

**Tzeachten First Nation**  
**Consolidated Financial Statements**  
*March 31, 2019*

# Tzeachten First Nation Contents

For the year ended March 31, 2019

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## Management's Responsibility

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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.



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General Manager



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Director of Finance

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# Independent Auditor's Report

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To the Members of Tzeachten First Nation:

## Opinion

We have audited the consolidated financial statements of Tzeachten First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, accumulated surplus, 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.

## Responsibilities of Management 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 liquidate the First Nation or 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.

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.

Chilliwack, British Columbia

July 24, 2019

*MNP LLP*

Chartered Professional Accountants

**Tzeachten First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2019*

	2019	2018
<b>Financial assets</b>		
Cash resources	15,892,469	7,553,525
Restricted cash (Note 3)	715,683	706,677
Accounts receivable (Note 4)	300,771	970,782
Investment in Nation business entities (Note 5), (Note 6), (Note 7)	11,196,264	11,878,540
<b>Total of assets</b>	<b>28,105,187</b>	<b>21,109,524</b>
<b>Liabilities</b>		
Accounts payable and accruals	724,431	558,191
Deferred revenue (Note 9)	6,540,244	-
Advances from Nation business entity	88,627	873,766
Minors Trust Fund	715,683	653,354
Long-term debt (Note 8)	4,987,579	5,162,906
<b>Total of financial liabilities</b>	<b>13,056,564</b>	<b>7,248,217</b>
<b>Net financial assets</b>	<b>15,048,623</b>	<b>13,861,307</b>
<b>Guarantee (Note 10)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	15,058,649	15,209,338
Prepaid expenses	3,375	3,375
	<b>15,062,024</b>	<b>15,212,713</b>
<b>Accumulated surplus (Note 13)</b>	<b>30,110,647</b>	<b>29,074,020</b>

Approved on behalf of the Council



Chief



Councillor

The accompanying notes are an integral part of these financial statements

# Tzeachten First Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2019*

	Schedules	2019 Budget	2019	2018
<b>Revenue</b>				
Indigenous Services Canada		914,690	1,089,834	1,688,096
Tzeachten Investment Income		875,000	739,130	771,696
Canada Mortgage and Housing Corporation		13,490	87,883	44,827
Property taxation		3,223,936	3,177,839	2,875,169
Property transfer tax		1,000,000	1,055,661	1,065,527
Home owners grants		(836,220)	(914,088)	(833,270)
Tzeachten Sales Tax		687,500	715,687	720,497
Lands settlement		-	566,890	300,000
Rental income		338,150	382,724	325,761
Interest income		22,600	264,121	41,644
Community Contributions		-	174,603	915,041
Development Cost Charge Equivalents		400,000	154,352	655,690
Other income		31,500	132,627	226,569
Application and registry fees		57,000	93,372	62,586
Sto:lo Nation		54,000	81,037	43,207
Environment Canada		64,234	46,484	76,374
BC Hydro		40,500	40,511	40,511
FN Land Management Resource Centre Inc		18,500	28,668	-
Donations		6,300	20,211	10,154
First Nations Education Steering Committee		8,000	16,315	9,445
Province of B.C.		-	8,000	30,000
Repayment of funding		-	(6,410)	-
New Relationship Trust		4,000	-	-
		<b>6,923,180</b>	<b>7,955,451</b>	9,069,524
<b>Expenses</b>				
Administration	3	3,002,750	3,318,655	2,716,375
Community Development and Employment	4	-	-	33,925
Community Maintenance and Improvements	5	243,790	272,924	237,827
Education and Awareness	6	9,796	24,897	32,517
Lands Management	7	572,238	446,670	397,052
Housing	8	305,570	390,600	294,915
Taxation	9	1,666,303	1,607,648	1,452,432
Other	10	530,500	857,429	562,194
		<b>6,330,947</b>	<b>6,918,823</b>	5,727,237
<b>Surplus</b>		<b>725,633</b>	<b>1,036,628</b>	3,342,287
<b>Accumulated surplus, beginning of year</b>		<b>29,074,019</b>	<b>29,074,019</b>	25,731,732
<b>Accumulated surplus, end of year</b>		<b>29,799,652</b>	<b>30,110,647</b>	29,074,019

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, 2019*

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
<b>Annual surplus</b>	<b>725,633</b>	<b>1,036,628</b>	3,342,287
Purchase of tangible capital assets	-	<b>(703,761)</b>	(3,646,343)
Amortization of tangible capital assets	<b>450,000</b>	<b>549,403</b>	514,008
Housing transfers	-	<b>305,046</b>	48,186
Use of prepaid expenses	-	-	100,000
<b>Increase in net financial assets</b>	<b>1,175,633</b>	<b>1,187,316</b>	358,138
<b>Net financial assets, beginning of year</b>	<b>13,861,307</b>	<b>13,861,307</b>	13,503,169
<b>Net financial assets, end of year</b>	<b>15,036,940</b>	<b>15,048,623</b>	13,861,307

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



**Tzeachten First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus	1,036,628	3,342,287
Non-cash items		
Amortization	549,403	514,008
Equity income from investments - other	(157,307)	(203,506)
Equity income from Shxw Kwimel Cha Limited Partnership	(700,416)	(628,405)
Housing transfers	305,046	48,186
Advances to Nation business entity	(1,000,000)	-
	33,354	3,072,570
Changes in working capital accounts		
Accounts receivable	670,011	(128,467)
Prepaid expenses	-	100,000
Accounts payable and accruals	166,241	(103,880)
Minors Trust Fund	62,330	46,798
Cash received as deferred revenue	6,540,244	-
	7,472,180	2,987,021
<b>Financing activities</b>		
Repayment of long-term debt	(175,326)	(161,468)
<b>Capital activities</b>		
Purchase of tangible capital assets	(703,761)	(3,646,343)
<b>Investing activities</b>		
Advances to Nation business entity	(2,000,000)	-
Distributions from Nation business entity	3,754,856	1,521,163
<b>Increase in cash resources</b>	<b>8,347,949</b>	<b>700,373</b>
<b>Cash resources, beginning of year</b>	<b>8,260,203</b>	<b>7,559,830</b>
<b>Cash resources, end of year</b>	<b>16,608,152</b>	<b>8,260,203</b>
<b>Cash resources are composed of:</b>		
Cash resources total	15,892,469	7,553,525
Restricted cash (Note 3)	715,683	706,678
	<b>16,608,152</b>	<b>8,260,203</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, 2019*

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**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 terms intended to amortize the cost of the assets over their estimated useful lives:

	<b><i>Method</i></b>	<b><i>Term</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
Land improvements	straight-line	40 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***

TzFN 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, TzFN 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***

TzFN 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***

TzFN 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***

TzFN uses the modified equity method to account for its investments in various business partnerships and corporations whereby the acquisition cost is increased by 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***

TzFN conducts its business through eight reportable segments as described in Note 12. 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, 2019*

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**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, TzFN 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, TzFN reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. TzFN 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, 2019.

***Net financial assets***

TzFN financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of TzFN is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

**3. Restricted cash**

Restricted cash consists of the following balances:

	<b>2019</b>	<b>2018</b>
Minors Trust Fund	<b>715,683</b>	653,354
Replacement reserve	-	53,323
<b>Total</b>	<b><u>715,683</u></b>	<b><u>706,677</u></b>

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**4. Accounts receivable**

Accounts receivable is comprised of the following:

	<b>2019</b>	2018
Accounts receivable	<b>257,659</b>	956,889
Due from TzFN members:		
Social housing rent receivable	-	13,396
TzFN housing rent receivable	<b>44,004</b>	23,384
Less: allowance for doubtful accounts	<b>(892)</b>	<b>(22,887)</b>
	<b>43,112</b>	13,893
	<b>300,771</b>	970,782

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

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

	<b>2019</b>	2018
Shares	<b>10</b>	10
Equity	<b>10,158,156</b>	10,158,156
	<b>10,158,166</b>	10,158,166

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

	<b>2019</b>	2018
Investment in Vedder Crossing Plaza Limited Partnership	<b>10,158,166</b>	10,158,166
Share capital	<b>10</b>	10
Equity, beginning of year	<b>10,158,156</b>	10,158,156
Net income	-	-
Equity, end of year	<b>10,158,156</b>	10,158,156
	<b>10,158,166</b>	10,158,166

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

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

Investment in Shxw Kwimel Cha Limited Partnership consists of:

	<b>2019</b>	2018
Investment in Shxw Kwimel Cha Limited Partnership	<b>(1,827,689)</b>	(988,105)

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

	<b>2019</b>	2018
Current assets	<b>2,212,219</b>	5,238,486
Revenue producing property	<b>11,581,289</b>	12,019,061
Investments	<b>983,143</b>	941,441
	<b>14,776,651</b>	18,198,988
Current liabilities	<b>395,767</b>	359,971
Long term debt	<b>5,753,115</b>	7,986,978
Vedder Crossing Plaza Inc.	<b>10,158,168</b>	10,158,168
	<b>16,307,050</b>	18,505,117
Partnership capital, beginning of year	<b>(306,129)</b>	(686,419)
Net income	<b>315,730</b>	920,290
Contributions by TzFN	<b>2,000,000</b>	-
Distributions to TzFN	<b>(3,540,000)</b>	(540,000)
Partnership capital, end of year	<b>(1,530,399)</b>	(306,129)
	<b>14,776,651</b>	18,198,988

	<b>2019</b>	2018
Revenue	<b>1,703,901</b>	2,132,940
Expenses	<b>1,388,171</b>	1,212,650
Net income	<b>315,730</b>	920,290

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, 2019*

**7. Investments - other**

Tzeachten First Nation has investments in the following entities:

	%	2019	2018
Centre Creek Limited Partnership	1/9	163,859	179,453
Centre Creek Management Limited - share capital	1/9	10	10
Ch-ihl-kway-uhk Forestry Limited Partnership	1/8	89,326	91,865
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	64,888	60,790
Ts'elxweyeqw Tribe Limited Partnership	1/7	2,484,988	2,314,299
Ts'elxweyeqw Tribe Management Limited - share capital	1/7	7	7
Seven Generations Environmental Services Ltd.	1/6	56,837	56,184
IndigeNATION Strategic Advisors Corporation (formerly Four Corners Tribal Business Corporation) - share capital	1/4	100	100
		<b>2,865,784</b>	<b>2,708,477</b>

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

	2019	2018
Current assets	4,201	17,454
Property and equipment	2,354,958	2,388,915
	<b>2,359,159</b>	<b>2,406,369</b>
Current liabilities	276,497	16,328
Long-term debt	675,804	839,973
	<b>952,301</b>	<b>856,301</b>
Equity, beginning of year	1,550,068	1,557,871
Net income (loss)	(143,207)	(7,803)
Equity, end of year	<b>1,406,861</b>	<b>1,550,068</b>
	<b>2,359,162</b>	<b>2,406,369</b>

	2019	2018
Revenue	36,568	104,322
Expenses	179,775	112,125
Net income (loss)	<b>(143,207)</b>	<b>(7,803)</b>

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, 2019*

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>2019</b>	2018
Current assets	<b>1,221,519</b>	1,340,001
Capital assets	<b>77</b>	103
Due from related party	<b>273,997</b>	128,897
	<b>1,495,593</b>	1,469,001
<hr/>		
Current liabilities	<b>144,933</b>	134,686
<hr/>		
Common shares	<b>100</b>	100
<hr/>		
Equity, beginning of year	<b>1,334,215</b>	911,401
Net income (loss)	<b>16,345</b>	422,814
Equity, end of year	<b>1,350,560</b>	1,334,215
	<b>1,495,593</b>	1,469,001

	<b>2019</b>	2018
Revenue	<b>158,547</b>	1,154,420
Expenses	<b>142,202</b>	731,606
Net income	<b>16,345</b>	422,814

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, 2019*

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:

	<b>2019</b>	2018
Current assets	<b>18,064,390</b>	15,719,987
Property and equipment	<b>11,105</b>	12,640
Due from related parties	<b>74,595</b>	74,595
	<b>18,150,090</b>	15,807,222
<hr/>		
Current liabilities	<b>1,412,937</b>	312,178
<hr/>		
Share capital	<b>7</b>	7
<hr/>		
Equity, beginning of year	<b>15,495,037</b>	14,394,751
Net income	<b>1,242,110</b>	1,100,286
Equity, end of year	<b>16,737,147</b>	15,495,037
	<b>18,150,091</b>	15,807,222

	<b>2019</b>	2018
Revenue	<b>2,432,170</b>	2,566,758
Expenses	<b>1,190,060</b>	1,466,472
Net income	<b>1,242,110</b>	1,100,286

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, 2019*

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

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

	2019	2018
Current assets	<b>365,293</b>	478,217
Property and equipment	<b>25,098</b>	32,401
	<b>390,391</b>	510,618
<b>Liabilities</b>	<b>402,624</b>	526,769
Share capital	<b>1,169,808</b>	1,169,808
Deficit, beginning of year	<b>(1,185,959)</b>	(1,058,903)
Net income (loss)	<b>3,918</b>	(127,056)
	<b>(1,182,041)</b>	(1,185,959)
<b>Equity, end of year</b>	<b>390,391</b>	510,618

	2019	2018
Revenue	<b>645,870</b>	326,726
Expenses	<b>641,952</b>	453,782
<b>Net loss</b>	<b>3,918</b>	(127,056)

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.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**8. Long-term debt**

	<b>2019</b>	2018
First Nations Finance Authority, bearing interest at 2.6%, with monthly payments of \$8,156 plus interest	<b>4,987,579</b>	5,100,973
All Nations Trust Company	-	44,028
All Nations Trust Company	-	15,523
All Nations Trust Company	-	2,382
	<b>4,987,579</b>	5,162,906

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	97,870
2021	97,870
2022	97,870
2023	97,870
2024	97,870
	489,350

First Nation Finance Authority debt is secured by income distributions received from Shxw Kwimel Cha Limited Partnership investment.

**9. Deferred revenue**

Deferred revenue consists of prepaid land leases.

**10. Guarantee**

TzFN has guaranteed RBC mortgages for members totalling \$531,269 (2018 - \$669,008). At March 31, 2019, no liability has been recorded associated with this guarantee.

**11. Comparative figures**

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

In the prior year, the following expenses were included in Community Assistance Benefits in Schedule 3 - Administration: Dental, Funeral Assistance, Home Improvement Grants, Medical, Sports and Recreation, and Special Sports Grants. These items are now being reported separately for informational purposes.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**12. 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.

**13. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2019</b>	2018
Equity in capital replacement reserve	<b>1,791,926</b>	1,345,145
Equity in tangible capital assets	<b>10,042,601</b>	10,378,825
Equity in replacement reserve	<b>15,633</b>	51,526
Unrestricted surplus	<b>18,260,487</b>	17,298,524
	<b>30,110,647</b>	29,074,020

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

*For the year ended March 31, 2019*

	<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	3,018,970	4,986,106	3,373,281	805,691	4,503,153	144,697	16,831,898
Acquisition of tangible capital assets	130,324	246,078	-	10,304	-	43,747	430,453
Construction-in-progress	-	27,560	115,577	-	-	-	143,137
Disposal of tangible capital assets	-	-	(629,486)	-	-	-	(629,486)
Balance, end of year	<b>3,149,294</b>	<b>5,259,744</b>	<b>2,859,372</b>	<b>815,995</b>	<b>4,503,153</b>	<b>188,444</b>	<b>16,776,002</b>
<b>Accumulated amortization</b>							
Balance, beginning of year	-	1,741,663	1,079,791	545,606	1,231,307	89,479	4,687,846
Annual amortization	-	179,610	68,595	69,759	120,734	27,155	465,853
Accumulated amortization on disposals	-	-	(324,432)	-	-	-	(324,432)
Balance, end of year	-	<b>1,921,273</b>	<b>823,954</b>	<b>615,365</b>	<b>1,352,041</b>	<b>116,634</b>	<b>4,829,267</b>
<b>Net book value of tangible capital assets</b>	<b>3,149,294</b>	<b>3,338,471</b>	<b>2,035,418</b>	<b>200,630</b>	<b>3,151,112</b>	<b>71,810</b>	<b>11,946,735</b>
2018 Net book value of tangible capital assets	3,018,970	3,244,443	2,293,490	260,085	3,271,846	55,218	12,144,052

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

*For the year ended March 31, 2019*

	<i>Subtotal</i>	<i>Small and heavy equipment</i>	<i>Land Improvements</i>	<i>2019</i>	<i>2018</i>
<b>Cost</b>					
Balance, beginning of year	16,831,898	30,865	3,070,156	19,932,919	16,393,007
Acquisition of tangible capital assets	430,453	37,093	93,085	560,631	3,646,343
Construction-in-progress	143,137	-	-	143,137	-
Disposal of tangible capital assets	(629,486)	-	-	(629,486)	(106,431)
Balance, end of year	<b>16,776,002</b>	<b>67,958</b>	<b>3,163,241</b>	<b>20,007,201</b>	19,932,919
<b>Accumulated amortization</b>					
Balance, beginning of year	4,687,846	4,900	30,835	4,723,581	4,267,818
Annual amortization	465,853	6,796	76,754	549,403	514,008
Accumulated amortization on disposals	(324,432)	-	-	(324,432)	(58,245)
Balance, end of year	<b>4,829,267</b>	<b>11,696</b>	<b>107,589</b>	<b>4,948,552</b>	4,723,581
<b>Net book value of tangible capital assets</b>	<b>11,946,735</b>	<b>56,262</b>	<b>3,055,652</b>	<b>15,058,649</b>	15,209,338
2018 Net book value of tangible capital assets	12,144,052	25,965	3,039,321	15,209,338	

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

*For the year ended March 31, 2019*

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
<b>Consolidated expenses by object</b>			
Accounting Policy	450,000	549,404	514,008
Contracts and Agreements	1,761,473	1,722,137	1,576,898
Educational	86,000	77,460	83,267
Maintenance	318,200	377,875	344,593
Member Distributions	400,000	716,475	443,756
Membership Services and Benefits	499,796	380,618	347,417
Operating Overhead	601,535	448,469	493,054
Professional Services and Committees	501,809	992,127	390,378
Remunerations	1,712,134	1,654,258	1,533,866
	<b>6,330,947</b>	<b>6,918,823</b>	<b>5,727,237</b>

**Tzeachten First Nation  
Administration**

**Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**  
For the year ended March 31, 2019

	2019	2018
<b>Revenue</b>		
Tzeachten Investment Income	739,129	771,697
Indigenous Services Canada	357,760	335,943
Tzeachten Sales Tax	715,687	720,497
Lands settlement	500,000	300,000
Interest income	172,487	33,221
Rental income	164,636	116,114
Sto:lo Nation	81,037	7,625
Other income	72,983	196,704
FN Land Management Resource Centre Inc	28,668	-
First Nations Education Steering Committee	16,315	9,445
Province of B.C.	8,000	30,000
	<b>2,856,702</b>	<b>2,521,246</b>

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**Tzeachten First Nation  
Administration**

**Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**  
For the year ended March 31, 2019

	2019	2018
<i>(Continued from previous page)</i>	<b>2,856,702</b>	<b>2,521,246</b>
<b>Expenses</b>		
Administration	1,550	-
Advertising	14,103	26,981
Advisory committee	22,156	5,553
Arts & Dance	4,989	4,876
Audit fees	23,350	10,000
Bad debts	-	23,863
Bank charges and interest	7,144	5,288
Capital renovations	-	5,888
Community events	69,891	37,304
Community projects	1,205	10,000
Daycare program	12,465	11,580
Dental	45,591	50,966
Donations	1,598	2,545
Education	77,459	83,267
Elders activities	20,987	11,072
Emergency funding	1,934	727
Funeral assistance	12,434	17,855
Furniture and equipment	5,151	12,122
Home improvement grants	71,931	65,832
Honoraria	6,513	78,769
Information technology	48,980	46,660
Insurance	35,845	29,861
Interest on long-term debt	139,035	139,035
Materials and supplies	59,449	51,599
Medical	130,581	127,563
Meeting	17,156	22,747
Member distribution	411,420	395,570
Office supplies	15,663	15,924
Professional development	12,647	42,510
Professional fees	641,421	53,050
Rent	1,200	43,885
Repairs and maintenance	24,071	27,198
Salaries and benefits	1,156,228	1,035,494
Security	1,738	1,775
Special Sports Grants	1,445	4,633
Sports and recreation	87,932	78,414
Telecommunications	11,828	16,042
Travel	55,755	59,230
Utilities	45,363	49,640
Youth expenses	20,447	11,057
	<b>3,318,655</b>	<b>2,716,375</b>
<b>Deficit before transfers</b>	<b>(461,953)</b>	<b>(195,129)</b>

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**Tzeachten First Nation  
Administration**

**Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**  
*For the year ended March 31, 2019*

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	<b>2019</b>	<b>2018</b>
<b>Deficit before transfers</b> <i>(Continued from previous page)</i>	<b>(461,953)</b>	(195,129)
<b>Transfers between segments</b>	<b>682,971</b>	725,109
<b>Surplus</b>	<b>221,018</b>	529,980
<b>Accumulated surplus, beginning of year</b>	<b>12,735,259</b>	12,205,279
<b>Accumulated surplus, end of year</b>	<b>12,956,277</b>	12,735,259

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**Tzeachten First Nation**  
**Community Development and Employment**  
**Schedule 4 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**  
*For the year ended March 31, 2019*

	2019	2018
<b>Revenue</b>		
Sto:lo Nation	-	35,582
<b>Expenses</b>		
Community events	-	27,152
Materials and supplies	-	816
Youth expenses	-	5,957
	-	33,925
<b>Surplus (deficit) before transfers</b>	-	1,657
<b>Transfers between segments</b>	-	(8,201)
<b>Surplus (deficit)</b>	-	(6,544)
<b>Accumulated surplus (deficit), beginning of year</b>	-	6,544
<b>Accumulated surplus, end of year</b>	-	-

**Tzeachten First Nation**  
**Community Maintenance and Improvements**  
**Schedule 5 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**  
*For the year ended March 31, 2019*

	2019	2018
<b>Revenue</b>	<b>161,214</b>	<b>182,887</b>
<b>Expenses</b>		
Capital renovations	6,463	-
Furniture and equipment	-	911
Materials and supplies	6,447	9,567
Professional fees	4,418	12,616
Repairs and maintenance	46,860	51,806
Salaries and benefits	76,718	40,104
Security	1,472	1,567
Telecommunications	2,270	2,133
Travel	1,506	2,808
Utilities	8,514	6,664
Waste disposal	41,768	34,542
Water costs	76,488	75,109
	<b>272,924</b>	<b>237,827</b>
<b>Deficit before transfers</b>	<b>(111,710)</b>	<b>(54,940)</b>
<b>Transfers between segments</b>	<b>96,916</b>	<b>27,191</b>
<b>Deficit</b>	<b>(14,794)</b>	<b>(27,749)</b>
<b>Accumulated surplus, beginning of year</b>	<b>22,634</b>	<b>50,383</b>
<b>Accumulated surplus, end of year</b>	<b>7,840</b>	<b>22,634</b>

**Tzeachten First Nation  
Education and Awareness**

**Schedule 6 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Indigenous Services Canada	3,796	3,763
Other income	30,000	7,500
Donations	14,291	5,944
Interest income	9,067	2,744
	<b>57,154</b>	19,951
<b>Expenses</b>		
Community events	3,796	5,100
Grants	5,200	5,000
Youth expenses	15,901	6,575
Professional fees	-	6,784
Materials and supplies	-	9,058
	<b>24,897</b>	32,517
<b>Surplus (deficit) before transfers</b>	<b>32,257</b>	<b>(12,566)</b>
<b>Transfers between segments</b>	<b>-</b>	<b>(18,429)</b>
<b>Surplus (deficit)</b>	<b>32,257</b>	<b>(30,995)</b>
<b>Accumulated surplus, beginning of year</b>	<b>289,976</b>	<b>320,971</b>
<b>Accumulated surplus, end of year</b>	<b>322,233</b>	289,976

**Tzeachten First Nation  
Lands Management**

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

*For the year ended March 31, 2019*

	2019	2018
<b>Revenue</b>		
Indigenous Services Canada	524,297	327,213
Application and registry fees	93,372	62,586
Environment Canada	46,484	76,374
Lands settlement	45,576	-
Rental income	6,230	-
Donations	5,920	4,210
Interest income	4,450	-
Other income	5,391	22,364
	<b>731,720</b>	<b>492,747</b>
<b>Expenses</b>		
Advisory committee	8,175	7,300
Audit fees	5,000	5,000
Bank charges and interest	12	12
Community events	8,211	21,786
Furniture and equipment	3,810	3,956
Honoraria	445	1,550
Information technology	3,916	2,793
Materials and supplies	11,194	1,655
Meeting	5,469	4,520
Office supplies	4,284	2,629
Professional development	1,280	15,944
Professional fees	166,123	136,346
Repairs and maintenance	153	90
Salaries and benefits	215,908	184,359
Security	1,365	905
Telecommunications	1,671	1,314
Travel	1,988	3,133
Utilities	7,666	3,760
	<b>446,670</b>	<b>397,052</b>
<b>Surplus before transfers</b>	<b>285,050</b>	<b>95,695</b>
<b>Transfers between segments</b>	<b>(40,000)</b>	<b>(30,000)</b>
<b>Surplus</b>	<b>245,050</b>	<b>65,695</b>
<b>Accumulated surplus, beginning of year</b>	<b>663,744</b>	<b>598,049</b>
<b>Accumulated surplus, end of year</b>	<b>908,794</b>	<b>663,744</b>

**Tzeachten First Nation  
Housing**

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

*For the year ended March 31, 2019*

	2019	2018
<b>Revenue</b>		
Canada Mortgage and Housing Corporation	87,883	44,827
Indigenous Services Canada	64,520	-
Rental income	211,858	209,647
Other income	2,500	-
Interest income	1,139	833
Recovery of ISC funding	(6,410)	-
	<b>361,490</b>	<b>255,307</b>
<b>Expenses</b>		
Audit fees	-	3,000
Capital renovations	48,465	-
Furniture and equipment	1,740	580
Information technology	250	3,014
Insurance	19,708	16,282
Interest on long-term debt	69,000	69,000
Materials and supplies	3,204	3,550
Meeting	340	146
Mortgage payments	339	1,265
Office supplies	1,430	1,360
Professional fees	5,025	-
Repairs and maintenance	123,599	91,903
Salaries and benefits	107,855	101,124
Travel	9,645	3,673
Utilities	-	18
	<b>390,600</b>	<b>294,915</b>
<b>Deficit before transfers</b>	<b>(29,110)</b>	<b>(39,608)</b>
<b>Transfers between segments</b>	<b>399,193</b>	<b>82,289</b>
<b>Surplus</b>	<b>370,083</b>	<b>42,681</b>
<b>Accumulated surplus (deficit), beginning of year</b>	<b>7,974</b>	<b>(34,707)</b>
<b>Accumulated surplus, end of year</b>	<b>378,057</b>	<b>7,974</b>

**Tzeachten First Nation  
Taxation**

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

*For the year ended March 31, 2019*

	2019	2018
<b>Revenue</b>		
Indigenous Services Canada	-	838,290
Property taxation	3,177,839	2,875,169
Property transfer tax	1,055,661	1,065,527
Interest income	22,834	4,845
Home owners grants	(914,088)	(833,270)
	<b>3,342,246</b>	<b>3,950,561</b>
<b>Expenses</b>		
Audit fees	7,000	7,000
BC Assessment Authority	24,504	21,020
Bank charges and interest	2,352	1,686
Community events	6,000	2,000
Emergency funding	-	2,016
Furniture and equipment	400	19
Information technology	6,050	7,600
Municipal tax service agreements	1,489,259	1,346,579
Office supplies	2,482	1,347
Professional development	1,900	1,900
Professional fees	1,516	1,010
Salaries and benefits	45,000	41,500
Security	18,865	15,244
Telecommunications	400	168
Travel	1,520	2,450
Utilities	400	893
	<b>1,607,648</b>	<b>1,452,432</b>
<b>Surplus before transfers</b>	<b>1,734,598</b>	<b>2,498,129</b>
<b>Transfers between segments</b>	<b>(1,373,657)</b>	<b>(2,310,349)</b>
<b>Surplus</b>	<b>360,941</b>	<b>187,780</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,423,158</b>	<b>1,235,378</b>
<b>Accumulated surplus, end of year</b>	<b>1,784,099</b>	<b>1,423,158</b>



**Tzeachten First Nation  
Other**

**Schedule 10 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus**

*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Community Contributions	<b>174,603</b>	915,041
Development Cost Charge Equivalents	<b>154,352</b>	655,690
Interest income	<b>54,144</b>	-
BC Hydro	<b>40,511</b>	40,511
Lands settlement	<b>21,314</b>	-
	<b>444,924</b>	1,611,242
<b>Expenses</b>		
Amortization	<b>549,403</b>	514,008
Bank charges and interest	<b>10</b>	-
Capital renovations	<b>2,173</b>	-
Community projects	<b>73</b>	-
Housing transfer	<b>305,054</b>	48,186
Professional fees	<b>716</b>	-
	<b>857,429</b>	562,194
<b>Surplus (deficit) before transfers</b>	<b>(412,505)</b>	1,049,048
<b>Transfers between segments</b>	<b>234,577</b>	1,532,390
<b>Surplus (deficit)</b>	<b>(177,928)</b>	2,581,438
<b>Accumulated surplus, beginning of year</b>	<b>13,931,273</b>	11,349,835
<b>Accumulated surplus, end of year</b>	<b>13,753,345</b>	13,931,273