

**Tzeachten First Nation**  
**Consolidated Financial Statements**  
*March 31, 2017*

# Tzeachten First Nation Contents

For the year ended March 31, 2017

---

	Page
<b>Management's Responsibility</b>	
<b>Independent Auditors' Report</b>	
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Financial Assets.....	3
Consolidated Statement of Cash Flows.....	4
<b>Notes to the Consolidated Financial Statements.....</b>	<b>5</b>
<b>Schedules</b>	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	17
Schedule 2 - Consolidated Schedule of Expenses by Object.....	19
Schedule 3 - Administration.....	20
Schedule 4 - Community Development and Employment.....	22
Schedule 5 - Community Maintenance and Improvements.....	23
Schedule 6 - Education and Awareness.....	24
Schedule 7 - Lands Management.....	25
Schedule 8 - Housing.....	26
Schedule 9 - Taxation.....	27
Schedule 10 - Other.....	28

---

## **Management's Responsibility**

---

To the Members of Tzeachten First Nation:

The accompanying consolidated financial statements of Tzeachten 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 Tzeachten 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 and separately with, both the Council and management to discuss their audit findings.

July 20, 2017

Original Signed by James Atebe

---

General Manager

Original Signed by Lori Falys

---

Director of Finance

---

# Independent Auditors' Report

---

To the Members of Tzeachten First Nation:

We have audited the accompanying consolidated financial statements of Tzeachten First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, changes in net financial assets 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 financial statements that are free from material misstatement, whether due to fraud or error.

## *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 auditors' judgment, 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 entity'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 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 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 Tzeachten First Nation as at March 31, 2017 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chilliwack,

July 20, 2017

Chartered Professional Accountants

**Tzeachten First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Financial assets</b>		
Cash resources	7,506,423	7,228,560
Restricted cash (Note 3)	53,407	798,638
Accounts receivable (Note 4)	842,315	76,726
Advances to Nation business entity	107,397	59,000
Investment in Nation business entities (Note 5), (Note 6), (Note 7)	11,586,631	11,500,071
<b>Total of assets</b>	<b>20,096,173</b>	<b>19,662,995</b>
<b>Liabilities</b>		
Accounts payable and accruals	662,074	646,787
Minors Trust Fund	606,556	548,744
Long-term debt (Note 8)	5,324,374	5,480,754
<b>Total of financial liabilities</b>	<b>6,593,004</b>	<b>6,676,285</b>
<b>Net financial assets</b>	<b>13,503,169</b>	<b>12,986,710</b>
<b>Contingencies (Note 9)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	12,125,189	10,993,332
Prepaid expenses	103,375	116,354
	<b>12,228,564</b>	<b>11,109,686</b>
<b>Accumulated surplus (Note 12)</b>	<b>25,731,733</b>	<b>24,096,396</b>

**Approved on behalf of the Council**

Original Signed by Derek Epp

**Chief**

Original Signed by Mel Williams Jr.

**Councillor**

# Tzeachten First Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2017*

	2017 <i>Budget</i>	2017	2016
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	726,486	1,482,471	824,304
Tzeachten Investment Income (Loss)	540,000	965,964	1,325,894
Canada Mortgage and Housing Corporation	18,100	225,361	29,476
Property taxation	2,282,000	2,662,611	2,429,120
Home owners grants	(750,000)	(789,641)	(734,034)
Tzeachten Sales Tax	834,671	816,745	739,362
Property transfer tax	490,000	746,673	559,682
Development Cost Charge Equivalents	272,000	324,979	441,404
Rental income	293,600	309,066	286,410
Interest income	43,600	48,328	39,004
Application and registry fees	41,600	47,847	43,294
Sto:lo Nation	40,000	44,661	38,201
Other income	98,500	50,200	81,258
BC Hydro	36,500	36,511	36,511
New Relationship Trust	9,000	13,750	2,000
First Nations Education Steering Committee	4,000	11,729	3,360
Donations	8,500	11,336	108,265
Management fees	-	6,700	17,000
Community Contributions	-	-	916,667
Repayment of legal fees	-	-	376,088
Lands settlement	-	-	253,952
	<b>4,988,557</b>	<b>7,015,291</b>	<b>7,817,218</b>
<b>Expenses</b>			
Administration	2,378,809	2,302,768	2,303,055
Community Development and Employment	30,500	30,414	26,281
Community Maintenance and Improvements	199,300	162,135	139,606
Education and Awareness	39,252	37,938	32,716
Lands Management	341,334	333,547	374,020
Housing	94,200	459,315	273,658
Taxation	1,289,040	1,360,915	1,188,214
Other	438,148	692,922	437,181
	<b>4,810,583</b>	<b>5,379,954</b>	<b>4,774,731</b>
<b>Surplus</b>	<b>177,974</b>	<b>1,635,337</b>	<b>3,042,487</b>
<b>Accumulated surplus, beginning of year</b>	<b>24,096,396</b>	<b>24,096,396</b>	<b>21,053,909</b>
<b>Accumulated surplus, end of year</b>	<b>24,274,370</b>	<b>25,731,733</b>	<b>24,096,396</b>

*The accompanying notes are an integral part of these financial statements*

**Tzeachten First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Annual surplus</b>	<b>177,974</b>	<b>1,635,337</b>	3,042,487
Purchase of tangible capital assets	-	<b>(1,824,849)</b>	(1,003,458)
Amortization of tangible capital assets	<b>437,748</b>	<b>492,266</b>	437,181
Housing transfers	-	<b>200,656</b>	-
Loss on disposal of assets	-	<b>70</b>	-
Acquisition of prepaid expenses	-	<b>(3,375)</b>	(106,309)
Use of prepaid expenses	-	<b>16,354</b>	-
<b>Increase in net financial assets</b>	<b>615,722</b>	<b>516,459</b>	2,369,901
<b>Net financial assets, beginning of year</b>	<b>12,986,710</b>	<b>12,986,710</b>	10,616,809
<b>Net financial assets, end of year</b>	<b>13,602,432</b>	<b>13,503,169</b>	12,986,710

**Tzeachten First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus	1,635,337	3,042,487
Non-cash items		
Amortization	492,266	437,181
Equity income from investments - other	(501,193)	(1,060,659)
Equity income from Shxw Kwimel Cha Limited Partnership	(524,318)	(322,154)
Loss on disposal of investment	-	39,264
Loss on disposal of assets	70	-
Housing transfers	200,656	-
	<b>1,302,818</b>	<b>2,136,119</b>
Changes in working capital accounts		
Accounts receivable	(765,589)	781,801
Prepaid expenses	12,979	(106,309)
Accounts payable and accruals	15,288	241,472
Minors Trust Fund	57,812	27,727
Advances to Nation business entity	(48,397)	(59,000)
	<b>574,911</b>	<b>3,021,810</b>
<b>Financing activities</b>		
Repayment of long-term debt	(156,381)	(151,061)
<b>Capital activities</b>		
Purchase of tangible capital assets	(1,824,849)	(1,003,458)
<b>Investing activities</b>		
Distributions from Nation business entities	938,951	743,136
<b>Increase (decrease) in cash resources</b>	<b>(467,368)</b>	<b>2,610,427</b>
<b>Cash resources, beginning of year</b>	<b>8,027,198</b>	<b>5,416,771</b>
<b>Cash resources, end of year</b>	<b>7,559,830</b>	<b>8,027,198</b>
<b>Cash resources are composed of:</b>		
Cash resources total	7,506,423	7,228,560
Restricted cash (Note 3)	53,407	798,638
	<b>7,559,830</b>	<b>8,027,198</b>

The accompanying notes are an integral part of these financial statements



**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

---

**1. Operations**

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

**2. Significant accounting policies**

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

***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.

***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 prepaid expenses.

***Tangible capital assets***

Tangible capital assets are initially recorded at cost based on historical cost accounting records for all tangible capital assets. Contributed tangible assets are recorded at their fair value at the date of contribution.

***Amortization***

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Buildings	straight-line	40 years
Building and leasehold improvements	straight-line	10 years
Computers	straight-line	4 years
Equipment	straight-line	10 years
Roads	straight-line	20 years
Signs	straight-line	10 years
Small and heavy equipment	straight-line	10 years
Vehicles	straight-line	5 years
Water	straight-line	50 years

***Revenue recognition***

***Funding***

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

***Government Transfers***

The First 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 First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

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

***Externally restricted revenue***

Tzeachten First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purposes specified in accordance with an agreement or legislation. Until this time, TzFN records externally restricted inflows in deferred revenue.

***Tax revenue***

Tzeachten First Nation recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, TzFN evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

***Own source revenue***

Own source revenue derived from such sources as housing rents, resource based revenues, management fees, interest income etc, is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

***Investments***

Tzeachten First Nation uses the modified equity method to account for its investments in various business partnerships and corporations whereby the acquisition cost is increased by the TzFN's proportionate share of earnings.

***Measurement uncertainty***

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, and amounts due from related First Nation entities and departments, are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. Tax receivables are evaluated as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

***Long-lived assets and discontinued operations***

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.

When TzFN determines that a long-lived asset no longer has any long-term service potential to TzFN, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

***Segments***

Tzeachten First Nation conducts its business through eight reportable segments as described in Note 11. These operating segments are established by senior management to facilitate the achievement of TzFN'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.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

---

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

**Cash and cash equivalents**

Cash and cash equivalent 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.

**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, 2017.

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. Management has determined that no liability exists as at March 31, 2017.

**Net financial assets (net debt)**

The First Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

3. **Restricted cash**

Restricted cash consists of the following balances:

	<b>2017</b>	<b>2016</b>
Funds restricted for capital asset purchases	-	750,000
Replacement reserve	<b>53,407</b>	48,638
	<b>53,407</b>	<b>798,638</b>

**Replacement reserve**

Under agreements with Canada Mortgage and Housing Corporation (CMHC), TzFN established a replacement reserve, funded by an annual allocation of \$16,617 (2016 - \$16,617), to ensure the maintenance and replacement of buildings financed by CMHC. At March 31, 2017, \$53,407 (2016 - \$48,638) has been set aside to fund this reserve.

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**4. Accounts receivable**

Accounts receivable is comprised of the following:

	<b>2017</b>	2016
Accounts receivable	812,674	33,462
Due from TzFN members:		
Social housing rent receivable	3,495	14,519
TzFN housing rent receivable	189,946	192,545
Less: allowance for doubtful accounts	(163,800)	(163,800)
	29,641	43,264
	842,315	76,726

**5. Investment in Vedder Crossing Plaza Inc.**

Investment in Vedder Crossing Plaza Inc. (VCP) consists of:

	<b>2017</b>	2016
Shares	10	10
Investment - Vedder Crossing Plaza Limited Partnership	10,158,156	10,158,156
	10,158,166	10,158,166

Financial information for Vedder Crossing Plaza Inc. is as follows:

	<b>2017</b>	2016
Investment in Vedder Crossing Plaza Limited Partnership	10,158,166	10,158,166
Share capital	10	10
Equity, beginning of year	10,158,156	10,158,156
Net income	-	-
Equity, end of year	10,158,156	10,158,156
	10,158,166	10,158,166

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**6. Investment in Shxw Kwimel Cha Limited Partnership**

Investment in Shxw Kwimel Cha Limited Partnership consists of:

	<b>2017</b>	2016
Investment in Shxw Kwimel Cha Limited Partnership	<b>(1,076,509)</b>	(1,060,827)

Consolidated financial information for Shxw Kwimel Cha Limited Partnership is as follows:

	<b>2017</b>	2016
Current assets	3,936,819	3,794,767
Revenue producing property	12,456,833	12,894,388
Investments	1,626,302	1,497,506
	<b>18,019,954</b>	18,186,661
Current liabilities	222,455	623,210
Long term debt	8,325,750	8,503,073
Vedder Crossing Plaza Inc.	10,158,168	10,158,168
	<b>18,706,373</b>	19,284,451
Partnership capital, beginning of year	(1,097,790)	(883,040)
Net income	951,371	325,250
Distributions to TzFN	(540,000)	(540,000)
Partnership capital, end of year	<b>(686,419)</b>	(1,097,790)
	<b>18,019,954</b>	18,186,661

	<b>2017</b>	2016
Revenue	1,945,641	1,413,667
Expenses	994,270	1,088,417
Net income	<b>951,371</b>	325,250

Tzeachten First Nation's investment in Shxw Kwimel Cha Limited Partnership was established for the purpose of managing the activities of the Vedder Crossing Plaza Limited Partnership and to facilitate future business opportunities.

Shxw Kwimel Cha Management Ltd. is the general partner of Shxw Kwimel Cha Limited Partnership and its financial activity has been included in the consolidated financial information above.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**7. Investments - other**

Tzeachten First Nation has investments in the following entities:

	%	2017	2016
Centre Creek Limited Partnership	1/9	180,302	179,395
Centre Creek Management Limited - share capital	1/9	10	10
Ch-ihl-kway-uhk Forestry Limited Partnership	1/8	43,699	48,346
Ch-ihl-kway-uhk Forest Ltd. - share capital	1/8	10	10
Ch-ihl-kway-uhk Forest Ltd.	1/8	5,759	5,759
Ch-ihl-kway-uhk Tribe Society	1/9	57,110	54,116
Ts'elxweyeqw Tribe Limited Partnership	1/7	2,140,614	2,011,724
Ts'elxweyeqw Tribe Management Limited - share capital	1/7	10	10
Seven Generations Environmental Services Ltd.	1/6	77,360	-
SHAC Joint Venture	1/6	-	103,262
IndigeNATION Strategic Advisors Corporation (formerly Four Corners Tribal Business Corporation) - share capital	1/4	100	100
		2,504,974	2,402,732

Consolidated financial information for Centre Creek Limited Partnership and Centre Creek Management Limited is as follows:

	2017	2016
Current assets	42,563	43,053
Property and equipment	2,424,286	2,461,132
	2,466,849	2,504,185
Current liabilities	25,858	556,521
Long-term debt	883,120	393,734
	908,978	950,255
Equity, beginning of year	1,553,930	1,563,309
Net income (loss)	3,941	(9,379)
Equity, end of year	1,557,871	1,553,930
	2,466,849	2,504,185

	2017	2016
Revenue	100,104	100,900
Expenses	96,163	110,279
Net income (loss)	3,941	(9,379)

Tzeachten First Nation's investment in Centre Creek Limited Partnership was established for the purpose of purchasing or otherwise acquiring real and personal property of all kinds located in the Chilliwack River Valley. The partnership is also responsible for managing the acquired properties.

Tzeachten First Nation's investment in Centre Creek Management Limited was established as the general partner of Centre Creek Limited Partnership.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

7. **Investments - other** (Continued from previous page)

Consolidated financial information for Ch-ihl-kway-uhk Forestry Limited Partnership, Ch-ihl-kway-uhk Forest Limited, and Ch-ihl-kway-uhk Tribe Society is as follows:

	<b>2017</b>	2016
Current assets	953,626	964,011
Capital assets	135	181
Due from related party	128,897	128,897
	1,082,658	1,093,089
Current liabilities	171,157	170,939
Common shares	100	100
Equity, beginning of year	922,050	853,675
Net income (loss)	(10,649)	68,375
Equity, end of year	911,401	922,050
	1,082,658	1,093,089

	<b>2017</b>	2016
Revenue	95,388	373,128
Expenses	106,037	304,753
Net income	(10,649)	68,375

Tzeachten First Nation's investment in Ch-ihl-kway-uhk Forestry Limited Partnership was established for the purpose of developing, operating and participating in various forestry operations and activities in and around Chilliwack, B.C.

Tzeachten First Nation's investment in Ch-ihl-kway-uhk Forest Limited was established as the general partner of Ch-ihl-kway-uhk Forestry Limited Partnership.

Tzeachten First Nation's investment in Ch-ihl-kway-uhk Tribe Society was established for the purpose of property rentals.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

7. **Investments - other** (Continued from previous page)

Consolidated financial information for Ts'elxweyeqw Tribe Limited Partnership, Ts'elxweyeqw Tribe Management Limited, and Ts'elxweyeqw Forestry Limited Partnership is as follows:

	2017	2016
Current assets	<b>14,762,406</b>	13,452,984
Property and equipment	<b>18,933</b>	23,976
Due from related parties	<b>74,595</b>	74,595
	<b>14,855,934</b>	13,551,555
<b>Current liabilities</b>	<b>461,177</b>	-
<b>Share capital</b>	<b>7</b>	<b>7</b>
Equity, beginning of year	<b>13,551,548</b>	6,321,221
Net income	<b>3,638,654</b>	7,230,327
Withdrawals	<b>(2,795,452)</b>	-
Equity, end of year	<b>14,394,750</b>	13,551,548
	<b>14,855,934</b>	13,551,555

	2017	2016
Revenue	<b>5,085,089</b>	8,779,580
Expenses	<b>1,446,435</b>	1,549,253
Net income	<b>3,638,654</b>	7,230,327

Tzeachten First Nation's investment in Ts'elxweyeqw Tribe Limited Partnership was established for the purpose of managing the activities of the Ts'elxweyeqw Forestry Limited Partnership to ensure the protection of the tribe's interests and heritage.

Tzeachten First Nation's investment in Ts'elxweyeqw Tribe Management Limited was established as the general partner of Ts'elxweyeqw Tribe Limited Partnership and Ts'elxweyeqw Forestry Limited Partnership.



**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

7. **Investments - other** (Continued from previous page)

Consolidated financial information for SHAC Joint Venture is as follows:

	<b>2017</b>	<b>2016</b>
Current assets	-	795,633
Property and equipment	-	57,861
	-	853,494
<b>Liabilities</b>	-	203,918
Venturer's Capital, beginning of year	619,576	1,924,016
Net income (loss)	(3,207)	15,560
Withdrawals	(616,369)	(1,320,000)
Venturer's Capital, end of year	-	619,576
	-	823,494

	<b>2017</b>	<b>2016</b>
Revenue	2,888	1,257,379
Expenses	6,095	1,241,819
Net income	(3,207)	15,560

Tzeachten First Nation's investment in SHAC Joint Venture was established for the purpose of managing the settlement of funds received from BC Hydro for the ILM transmission line project.

The SHAC Joint Venture was dissolved on October 31, 2016.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

---

**7. Investments - other** (Continued from previous page)

Financial information for Seven Generations Environmental Services Ltd. is as follows:

	<b>2017</b>
Current assets	443,468
Property and equipment	43,039
	486,507
<b>Liabilities</b>	<b>375,602</b>
Share capital	1,169,808
Deficit, beginning of year	(906,695)
Net loss	(152,208)
Equity, end of year	110,905
	486,507

	<b>2017</b>
Revenue	284,136
Expenses	436,344
Net loss	(152,208)

Tzeachten First Nation's investment in Seven Generations Environmental Services Ltd. was established for the purpose of providing environmental monitoring services related to the ILM project.

On October 31, 2016 the loans outstanding from the SHAC Joint Venture were converted into common shares. As at October 31, 2016 the SHAC Joint Venture ceased operations and the shares were transferred to the Joint Venture participants.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**8. Long-term debt**

	<b>2017</b>	<b>2016</b>
All Nations Trust Company mortgage, payments of \$598 per month including interest at 2.35% per annum; renewal and maturity July 2018	<b>9,403</b>	16,268
All Nations Trust Company mortgage, payments of \$1,650 per month including interest at 1.04% per annum; renewal and maturity June 2020	<b>63,268</b>	82,311
All Nations Trust Company mortgage, payments of \$2,234 per month including interest at 2.11% per annum; renewal and maturity October 2018	<b>41,698</b>	67,332
First Nations Finance Authority, bearing interest at 2.6%, with monthly payments of \$8,156 plus interest	<b>5,210,005</b>	5,314,843
	<b>5,324,374</b>	5,480,754

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:

2018	150,315
2019	135,243
2020	117,520
2021	102,792
2022	97,870
	603,740

All Nations Trust Company debt is secured by Ministerial guarantees of the Minister of Indigenous and Northern Affairs Canada. First Nation Finance Authority debt is secured by income distributions received from Shxw Kwimel Cha Limited Partnership investment.

**9. Contingent liabilities**

Tzeachten First Nation may be contingently liable for guaranteed housing mortgages, totalling \$268,351 (2016 - \$458,745), as per details provided by the Minister of Indigenous and Northern Affairs Canada.

**10. Comparative figures**

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

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

---

**11. Segments**

Tzeachten First Nation receives revenues and incurs expenses from many different projects and sources. For management and reporting purposes, the revenues, expenses and surpluses or deficits are organized by segments. Schedules 3 - 10 disclose TzFN's revenues and expenses in the following segments:

*Administration*

Includes general operations, support, and financial management of TzFN.

*Community development and employment*

Includes activities related to the growth and revenue producing projects with TzFN.

*Community Maintenance and Improvements*

Includes revenues and expenditures related to maintenance of community infrastructure.

*Education and awareness*

Includes revenues and expenses related to education and awareness through prevention programs and after school programs for the members of TzFN.

*Lands Management*

Includes revenues and expenditures related to conservation and stewardship of TzFN's land and resources.

*Housing*

Includes rent collection and maintenance related to the mortgaged and non-mortgaged homes owned by TzFN.

*Taxation*

Includes revenues and expenditures related to property taxation.

*Other*

Includes revenue and expenditures related to capital projects and own source revenue.

**12. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2017</b>	<b>2016</b>
Equity in tangible capital assets	<b>7,975,828</b>	6,822,686
Equity in replacement reserve	<b>53,405</b>	48,638
Unrestricted surplus	<b>17,702,500</b>	17,225,072
	<b>25,731,733</b>	24,096,396

---

**Tzeachten First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**

*For the year ended March 31, 2017*

	<i>Land</i>	<i>Buildings</i>	<i>Housing units</i>	<i>Furniture and equipment</i>	<i>Roads, water and sewer</i>	<i>Vehicles</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	1,961,666	4,493,693	3,845,510	779,843	3,812,419	52,667	14,945,798
Acquisition of tangible capital assets	892,584	166,070	-	22,524	633,511	92,030	1,806,719
Disposal of tangible capital assets	-	-	(376,248)	(1,392)	-	-	(377,640)
Balance, end of year	2,854,250	4,659,763	3,469,262	800,975	4,445,930	144,697	16,374,877
<b>Accumulated amortization</b>							
Balance, beginning of year	-	1,373,161	1,132,114	404,704	989,820	52,667	3,952,466
Annual amortization	-	182,672	86,732	76,952	125,691	18,406	490,453
Accumulated amortization on disposals	-	-	(175,592)	(1,322)	-	-	(176,914)
Balance, end of year	-	1,555,833	1,043,254	480,334	1,115,511	71,073	4,266,005
<b>Net book value of tangible capital assets</b>	<b>2,854,250</b>	<b>3,103,930</b>	<b>2,426,008</b>	<b>320,641</b>	<b>3,330,419</b>	<b>73,624</b>	<b>12,108,872</b>
2016 Net book value of tangible capital assets	1,961,666	3,120,532	2,713,396	375,139	2,822,599	-	10,993,332

**Tzeachten First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**

*For the year ended March 31, 2017*

	<i>Subtotal</i>	<i>Small and heavy equipment</i>	<i>2017</i>	<i>2016</i>
<b>Cost</b>				
Balance, beginning of year	14,945,798	-	14,945,798	13,956,028
Acquisition of tangible capital assets	1,806,719	18,130	1,824,849	1,003,458
Disposal of tangible capital assets	(377,640)	-	(377,640)	(13,688)
Balance, end of year	16,374,877	18,130	16,393,007	14,945,798
<b>Accumulated amortization</b>				
Balance, beginning of year	3,952,466	-	3,952,466	3,528,973
Annual amortization	490,453	1,813	492,266	437,181
Accumulated amortization on disposals	(176,914)	-	(176,914)	(13,688)
Balance, end of year	4,266,005	1,813	4,267,818	3,952,466
<b>Net book value of tangible capital assets</b>	<b>12,108,872</b>	<b>16,317</b>	<b>12,125,189</b>	<b>10,993,332</b>
2016 Net book value of tangible capital assets	10,993,332	-	10,993,332	

**Tzeachten First Nation**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**

*For the year ended March 31, 2017*

	<i>2017</i> <i>Budget</i>	<i>2017</i>	<i>2016</i>
<b>Consolidated expenses by object</b>			
Accounting Policy	437,748	492,266	437,181
Contracts and Agreements	1,393,400	1,447,745	1,337,259
Educational	85,000	90,995	49,255
Maintenance	308,825	429,303	377,729
Member Distributions	394,700	575,756	305,237
Membership Services and Benefits	227,252	231,980	191,006
Operating Overhead	475,268	462,450	487,380
Professional Services and Committees	330,400	352,214	365,176
Remunerations	1,157,990	1,297,245	1,224,508
	<b>4,810,583</b>	<b>5,379,954</b>	<b>4,774,731</b>

**Tzeachten First Nation  
Administration**

**Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Tzeachten Investment Income	<b>965,964</b>	1,325,894
Indigenous and Northern Affairs Canada	<b>333,973</b>	313,661
Tzeachten Sales Tax	<b>816,745</b>	739,362
Rental income	<b>79,849</b>	66,905
Other income	<b>35,122</b>	48,700
Interest income	<b>23,967</b>	18,855
New Relationship Trust	<b>11,750</b>	-
First Nations Education Steering Committee	<b>11,729</b>	3,360
Management fees	<b>6,700</b>	17,000
Donations	<b>2,700</b>	1,159
Repayment of legal fees	-	376,088
Lands settlement	-	253,952
	<b>2,288,499</b>	3,164,936

*Continued on next page*



**Tzeachten First Nation  
Administration**

**Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**

*For the year ended March 31, 2017*

	2017	2016
<i>(Continued from previous page)</i>	<b>2,288,499</b>	<b>3,164,936</b>
<b>Expenses</b>		
Advertising	10,781	13,810
Advisory committee	5,777	1,750
Audit fees	28,000	30,000
Bank charges and interest	5,380	4,396
Community assistance benefits	291,116	259,004
Disposal of investment	-	39,264
Donations	750	680
Education	90,995	49,255
Elders activities	10,024	22,658
Community events	28,897	27,306
Furniture and equipment	13,864	24,829
Honoraria	75,898	73,817
Information technology	40,019	52,345
Insurance	26,920	27,386
Interest on long-term debt	139,423	202,693
Materials and supplies	44,209	62,035
Meeting	15,037	14,077
Member distribution	373,970	304,540
Miscellaneous	-	1,894
Office supplies	14,612	10,362
Professional development	13,868	17,456
Professional fees	81,668	120,244
Rent	44,824	42,728
Repairs and maintenance	25,609	29,206
Salaries and benefits	794,110	763,076
Security	2,437	657
Student awards	4,311	3,318
Telecommunications	23,821	17,142
Travel	52,008	45,717
Utilities	44,178	41,396
Youth expenses	262	14
	<b>2,302,768</b>	<b>2,303,055</b>
<b>Surplus (deficit) before transfers</b>	<b>(14,269)</b>	<b>861,881</b>
<b>Transfers between segments</b>	<b>(284,446)</b>	<b>27,908</b>
	<b>(298,715)</b>	<b>889,789</b>
<b>Accumulated surplus, beginning of year</b>	<b>12,503,996</b>	<b>11,614,207</b>
	<b>12,205,281</b>	<b>12,503,996</b>

**Tzeachten First Nation**  
**Community Development and Employment**  
**Schedule 4 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**  
*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
Sto:lo Nation	44,661	38,201
<b>Expenses</b>		
Community events	13,574	11,003
Materials and supplies	307	475
Meeting	375	1,922
Professional fees	180	1,254
Salaries and benefits	9,079	5,897
Youth expenses	6,899	5,730
	30,414	26,281
<b>Surplus before transfers</b>	14,247	11,920
<b>Transfers between segments</b>	(12,592)	(9,500)
<b>Surplus</b>	1,655	2,420
<b>Accumulated surplus, beginning of year</b>	4,889	2,469
<b>Accumulated surplus, end of year</b>	6,544	4,889

**Tzeachten First Nation**  
**Community Maintenance and Improvements**  
**Schedule 5 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit**  
*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>	<b>108,653</b>	103,943
<b>Expenses</b>		
Materials and supplies	3,840	1,054
Meeting	28	-
Office supplies	3,663	-
Professional fees	1,946	200
Repairs and maintenance	8,324	9,655
Salaries and benefits	39,014	29,402
Security	736	1,011
Telecommunications	140	-
Travel	3,821	2,495
Utilities	6,235	2,012
Waste disposal	33,985	36,491
Water costs	60,403	57,286
	<b>162,135</b>	139,606
<b>Deficit before transfers</b>	<b>(53,482)</b>	(35,663)
<b>Transfers between segments</b>	<b>74,000</b>	81,700
<b>Surplus</b>	<b>20,518</b>	46,037
<b>Accumulated surplus (deficit), beginning of year</b>	<b>29,865</b>	(16,172)
<b>Accumulated surplus, end of year</b>	<b>50,383</b>	29,865

**Tzeachten First Nation  
Education and Awareness**

**Schedule 6 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Indigenous and Northern Affairs Canada	3,809	4,252
Other income	12,700	5,500
Donations	7,523	105,650
Interest income	3,803	2,805
New Relationship Trust	2,000	2,000
	<b>29,835</b>	<b>120,207</b>
<b>Expenses</b>		
Elders activities	2,000	2,000
Community events	12,334	4,252
Grants	6,000	12,000
Materials and supplies	4,006	3,632
Professional fees	6,965	4,770
Youth expenses	6,633	6,062
	<b>37,938</b>	<b>32,716</b>
<b>Surplus (deficit) before transfers</b>	<b>(8,103)</b>	<b>87,491</b>
<b>Transfers between segments</b>	<b>12,592</b>	<b>9,500</b>
<b>Surplus</b>	<b>4,489</b>	<b>96,991</b>
<b>Accumulated surplus, beginning of year</b>	<b>316,483</b>	<b>219,492</b>
<b>Accumulated surplus, end of year</b>	<b>320,972</b>	<b>316,483</b>

**Tzeachten First Nation  
Lands Management**

**Schedule 7 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**

*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
Indigenous and Northern Affairs Canada	327,030	325,883
Application and registry fees	47,847	43,294
Rental income	1,410	20
Interest income	1,396	1,257
Donations	1,113	1,456
Other income	-	3,704
	<b>378,796</b>	<b>375,614</b>
<b>Expenses</b>		
Advisory committee	6,350	5,850
Capital renovations	8,630	-
Community events	24,754	7,544
Furniture and equipment	5,845	7,919
Honoraria	1,125	-
Information technology	3,085	3,400
Materials and supplies	7,145	10,358
Meeting	3,507	5,112
Office supplies	6,077	17,502
Professional development	21,613	12,282
Professional fees	88,048	80,543
Repairs and maintenance	639	-
Salaries and benefits	146,010	209,511
Security	252	4,234
Telecommunications	1,734	1,908
Travel	4,202	5,344
Utilities	4,531	2,513
	<b>333,547</b>	<b>374,020</b>
<b>Surplus before transfers</b>	<b>45,249</b>	<b>1,594</b>
<b>Transfers between segments</b>	<b>(60,000)</b>	<b>-</b>
<b>Surplus (deficit)</b>	<b>(14,751)</b>	<b>1,594</b>
<b>Accumulated surplus, beginning of year</b>	<b>612,800</b>	<b>611,206</b>
<b>Accumulated surplus, end of year</b>	<b>598,049</b>	<b>612,800</b>

**Tzeachten First Nation  
Housing**

**Schedule 8 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit**

*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
Canada Mortgage and Housing Corporation	225,361	29,476
Indigenous and Northern Affairs Canada	23,252	76,565
Rental income	227,807	219,485
Interest income	2,786	2,544
Other income	-	13,007
	479,206	341,077
<b>Expenses</b>		
Audit fees	4,500	3,000
Bad debts	-	4,651
Community events	-	330
Emergency funding	1,963	-
Furniture and equipment	-	34
Information technology	1,200	1,200
Insurance	23,006	19,154
Interest on long-term debt	68,671	-
Materials and supplies	4,074	819
Meeting	271	345
Mortgage payments	2,161	3,706
New housing subsidy	20,319	-
Office supplies	36	555
Professional fees	2,166	2,035
Repairs and maintenance	226,044	162,526
Salaries and benefits	101,602	72,937
Telecommunications	1,000	1,000
Travel	2,242	1,178
Utilities	60	188
	459,315	273,658
<b>Surplus before transfers</b>	19,891	67,419
<b>Transfers between segments</b>	48,874	(37,680)
<b>Surplus</b>	68,765	29,739
<b>Accumulated deficit, beginning of year</b>	(103,474)	(133,213)
<b>Accumulated deficit, end of year</b>	(34,709)	(103,474)

**Tzeachten First Nation  
Taxation**

**Schedule 9 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**

*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
Property taxation	2,662,611	2,429,120
Home owners grants	(789,641)	(734,034)
Property transfer tax	746,673	559,682
Interest income	16,376	13,543
	<b>2,636,019</b>	<b>2,268,311</b>
<b>Expenses</b>		
Audit fees	5,000	5,000
BC Assessment Authority	19,618	18,932
Bank charges and interest	1,668	1,595
Community events	1,130	368
Furniture and equipment	-	88
Information technology	4,500	4,500
Materials and supplies	35	32
Miscellaneous	-	2,943
Municipal tax service agreements	1,217,873	1,111,928
Office supplies	2,568	1,823
Professional development	1,400	1,400
Professional fees	10,436	-
Salaries and benefits	78,500	29,480
Security	16,929	9,260
Telecommunications	148	446
Utilities	1,110	419
	<b>1,360,915</b>	<b>1,188,214</b>
<b>Surplus before transfers</b>	<b>1,275,104</b>	<b>1,080,097</b>
<b>Transfers between segments</b>	<b>(1,047,965)</b>	<b>(1,251,119)</b>
<b>Surplus (deficit)</b>	<b>227,139</b>	<b>(171,022)</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,008,238</b>	<b>1,179,260</b>
<b>Accumulated surplus, end of year</b>	<b>1,235,377</b>	<b>1,008,238</b>

**Tzeachten First Nation  
Other  
Schedule 10 - Consolidated Schedule of Revenue and Expenses and Accumulated  
Surplus**

*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
Indigenous and Northern Affairs Canada	685,754	-
Development Cost Charge Equivalents	324,979	441,404
BC Hydro	36,511	36,511
Other income	2,377	10,347
Community Contributions	-	916,667
	<b>1,049,621</b>	1,404,929
<b>Expenses</b>		
Amortization	492,266	437,181
Housing transfer	200,656	-
	<b>692,922</b>	437,181
<b>Surplus before transfers</b>	<b>356,699</b>	967,748
<b>Transfers between segments</b>	<b>1,269,537</b>	1,179,191
<b>Surplus</b>	<b>1,626,236</b>	2,146,939
<b>Accumulated surplus, beginning of year</b>	<b>9,723,598</b>	7,576,659
<b>Accumulated surplus, end of year</b>	<b>11,349,834</b>	9,723,598