

Stswecem'c Xgat'tem First Nation
Consolidated Financial Statements
March 31, 2019

Stswecem'c Xgat'tem First Nation

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Management's Responsibility

To the Members of Stswecem'c Xgat'tem First Nation:

The accompanying consolidated financial statements of Stswecem'c Xgat'tem First Nation are the responsibility of management and have been approved by the Chief and Council.

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

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

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

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

July 26, 2019



Band Administrator

Independent Auditor's Report

To the Members of Stswecem'c Xgat'tem First Nation:

Opinion

We have audited the consolidated financial statements of Stswecem'c Xgat'tem First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus and related schedules, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the First Nation for the year ended March 31, 2018 were audited by FBB LLP Chartered Professional Accountants, prior to its merger with MNP LLP. FBB LLP Chartered Professional Accountants expressed an unmodified opinion on those statements on July 18, 2018.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related

disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Prince George, British Columbia

July 26, 2019

MNP LLP






Chartered Professional Accountants

Stswecem'c Xgat'tem First Nation
Consolidated Statement of Financial Position

As at March 31, 2019

	2019	2018
Financial assets		
Cash	1,493,347	2,344,408
Trade and accrued receivables (Note 3)	1,275,386	867,273
Guaranteed investment certificates (Note 4)	1,304,123	2,223,425
Inventory	44,324	21,463
Funds held in trust (Note 5)	1,373,163	1,340,717
Restricted cash (Note 6)	242,633	192,265
Investment in government business entities (Note 7)	701,904	137,059
Advances to related parties (Note 8)	43,003	440,443
Total financial assets	6,477,883	7,567,053
Liabilities		
Bank indebtedness (Note 11)	-	3,681
Trade and accrued payables (Note 9)	796,110	404,715
Deferred revenue (Note 10)	1,700,388	2,331,938
Debt (Note 11)	412,055	525,565
Capital lease obligations (Note 12)	81,448	-
Total liabilities	2,990,001	3,265,899
Net financial assets	3,487,882	4,301,154
Contingencies (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	6,903,974	5,073,579
Prepaid expenses	10,994	7,726
Total non-financial assets	6,914,968	5,081,305
Accumulated surplus (Note 14)	10,402,850	9,382,459

Approved on behalf of the Council:

 _____ Chief	 _____ Councilor
 _____ Councilor	 _____ Councilor
 _____ Councilor	

Stswecem'c Xgat'tem First Nation
Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2019

	<i>Schedules</i>	2019 Budget (Note 19)	2019	2018
Revenue				
Indigenous Services Canada (Note 15)		1,328,560	3,192,217	3,526,439
Province of British Columbia		49,200	1,390,152	523,069
Three Corners Health Services Society		308,539	450,165	414,178
Northern Shuswap Treaty Society		428,164	433,267	429,929
Land referrals		82,000	178,439	89,001
First Nations Education Steering Committee		77,000	129,692	194,211
First Nations Health Authority		79,806	106,340	153,690
Canada Mortgage and Housing Corporation		58,000	61,780	106,206
Chariboo Chilcotin Aboriginal Training Employment Centre Society		52,000	149,808	173,526
Earnings from investment government business entities (Note 7)		-	564,845	137,059
First Nation store sales		-	519,885	450,956
Other		239,454	554,608	340,508
Rental income		306,600	325,147	312,930
Enbridge		15,000	80,000	50,500
Knucwentwecw Society		25,000	61,022	25,500
Interest income		-	46,306	31,501
Red Cross		-	24,875	289,903
Log harvest		-	-	459,806
Loss on disposal of tangible capital assets		-	(19,336)	-
		3,049,323	8,249,212	7,708,912
Program expenses				
Administration	3	512,668	1,473,130	903,570
Public Works	4	220,785	323,774	245,608
Natural Resources	5	305,190	554,560	346,046
Education	6	944,587	1,404,583	1,190,684
Social Development	7	220,953	564,184	480,435
Health and Well Being	8	502,093	657,820	549,175
Capital Projects	9	-	545,043	1,399,656
Housing	10	439,982	734,152	397,434
Treaty	11	449,371	440,731	447,199
First Nation Store	12	-	530,844	435,705
Total expenses (Schedule 2)		3,595,629	7,228,821	6,395,512
Annual surplus (deficit)		(546,306)	1,020,391	1,313,400
Accumulated surplus, beginning of year		9,382,459	9,382,459	8,069,059
Accumulated surplus, end of year		8,836,153	10,402,850	9,382,459

The accompanying notes are an integral part of these financial statements

Stswecem'c Xgat'tem First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2019

	2019 Budget (Note 19)	2019	2018
Annual surplus (deficit)	(546,306)	1,020,391	1,313,400
Purchases of tangible capital assets	-	(2,624,465)	(411,188)
Amortization of tangible capital assets	-	781,650	525,177
Loss on disposal of tangible capital assets	-	19,336	22,954
Capital lease tangible capital asset additions	-	(85,000)	-
Proceeds of disposal of tangible capital assets	-	78,084	-
	-	(1,830,395)	136,943
Acquisition of prepaid expenses	-	(3,268)	(7,726)
Increase (decrease) in net financial assets	(546,306)	(813,272)	1,442,617
Net financial assets, beginning of year	4,301,154	4,301,154	2,858,537
Net financial assets, end of year	3,754,848	3,487,882	4,301,154

Stswecem'c Xgat'tem First Nation
Consolidated Statement of Cash Flows

For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	1,020,391	1,313,400
Non-cash items		
Amortization	781,650	525,177
Earnings from investment in government business entities	(564,845)	(137,059)
Ottawa trust interest revenue	(32,447)	(30,773)
Loss on disposal of tangible capital assets	19,336	-
	1,224,085	1,670,745
Changes in working capital accounts		
Trade receivables and accruals	(408,113)	55,395
Prepaid expenses	(3,268)	(7,726)
Restricted cash	(50,368)	(224)
Trade payables and accruals	391,395	(21,801)
Deferred revenue	(631,550)	1,795,255
Purchase of inventory	(22,862)	-
	499,319	3,491,644
Financing activities		
Advances of debt	104,520	83,230
Repayment of debt	(221,578)	(215,600)
Change in bank indebtedness	(3,681)	(188,324)
	(120,739)	(320,694)
Capital activities		
Purchases of tangible capital assets	(2,624,465)	(411,188)
Proceeds of disposal of tangible capital assets	78,084	-
Investing activities		
Withdrawal (contribution) of guaranteed investment certificates	919,301	(2,156,869)
Related party loan forgiveness (Note 7)	397,439	-
	1,316,740	(2,156,869)
Increase (decrease) in cash	(851,061)	602,893
Cash, beginning of year	2,344,408	1,741,515
Cash, end of year	1,493,347	2,344,408

The accompanying notes are an integral part of these financial statements

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

1. Operations

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

2. Significant accounting policies

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

Reporting entity

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

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

Stswecem'c Xgat'tem Housing Program

Stswecem'c Xgat'tem Health Program

Stswecem'c Xgat'tem Treaty Program

Stswecem'c Xgat'tem Store

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

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

SXD Limited Partnership

SXDC Ltd.

Basis of presentation

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

Cash

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

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

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

Tangible capital assets are amortized over their expected useful life of the assets using the straight-line method. In the year of acquisition amortization is taken at one-half the rates. See below for amortization rates of specific assets categories.

Automotive equipment	5 years
Buildings and infrastructure	20 to 50 years
Capital leased assets	5 years
Computers/ Furniture & equipment	3 to 10 years

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position. Trust moneys consist of:

Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and

Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Net financial assets

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

Asset classification

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

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

Revenue recognition

i) Government Funding

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfer of non-depreciable assets are recognized in revenue when received or receivable.

ii) First Nation Capital and Revenue Trust Funds

The Nation recognizes revenue of the Capital and Revenue trusts when earned.

iii) Canada Mortgage and Housing Corporation ("CMHC") and First Nation Health Authority ("FNHA")

CMHC and FNHA revenue are recognized as it become receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

iv) Housing rental income

Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

vi) Other revenue

Revenue such as administration fee, contract revenue and other revenue is recognized when performance is achieved, amounts are reasonably estimated and collection is reasonably assured.

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Nation is responsible for. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations of the periods in which they become known.

Long-lived assets

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

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

The Nation does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

Segments

The Nation conducts its business through a number of reportable segments as described in Note 18. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements, as disclosed in Note 2 of the *Significant account policies*.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2019, no liability for contaminated site exists.

Recent accounting pronouncements

PS 3430 Restructuring Transactions

Effective April 1, 2018, the First Nation adopted the recommendations relating to PS 3430 *Restructuring Transactions* as set out in the CPA Canada Public Sector Accounting Handbook. The main features of this standard are as follows:

- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

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

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. Trade and accrued receivables

	2019	2018
Due from members:		
Rent	425,945	384,399
Less: Allowance for doubtful accounts	(422,577)	(163,000)
	3,368	221,399
Trade and other receivables		
Indigenous Services Canada	717,000	168,254
Other	244,191	315,497
Northern Shuswap Treaty Society	102,980	71,375
Three Corners Health Services Society	96,091	90,236
First Nation Store	36,994	-
Province of British Columbia	30,000	512
Goods and Services Tax recoverable	16,823	-
Canada Mortgage and Housing Corporation	27,939	-
	1,272,018	645,874
	1,275,386	867,273

4. Guaranteed investment certificates

	2019	2018
Royal Bank of Canada GIC - 0.9% interest, maturing May 2019 (subsequently re-invested until May 2020 at 1.65% interest)	429,618	425,786
Royal Bank of Canada GIC - 0.5% interest, maturing August 2019	455,647	450,690
Royal Bank of Canada GIC - 0.5% interest, maturing August 2019	143,866	572,000
Royal Bank of Canada GIC - 0.5% interest, maturing December 2019	274,992	-
Royal Bank of Canada GIC - 0.5% interest, matured November 2018	-	774,949
	1,304,123	2,223,425

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

5. Funds held in trust

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

	2019	2018
Capital Trust		
Balance, beginning and end of year	447,495	447,495
Revenue Trust		
Balance, beginning of year	893,222	893,222
Interest	30,734	-
BC Special	1,712	-
Balance, end of year	925,668	893,222
	1,373,163	1,340,717

Ottawa Trust Funds

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

6. Restricted cash

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited in the amount of \$17,537 (2018 - \$19,870) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC.

At year end, the replacement reserve pre-1997 was underfunded by \$3,173 (2018 - 186,448).

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

7. Investment in Nation business entities

The First Nation has an investment in the following entities:

	2019			
	<i>Investment, beginning of year</i>	<i>Earnings adjustment to investment balance</i>	<i>Share of earnings</i>	<i>Total investment</i>
Wholly-owned Business:				
SXDC Ltd.	14	11,345	455,787	467,146
First Nation Business Partnerships – Modified Equity:				
SXDC Limited Partnership - 99.99%	137,045	-	97,713	234,758
	137,059	11,345	553,500	701,904
	2018			
	<i>Investment, beginning of year</i>	<i>Earnings adjustment to investment balance</i>	<i>Share of earnings</i>	<i>Total investment</i>
Wholly-owned Business:				
SXDC Ltd.	-	-	14	14
First Nation Business Partnerships – Modified Equity:				
SXD Limited Partnership - 99.99%	-	-	137,045	137,045
	-	-	137,059	137,059

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Investments in Band business entities *(Continued from previous page)*

Summary financial information for the Nation business entities, accounted for using the modified equity method, for the year ended March 31, 2019 is provided below. The following financial information for SXD Limited Partnership and SXDC Ltd. is unaudited.

	<i>SXD Limited Partnership As at March 31, 2019 (Unaudited)</i>	<i>SXDC Ltd. As at March 31, 2019 (Unaudited)</i>
Assets		
Cash	418,431	32,991
Accounts receivable	217,943	57,941
Short-term investments	5,850	5,206
Prepaid expenses and security deposits	8,004	2,832
Equipment	213,192	8,252
Advances to related parties	-	374,408
Total assets	863,420	481,630
Liabilities		
Accounts payable and accruals	175,014	14,484
Deferred revenue	36,658	-
Advances from related parties	374,384	-
Debt	42,582	-
Total liabilities	628,638	14,484
Partners' equity/ Shareholders' equity	234,782	467,146
Total revenue	1,633,734	246,120
Total expenses	1,576,904	149,508
Earnings before other items	56,830	96,612
Loan forgiveness	40,893	359,175
Net earnings	97,723	455,787

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Advances to related parties

Advances to related parties are unsecured, non-interest bearing with no set terms of repayment.

9. Trade and other payables

	2019	2018
Trade payables	432,908	120,032
Salary and benefits payable	149,261	97,175
Indigenous Services Canada recoveries	73,551	-
Government remittances payable	34,789	20,217
Accrued liabilities	105,601	167,291
	796,110	404,715

10. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each funding source:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Recognized in the current year</i>	<i>Balance, end of year</i>
Indigenous Services Canada	2,226,161	715,158	(1,240,931)	1,700,388
Province of British Columbia	83,419	-	(83,419)	-
Canada Mortgage and Housing Corporation	22,358	-	(22,358)	-
	2,331,938	715,158	(1,346,708)	1,700,388

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

11. Debt

In addition to the below noted lending facilities, the Nation had signed a loan agreement with Royal Bank of Canada for \$747,000 to aid in the purchase of Big Bar Guest Ranch. As at March 31, 2019, this loan was not yet advanced. The loan was fully advanced subsequent to year end in May 2019.

The Nation has access to a line of credit authorized to \$225,000, bearing interest at prime plus 1.3%. As at March 31, 2019 the line of credit was not drawn on (2018 - \$3,681).

	2019	2018
Non - social housing		
Royal Bank of Canada demand loan	92,242	111,535
- Interest at 2.19% per annum		
- Monthly blended payments of \$1,795		
- Maturing October 2021		
- Secured by buildings with a net book value of \$731,573 (2018 - \$964,964)		
Ford Credit Canada loan	57,859	-
- Zero percent interest		
- Monthly blended payments of \$851		
- Maturing November 2024		
- Secured by a vehicle with a net book value of \$49,010		
Toyota Credit Canada Inc. loan	42,613	-
- Interest at 4.29%		
- Monthly blended payments of \$798		
- Maturing February 2024		
- Secured by a vehicle with a net book value of \$34,606		
Ford Credit Canada loan	41,698	50,165
- Interest at 2.99%		
- Bi-weekly blended payments of \$379		
- Maturing October 2023		
- Secured by a vehicle with a net book value of \$39,935 (2018 - 51,345)		
Royal Bank of Canada term loan	20,087	26,958
- Interest at 4.99% per annum		
- Monthly blended payments of \$672		
- Maturing November 2021		
- Secured by a vehicle with a net book value of \$35,789 (2018 - \$46,045)		
Meridian OneCap loan	13,522	35,701
- Interest at 5.61% per annum		
- Monthly blended payments of \$1,968		
- Maturing October 2019		
- Secured by equipment with a net book value of \$32,535 (\$45,549)		
Toyota Credit Canada Inc. loan	5,885	14,647
- Interest at 0.9% per annum		
- Monthly blended payments of \$738		
- Maturing November 2019		
- Secured by a vehicle with a net book value of \$5,167 (2018 - 14,024)		
Toyota Credit Canada Inc. loan - fully repaid during the year	-	13,420
Royal Bank of Canada loan - fully repaid during the year	-	62,169
Total non-social housing	273,906	314,595

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

11. Debt (Continued from previous page)

	2019	2018
Social housing		
Royal Bank of Canada demand loan	94,234	146,588
- Interest at 2.44% per annum		
- Monthly blended payments of \$4,613		
- Maturing December 2020		
- Secured by buildings with a net book value of \$661,702 (2018 - \$827,475)		
Royal Bank of Canada bridge financing loan	34,356	40,868
- Interest at 4.25% per annum		
- Monthly blended payments of \$683		
- Maturing October 2019		
- Secured by buildings with a net book value of \$158,706 (2018 - \$48,147)		
Royal Bank of Canada Phase V demand loan	9,559	23,514
- Interest at 3.05% per annum		
- Monthly blended payments of \$1,206		
- Maturing November 2019		
- Secured by buildings with a net book value of \$661,702 (2018 - \$827,475)		
Total social housing	138,149	210,970
	412,055	525,565

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

2020	162,691
2021	108,566
2022	53,413
2023	49,561
2024	36,661
Thereafter	1,164
	412,055

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

12. Capital lease obligations

	2019	2018
John Deere finance lease		
- Interest at 4.750% per annum		
- Monthly blended payments of \$1,940		
- Maturing February 2023	81,448	-

Minimum lease payments related to the obligations under capital lease are as follows:

2020	23,282
2021	23,282
2022	23,282
2023	23,282
	93,128
Less: imputed interest	(11,680)
Balance of obligation	81,448

Amortization expense includes \$21,416 on leased tangible capital assets.

13. Contingencies

- a) The Nation may be contingently liable with respect to Ministerial guarantees for "On Reserve Housing Loans" to various financial institutions in the amount of \$188,819 (2018 - \$322,505). These guarantees are in addition to CMHC mortgages.
- b) Stswecem'c Xgat'tem First Nation is a member of the Northern Shuswap Treaty Society. The Northern Shuswap Treaty Society has entered into Negotiations Support Agreements on behalf of its members and carried out treaty negotiations with Canada and British Columbia. Under the terms of the agreements, the Northern Shuswap Treaty Society is indebted to Canada. If Stswecem'c Xgat'tem First Nation is liable under the Negotiation Support Agreement, the amount is subject to redetermination and consequently indeterminable; and accordingly excluded from these consolidated financial statements. Subject to any treaty or further extension, the indebtedness to Canada is due on demand.
- c) The financial results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.
- d) The Nation is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2019 might be recovered.

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

14. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
Equity in Ottawa trust funds	1,373,163	1,340,717
Equity in operating fund	1,671,507	2,977,955
Equity in tangible capital assets	6,410,470	4,548,015
Investment in business entities	701,904	137,059
Replacement reserve	245,806	378,713
	10,402,850	9,382,459

15. Indigenous Services Canada ("ISC") funding reconciliation

	2019	2018
Direct Nation Funding		
Revenue per confirmation	2,963,901	5,002,942
Revenue deferred to next fiscal year	(715,158)	(2,028,092)
Deferred revenue recognized in the current year	1,064,049	551,589
Funding recoveries	(120,575)	-
	3,192,217	3,526,439

16. Economic dependence

Stswecem'c Xgat'tem First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitment as guaranteed by these agreements.

17. Defined contribution plan

Defined contribution pension plan

The Nation provides a defined contribution pension plan to qualifying employees. Under the plan, the members' defined contributions, the Nation contributions, and the related plan earnings comprise the members' money purchase amount. The plan is registered with the Canada Revenue Agency as 1022920.

The Nation contributed \$42,504 (2018 - \$32,776) to the plan during the year, to match its employees required contributions.

Stswecem'c Xgat'tem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

18. Segments

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

Administration:

Includes general operations, support, and financial management of Stswecem'c Xgat'tem First Nation.

Public Works:

Includes revenue and expenses related to infrastructure projects in the Stswecem'c Xgat'tem First Nation community.

Health and Well being:

Includes activities related to the provision of health and wellness services within Stswecem'c Xgat'tem First Nation.

Natural resources:

Includes activities related to the growth of revenue producing projects within the Stswecem'c Xgat'tem First Nation.

Education:

Includes revenue and expenses related to primary, secondary and post secondary education of the members of Stswecem'c Xgat'tem First Nation.

Social Development:

Includes revenue and expenses relating to the social assistance of members of Stswecem'c Xgat'tem First Nation.

Treaty:

Includes the allocation for the Northern Shuswap Treaty Society funds for negotiation work in the community.

Capital Projects:

Includes revenue and expenses related to capital projects.

Housing:

Includes revenue and expenses relating to the operation of Stswecem'c Xgat'tem First Nation Social Housing Program.

First Nation Store:

Includes revenue and expenses relating to the operation of the store located in the Dog Creek community.

19. Budget information

Budgets were not prepared for all segments and all departments in 2019. As such, the budget figures in the Consolidated Statement of Operations are not presented for the same scope of activities as the actual results.

The disclosed budget information has been approved by the Chief and Council of Stswecem'c Xgat'tem First Nation. The original budget was approved at the Chief and Council meeting held December 18, 2018.

20. Subsequent event

Subsequent to year, the First Nation received a loan advance from Royal Bank of Canada in the amount of \$747,000. The loan was received to replenish funds used from a guaranteed investment certificate to purchase Big Bar Guest Ranch. The loan was approved in February 2019 but the proceeds were not received until subsequent to March 31, 2019. The loan bears interest of 4.45% per annum, repayable in blended monthly installments of \$5,712, and secured by a general security agreement and guaranteed investment certificates with a value of \$412,090.

21. Comparative figures

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