial Statements

March 31, 2015

12. Tangible Capital Assets

	Cost	2015 Accumulated amortization	Net book value	2014 Net book value
	\$	\$	\$	\$
Automotive	172,632	149,664	22,968	35,770
Boat	152,061	54,922	97,139	112,345
Community Buildings	18,578,115	10,798,835	7,779,280	8,617,363
Computer Equipment	149,416	126,283	23,133	25,589
Housing	2,183,659	2,000,724	182,935	270,647
Infrastructure	8,460,554	4,055,002	4,405,552	2,488,695
Office equipment	146,503	138,768	7,735	11,602
Other equipment	1,728,928	1,335,395	393,533	440,925
Paving	19,000	16,150	2,850	4,750
Shellfish licenses	10,914	7,097	3,817	4,363
Social Housing	7,419,832	1,004,108	6,415,724	6,085,340
Thunderbird Poles	44,035	13,789	30,246	31,506
Dock and Gazebo	419,658	60,874	358,784	398,649
	39,485,307	19,761,611	19,723,696	18,527,544

13. Changes in Tangible Capital Assets

	Additions	Disposals	Amortization	Accumulated Amortization on Disposals
	\$	\$	\$	\$
Automotive	-	-	12,802	-
Boat	-	-	15,206	-
Community Buildings	3,095	-	841,178	-
Computer Equipment	14,829	-	17,285	-
Dock and Gazebo	-	-	39,865	-
Housing	-	-	87,712	-
Infrastructure	2,218,450	-	301,593	-
Office equipment	-	-	3,867	-
Other equipment	9,231	-	56,624	-
Paving	-	-	1,900	-
Shellfish licenses	-	-	546	-
Social Housing	541,193	-	210,811	-
Thunderbird Poles	-	-	1,260	-
Total - 2015	2,786,798	-	1,590,649	-
Total - 2014	2,154,348	912,942	1,483,850	693,476

Tseshah First Nation

Notes to Consolidated Financial Statements

March 31, 2015

14. Inventory

Inventory is valued at the lower of cost and net realizable value.

15. Accumulated surplus

	2015 \$	2014 \$
Restricted Trust Fund	1,080,146	1,060,105
Unrestricted		
Operating Fund	12,717,454	11,285,515
Social Housing Fund	-	-
Enterprise Fund	3,605,042	3,398,822
Treaty Fund	(2,828,908)	(2,808,471)
Contributed equity	25,000	25,000
	13,518,588	11,900,866
	14,598,734	12,960,971

16. Contingent Liabilities

- (a) The First Nation is contingently liable for guarantees of mortgages of Members' residences situated on reserve. The total amount of such mortgages at March 31, 2015 is \$293,951 (2014 - \$392,018).
- (b) The First Nation has guaranteed letters of credit for Tseshah Market issued to suppliers in the amount of \$92,500.
- (c) The First Nation has entered into an agreement to guarantee mortgages of Members' residences on reserve to a limit of \$3,000,000. The total amount of outstanding guarantees as at March 31, 2015 is \$1,238,880 (2014 - \$1,248,527).
- (d) The First Nation is liable for the costs of the future removal of fuel storage tanks and site restoration at the Tseshah Market. These costs cannot be reasonably estimated at this time.
- (e) The First Nation is currently involved in a dispute with a contractor related to outstanding invoices to an entity owned by the First Nation. The invoices total \$93,400 and relate to prior years. The outcome of this dispute is not determinable and no amount has been included in these financial statements. The contractor also owes the First Nation \$72,201 and has been included in allowance for doubtful accounts at March 31, 2015. Management estimates that, in the worst case, the two amounts will be offset against each other.
- (f) The First Nation has received funding from CMHC to provide major renovations to the homes of certain of its members. This funding becomes repayable in the event that the member does not remain in the house for a period of five years.
- (g) The First Nation is involved in legal actions. The estimated costs are \$38,500 at the date these financial statements are released and have been recorded in wages payable.

Tseshah First Nation

Notes to Consolidated Financial Statements

March 31, 2015

17. Summary Expenditures

Expenditures are reflected on the Consolidated Statement of Operations after elimination of inter-fund transactions. Inter-fund amounts eliminated from expenditures for the current year are as follows:

	Fund Expenditures \$	Inter-fund Amounts \$	Summary Expenditures \$
Operating Fund	5,928,005	78,845	5,849,160
Trust Fund	8,000	-	8,000
Social Housing Fund	530,389	67,872	462,517
Enterprise Fund	8,297,489	-	8,297,489
Treaty Fund	85,675	-	85,675
	14,849,558	146,717	14,702,841

Tseshah First Nation

Notes to Consolidated Financial Statements

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18. Expenditures by Object

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
	\$	\$	\$
Expenditures			
Advertising	3,000	37,182	30,589
Amortization	-	1,590,648	1,473,317
Bad debts	-	15,180	20,915
Capital Purchases - minor	25,999	-	-
Contributions to other	65,231	2,758	121,371
Cost of goods sold	-	7,030,366	6,853,404
Cultural Promotion	5,000	2,794	46,982
Custom Election Code	-	-	7,060
Fire protection	48,750	65,869	63,766
Food fish expense	15,000	30,147	6,645
Honoraria	172,500	126,599	156,941
Housing grants	35,000	35,000	825
Infrastructure	2,327,026	-	37,676
Insurance, licenses and dues	63,080	137,852	143,874
Interest and bank charges	12,310	41,373	50,668
Interest on long-term debt	255,000	281,801	299,585
Meeting costs	14,000	10,076	11,315
Miscellaneous	114,536	18,136	60,872
National Child Benefit	94,278	90,769	136,304
Newsletter	10,000	3,913	7,716
Office expenses	58,000	56,855	72,506
Other expense	4,500	2,827	3,807
Professional fees	70,000	194,122	208,982
Program Costs	37,767	139,641	81,383
Property Taxes	-	10,012	9,528
Repairs and maintenance	375,547	488,927	415,157
Social Assistance	717,044	483,582	541,252
Student allowances	-	18,925	15,425
Subcontracts	68,871	188,668	189,194
Supplies	57,000	73,849	82,671
Training	16,700	9,491	25,049
Transfer to operating reserve	-	30,094	16,915
Transfer to replacement reserve	-	59,100	60,011
Transfers to band members	-	8,000	8,000
Travel	199,685	137,368	123,021
Tuition - Elementary/Secondary	488,554	474,878	446,794
Utilities and telephone	342,450	386,767	389,958
Vehicle	54,350	39,310	55,304
Wages and benefits	1,520,428	2,378,927	2,400,965
Workshops	2,000	1,035	-
	7,273,606	14,702,841	14,675,747

Tseshah First Nation

Notes to Consolidated Financial Statements

March 31, 2015

19. Correction of Prior Period Income

During the year, the First Nation made corrections to prior periods for the following:

- correct cost of construction of social housing units which was understated in the prior year
- correct recovery of social development basic funding which was understated in the prior year
- record administration charge to related company
- correct share of loss from enterprises
- record accrued liabilities

	Opening Balance \$	Adjustment \$	Revised Balance \$
Long-term investments	5,727,339	(235,987)	5,491,352
Accounts payable	1,585,455	106,175	1,691,630
Surplus at beginning of year	13,950,598	(107,217)	13,843,381
Administration recoveries	4,211	7,500	11,711
Share of net income (loss) of enterprises	70,283	(243,487)	(173,204)
Social assistance expenses	542,294	(1,042)	541,252

20. Related Party Transactions

The First Nation engages in a wide variety of transactions with its members, member owned organizations, and business enterprises. These transactions are all carried out at the exchange amount and in the normal course of operations.

21. Aboriginal Affairs and Northern Development Canada Supplementary Information

These financial statements include supplementary information required by Aboriginal Affairs and Northern Development Canada. The required information is presented on pages 44 - 48. The amounts reflected in the supplementary information are referenced by page number to a particular program in these financial statements. As each program is an accumulation of a number of related activities the specific amounts reflected in the supplementary information may not necessarily be identifiable except by revenue and expenditure category.