

**Ts'kw'aylaxw First Nation
Consolidated Financial Statements**
March 31, 2018

Ts'kw'aylaxw First Nation Contents

For the year ended March 31, 2018

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Management's Responsibility

To the Members of Ts'kw'aylaxw First Nation

The accompanying consolidated financial statements of Ts'kw'aylaxw 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.

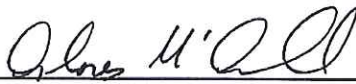
The Ts'kw'aylaxw First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First 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 30, 2018



Chief



Councillor

Independent Auditors' Report

To the Members of Ts'kw'aylaxw First Nation:

We have audited the accompanying consolidated financial statements of Ts'kw'aylaxw First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, changes in net financial assets (net debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 Ts'kw'aylaxw First Nation as at March 31, 2018 and the results of its operations, changes in net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The consolidated financial statements of Ts'kw'aylaxw First Nation for the year ended March 31, 2017 were audited by another firm of chartered professional accountants who issued a modified opinion on September 26, 2017.

Nanaimo, British Columbia

July 30, 2018

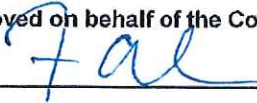
MNP LLP

Chartered Professional Accountants

Ts'kw'aylaxw First Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017 <i>Restated - Note 13</i>
Financial assets		
Cash and cash equivalents	3,371,946	2,440,455
Accounts receivable	113,739	232,606
GST receivable	17,570	11,075
Portfolio investments (Note 15)	2,293,739	1,964,739
Advances to related entities (Note 4)	-	82,631
Investment in First Nation business entity (Note 6)	24,758	52
Funds held in trust (Note 7)	20,597	587,897
Restricted cash (Note 5)	36,978	34,942
Investment in Treaty (Note 16)	2,461,177	2,442,887
Total financial assets	8,340,504	7,797,284
Liabilities		
Accounts payable and accruals	1,198,027	684,317
Long-term debt (Note 8)	4,950,080	931,487
First Nation Loan Agreement (Note 16)	2,461,177	2,442,887
Total financial liabilities	8,609,284	4,058,691
Net financial assets (net debt)	(268,780)	3,738,593
Contingencies (Note 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)	11,593,227	4,280,437
Prepaid expenses	-	10,144
Total non-financial assets	11,593,227	4,290,581
Accumulated surplus	11,324,447	8,029,174

Approved on behalf of the Council



Chief



Councillor

The accompanying notes are an integral part of these financial statements

Ts'kw'aylaxw First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2018

	Schedules	2018 Budget Note 11	2018	2017 Restated - Note 13
Revenue				
Indigenous Services Canada		2,514,793	2,813,583	4,746,935
Canada Mortgage and Housing Corporation				
Non-profit on-reserve housing		-	25,743	25,743
RRAP homeowner and disabled programs		961,455	51,350	181,080
Housing internship initiative for First Nation and Inuit youth		-	9,780	27,985
First Nations Health Authority		2,145,365	2,838,153	1,535,932
Other revenue		513,331	793,346	824,847
Investment income		1,000	6,072	11,322
BC Hydro		155,284	77,817	77,467
Province of BC		274,284	109,244	210,910
Graymont		78,820	87,122	236,882
Rental income		24,000	90,376	67,445
Property tax		71,524	58,672	57,805
Administration fees		185,714	149,340	290,334
Earnings (loss) from investment in First Nation business entity		-	24,706	-
Trust allocations		-	-	2,299,398
RRF allocations		-	5,400	7,320
Total revenue		6,925,570	7,140,704	10,601,405
Program expenses				
Administration	3	1,165,066	1,165,039	1,589,913
Community Welfare	4	583,065	289,888	289,928
Operations and Maintenance	5	955,802	551,960	265,507
Economic Development	6	148,232	117,866	175,510
Natural Resources	7	141,602	83,865	282,065
Health	8	555,114	465,095	492,841
Education	9	585,614	426,862	284,665
Social Development	10	341,158	263,550	292,021
Capital Programs	11	1,662,473	429,763	2,804,080
Social Housing	12	59,871	51,543	47,729
Trusts	13	-	-	1,354
Total expenses		6,197,997	3,845,431	6,525,613
Annual surplus		727,573	3,295,273	4,075,792
Accumulated surplus, beginning of year, as previously stated		-	9,426,455	8,341,967
Correction of errors (Note 13)		-	(1,397,281)	(4,388,585)
Accumulated surplus, beginning of year, as restated		8,029,174	8,029,174	3,953,382
Accumulated surplus, end of year		8,756,747	11,324,447	8,029,174

Ts'kw'aylaxw First Nation
Consolidated Statement of Change in Net Financial Assets (Net Debt)

For the year ended March 31, 2018

	2018 <i>Budget</i> <i>Note 11</i>	2018	2017 <i>Restated - Note</i> <i>13</i>
Annual surplus	757,573	3,295,273	4,075,792
Purchases of tangible capital assets	(8,517,233)	(7,427,263)	(1,474,215)
Amortization of tangible capital assets	29,863	114,473	122,484
	(8,487,370)	(7,312,790)	(1,351,731)
Use of prepaid expenses	-	10,144	8,793
(Increase) decrease in net debt	(7,729,797)	(4,007,373)	2,732,854
Net financial assets, beginning of year	3,738,593	3,738,593	1,005,739
Net financial assets (net debt), end of year	(3,991,204)	(268,780)	3,738,593

Ts'kw'aylaxw First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017 <i>Restated - Note 13</i>
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	3,295,273	4,075,792
Non-cash items		
Amortization	114,473	122,484
Earnings (loss) from investment in First Nation business entity	(24,706)	-
	3,385,040	4,198,276
Changes in working capital accounts		
Accounts receivable	118,871	(290,641)
Prepaid expenses	10,144	8,793
Accounts payable and accruals	513,706	253,682
GST receivable	(6,495)	(11,075)
Funds held in trust	567,300	(6,554)
Restricted cash	(2,036)	(9,584)
Deferred revenue	-	(115,000)
	4,586,530	4,027,897
Financing activities		
Advances of long-term debt	4,055,397	405,831
Repayment of long-term debt	(36,804)	(18,789)
	4,018,593	387,042
Capital activities		
Purchases of tangible capital assets	(7,427,263)	(1,474,215)
Investing activities		
Purchase of portfolio investments	(329,000)	(1,814,739)
Advances to related First Nation entities	-	(39,530)
Repayment of advances to related First Nation entities	82,631	-
	(246,369)	(1,854,269)
Increase in cash resources	931,491	1,086,455
Cash resources, beginning of year	2,440,455	1,354,000
Cash resources, end of year	3,371,946	2,440,455

1. Operations

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

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:

Reporting entity consolidated

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

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

- Operating Fund
- Social Housing Fund
- Enterprise Fund
- Capital Fund
- Treaty Fund

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

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

Marble Canyon Forestry Ltd.

Basis of presentation

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

Cash 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.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at their fair value on the date of contribution.

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

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

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Buildings	declining balance	5 %
Automotive equipment	declining balance	30 %
TV satellite system	declining balance	50 %
Furniture and equipment	declining balance	20 %
Machinery and equipment	declining balance	30 %
Playground equipment	declining balance	20 %
Irrigation equipment	declining balance	20 %
Boats	declining balance	5 %

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

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.

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, 2018.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2018, no liability for contaminated site exists.

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 consolidated 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 annual surplus .

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

Revenue recognition

- i) **Government funding**
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.
- ii) **Canada Mortgage and Housing Corporation ("CMHC")**
CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.
- iii) **Rental income**
Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.
- iv) **Own source and other revenue**
Own source and other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.
- v) **Investment income**
Investment income is recognized by the First Nation when investment income is earned.

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 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. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus (deficit) in the periods in which they become known.

Segments

The First Nation conducts its business through a number of reportable segments as described in Note 10. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Portfolio investments

Portfolio investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Long-lived assets and discontinued operations

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

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

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

3. Change in accounting policy

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions

Effective April 1, 2017, the First Nation adopted the recommendations relating to PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

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

PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights

Effective April 1, 2017, the First Nation adopted the recommendations relating to PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Statement Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

PS 3380 Contractual Rights establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

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

4. Advances to related entities

The following advances bear no interest, are unsecured and have no fixed terms of repayment

	2018	2017
Due to/from St'atlimx Hydro	-	2,286
Due to/from Ainsworth	-	(5,201)
Due to/from Marble Canyon Forestry Ltd	-	85,546
	-	82,631

5. Restricted cash

Replacement reserve	36,978	34,942
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Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, these reserves were over-funded.

Ts'kw'aylaxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

6. Investment in First Nation business entity

The First Nation has an investments in the following entity:

	<i>Investment cost</i>	<i>Cumulative share of earnings (loss)</i>	2018 <i>Total investment</i>
Wholly-owned Business:			
Marble Canyon Forestry Ltd.	52	24,706	24,758

Summary financial information, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>Marble Canyon Forestry Ltd. As at March 31, 2018</i>
Assets	
Cash	23,081
Property, plant and equipment	1,276
Total assets	24,357
Liabilities	
Accounts payable and accruals	1
Total liabilities	1
	24,356
Total revenue	49,138
Total expenses	47,565
	1,573
Comprehensive income	1,573

The financial statements of Marble Canyon Forestry Ltd. have not been audited.

7. Funds held in trust

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

	2018	<i>2017 Restated - Note 13</i>
Capital Trust		
Balance, beginning of year	575,597	575,597
Less: Transfers to First Nation	560,495	-
Balance, end of year	15,102	575,597
Revenue Trust		
Balance, beginning of year	12,300	5,746
Interest	12,916	6,554
	25,216	12,300
Less: Transfers to First Nation	19,721	-
Balance, end of year	5,495	12,300
Combined balance	20,597	587,897

Ts'kw'aylaxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

8. Long-term debt

	2018	2017
RBC construction loan, bearing interest at prime plus 0.75% interest, as yet without security and repayment terms	3,994,000	325,000
RBC vehicle loan repayable in monthly installments of \$362 including interest at 3.35% per annum, maturing August 16, 2020 - secured by a vehicle	10,036	13,842
All Nations Trust mortgage repayable in monthly installments of \$2,489 including interest at 2.08% per annum, maturing February 1, 2039 - secured by a ministerial guarantee	506,500	525,656
RBC loan repayable in monthly installments of \$1,380 including interest at prime plus 1.25% per annum, maturing August 4, 2018 - secured by a general security agreement	53,147	66,989
All Nations Trust mortgage, currently without interest, security and stated terms of repayment	386,397	-
	4,950,080	931,487

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:

	Principal
2019	4,070,938
2020	24,344
2021	22,307
2022	20,990
2023	23,197
	4,161,776
Thereafter	788,304

9. Contingencies

The final results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.

10. Segments

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

Administration

Includes revenue and expenses related to administration of the First Nation.

Community Welfare

Includes revenue and expenses related to the welfare of members of the community.

Operations and Maintenance

Includes revenue and expenses related to operations of the assets and infrastructure of the community.

Health

Includes revenue and expenses related to health programs and initiatives for members of the community.

Natural Resources

Includes revenue and expenses related to conservation and stewardship of the First Nation's land and resources.

Eductaion

Includes revenue and expenses related programs aimed at providing education and training to members of the community.

Capital Programs

Includes revenue and expenses related to adding infrastructure to the community.

Economic Development

Includes revenue and expenses related to economic undertakings on behalf of the First Nation.

Social Housing

Includes revenue and expenses related to provision of subsidized housing to members of the community.

11. Budget information

The disclosed budget information has been approved by the Chief and Council of the Ts'kw'aylaxw First Nation on April 13, 2017.

12. Economic dependence

Ts'kw'aylaxw First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of Treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

13. Correction of errors

During the year, the First Nation determined that:

Construction in progress on tangible capital assets had not been capitalized in fiscal 2017. The impact of this correction has resulted in an increase in tangible capital assets of \$1,395,522, a decrease in expenses of \$1,395,522 and an increase in accumulated surplus of \$1,395,522 as at March 31, 2017.

Treaty loans and investment in treaty had not been recorded at March 31, 2017. For 2017, The impact of this correction has resulted in an increase in investment in treaty of \$2,442,887 and an increase in First nation Loan Agreement of \$2,442,887 as at March 31, 2017.

Investment in St'at'imc Trust was overstated. The impact of this correction has resulted in a decrease of \$2,144,022 to Funds held in trust, a decrease in accumulated surplus of \$3,739,795, a decrease in revenue of \$703,820 and a decrease in expenses of \$2,299,593 as at March 31, 2017.

Accounts receivable as at March 31, 2017 were overstated. The impact of this correction has resulted in a decrease in accounts receivable of \$648,796 and a decrease in accumulated surplus of \$648,796 at March 31, 2017.

Net adjustment to accumulated surplus at March 31, 2018 was \$1,397,281 (2017 - \$4,388,585).

14. Comparative figures

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

15. Portfolio investments

	2018	<i>2017 Restated - Note 13</i>
Measured at cost:		
Marketable Securities	2,293,739	1,814,739
GIC	-	150,000
	2,293,739	1,964,739

Market value of securities \$2,292,000 (2017 - \$1,965,000).

16. First Nation Loan Agreement

During treaty negotiations, Ts'kw'aylaxw First Nation received interest free advances from Indigenous Services Canada pursuant to an agreement with the British Columbia Treaty Commission and Indigenous Services Canada. After the First Nation opted out of negotiations interest began to accrue at 0.07%.

The original funds were used solely for the purposes of treaty negotiations. The loan proceeds become due and payable upon the earlier of:

- a) the date a treaty signed by the Negotiating Parties takes effect unless otherwise agreed in the treaty;
- b) the later of;
 - the twelfth anniversary of the date of the first Loan Advance by Canada to the First Nation under the earliest First Nation Funding Agreement; or
 - the Extended Due Date; and
- c) the date the Federal Minister demands payment of the Loan due to an event of default under the agreement or under any First Nation Funding Agreement.

The First Nation capitalizes all expenses related to the Treaty process as management expects the future settlement to exceed the investment in treaty balance. During 2018 the First Nation capitalized \$18,290 interest (2017 - \$16,096).

Ts'kw'aylaxw First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2018

	<i>Buildings</i>	<i>Automotive equipment</i>	<i>TV satellite system</i>	<i>Furniture and equipment</i>	<i>Machinery and equipment</i>	<i>Playground equipment</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	3,161,700	324,803	30,709	314,044	177,643	40,658	4,049,557
Acquisition of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	3,161,700	324,803	30,709	314,044	177,643	40,658	4,049,557
Accumulated amortization							
Balance, beginning of year	1,416,055	281,526	30,709	278,275	110,655	39,910	2,157,130
Annual amortization	74,068	12,983	-	7,154	20,096	150	114,451
Balance, end of year	1,490,123	294,509	30,709	285,429	130,751	40,060	2,271,581
Net book value of tangible capital assets	1,671,577	30,294	-	28,615	46,892	598	1,777,976
2017 Net book value of tangible capital assets - Restated - Note 13	1,745,645	43,277	-	35,769	66,988	748	1,892,427

Ts'kw'aylaxw First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2018

	<i>Subtotal</i>	<i>Irrigation equipment</i>	<i>Boats</i>	<i>Infrastructure under construction</i>	<i>Land</i>	<i>2018</i>	<i>2017</i>
							<i>Restated - Note 13</i>
Cost							
Balance, beginning of year	4,049,557	3,873	5,323	1,643,072	744,636	6,446,461	4,972,246
Acquisition of tangible capital assets	-	-	-	7,295,448	131,815	7,427,263	1,474,215
Balance, end of year	4,049,557	3,873	5,323	8,938,520	876,451	13,873,724	6,446,461
Accumulated amortization							
Balance, beginning of year	2,157,130	3,827	5,067	-	-	2,166,024	2,043,540
Annual amortization	114,451	9	13	-	-	114,473	122,484
Balance, end of year	2,271,581	3,836	5,080	-	-	2,280,497	2,166,024
Net book value of tangible capital assets	1,777,976	37	243	8,938,520	876,451	11,593,227	4,280,437
2017 Net book value of tangible capital assets - Restated - Note 13	1,892,427	46	256	1,643,072	744,636	4,280,437	

Ts'kw'aylaxw First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2018

	2018 <i>Budget</i> <i>Note 11</i>	2018	2017 <i>Restated - Note</i> <i>13</i>
Consolidated expenses by object			
Administration	183,512	90,548	283,746
Amortization	29,863	114,473	122,484
Bad debts	-	24,084	264,854
Bank charges and interest	8,100	72,585	19,615
Community donations	39,510	36,080	67,239
Contracted services	1,982,480	462,325	2,218,334
Furniture and equipment	54,754	57,156	43,053
Honoraria(um)	196,874	182,206	199,571
Insurance	34,188	34,730	3,682
Interest on long-term debt	-	11,598	11,044
Materials	43,602	45,073	30,676
Meetings	29,814	28,738	8,335
National child benefit - projects	34,597	3,972	25,409
Office rent	-	4,367	-
Office supplies and expenses	80,682	57,711	20,083
Professional fees	743,039	405,994	829,749
Program expense	422,880	246,166	284,360
Property tax	-	7,428	19,150
RRF transfers	5,400	5,400	5,400
Renovations	131,160	115,745	141,031
Repairs and maintenance	92,978	40,033	100,792
Salaries and benefits	1,074,457	976,387	1,096,722
Social assistance	225,342	190,920	195,274
Student expenses	265,544	231,118	136,409
Telephone	35,760	32,737	37,090
Training	48,149	35,236	28,812
Travel	281,013	216,460	208,745
Tuition costs	82,186	60,423	56,948
Utilities	33,615	36,644	18,844
Vehicle	38,498	19,094	48,162
	6,197,997	3,845,431	6,525,613

**Ts'kw'aylaxw First Nation
Administration**

Schedule 3 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)

For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017 Restated - Note 13</i>
Revenue			
Indigenous Services Canada	589,422	591,672	557,044
Other revenue	242,359	86,202	420,581
Investment income	350	33	7,339
BC Hydro	-	350	-
Graymont	-	-	11,750
Property tax	71,524	58,672	57,805
Administration fees	185,714	149,340	287,534
Earnings (loss) from investment in Nation business entities	-	24,706	-
Total revenue	1,089,369	910,975	1,342,053
Expenses			
Administration	18,000	18,000	17,708
Bad debts	-	24,084	264,854
Bank charges and interest	4,700	10,606	18,133
Community donations	-	67	44,025
Contracted services	28,200	46,674	60,163
Furniture and equipment	41,958	48,819	38,001
Honoraria(um)	139,300	132,719	151,294
Insurance	28,000	12,010	3,682
Materials	21,500	24,798	27,255
Meetings	7,300	6,275	7,815
Office supplies and expenses	23,600	22,715	13,370
Professional fees	186,219	204,714	182,910
Program expense	45,019	40,749	58,328
Property tax	-	7,428	19,150
Repairs and maintenance	-	330	31,500
Salaries and benefits	467,630	423,993	507,739
Telephone	23,552	25,758	24,832
Training	24,476	15,354	11,480
Travel	105,612	94,417	97,404
Utilities	-	5,430	7,827
Vehicle	-	99	2,443
Total expenses	1,165,066	1,165,039	1,589,913
Annual deficit	(75,697)	(254,064)	(247,860)
Accumulated surplus (deficit), beginning of year, as previously stated	-	(260,587)	(1,080,148)
Correction of errors (Note 13)	-	(648,796)	-
Accumulated surplus (deficit), beginning of year, as restated	-	(909,383)	(1,080,148)
Transfer between departments	(54,130)	102,467	458,673
Transfer for capital expenditures	-	-	(78,693)
Transfer new debt issuance	-	-	38,645
Accumulated deficit, end of year	(129,827)	(1,060,980)	(909,383)

**Ts'kw'aylaxw First Nation
Community Welfare**

Schedule 4 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)

For the year ended March 31, 2018

	2018 Budget	2018	2017 Restated - Note 13
Revenue			
Indigenous Services Canada	-	-	57,900
Other revenue	112,138	244,343	27,235
Investment income	1,000	3,071	3,184
BC Hydro	154,934	77,467	77,467
Province of BC	253,000	97,960	-
Graymont	78,820	87,122	225,132
Total revenue	599,892	509,963	390,918
Expenses			
Administration	97,367	10,000	79,948
Bank charges and interest	100	50	(48)
Community donations	5,510	5,510	11,668
Contracted services	25,000	18,481	-
Furniture and equipment	6,100	4,390	-
Honoraria(um)	20,060	20,540	915
Materials	7,600	7,260	-
Meetings	21,174	20,658	250
Office supplies and expenses	32,000	31,722	-
Professional fees	103,400	72,070	100,679
Program expense	149,800	45,099	52,873
Salaries and benefits	51,430	21,810	25,515
Travel	58,524	27,298	18,128
Vehicle	5,000	5,000	-
Total expenses	583,065	289,888	289,928
Annual surplus	16,827	220,075	100,990
Accumulated surplus (deficit), beginning of year	-	2,151,497	2,260,292
Transfer between departments	(102,467)	(102,467)	(209,785)
Accumulated surplus (deficit), end of year	(85,640)	2,269,105	2,151,497

Ts'kw'aylaxw First Nation
Operations and Maintenance

Schedule 5 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017 Restaed - Note 13</i>
Revenue			
Indigenous Services Canada	765,195	760,053	100,595
Canada Mortgage and Housing Corporation Housing internship initiative for First Nation and Inuit youth	13,040	9,780	27,985
Other revenue	5,500	27,298	156,706
Province of BC	10,000	-	-
Rental income	-	66,376	28,688
Administration fees	-	-	2,800
Total revenue	793,735	863,507	316,774
Expenses			
Administration	32,597	27,000	-
Bank charges and interest	-	52	301
Community donations	34,000	30,503	11,546
Contracted services	392,888	220,308	2,778
Furniture and equipment	-	-	184
Insurance	-	12,846	-
Office supplies and expenses	8,200	1,123	2,184
Professional fees	233,880	31,000	4,454
Repairs and maintenance	35,692	31,030	46,400
Materials	4,216	3,774	912
Salaries and benefits	145,874	138,427	121,888
Telephone	6,000	1,966	6,276
Training	-	-	1,500
Travel	15,200	10,165	13,409
Utilities	31,215	31,214	8,895
Vehicle	16,040	12,552	44,780
Total expenses	955,802	551,960	265,507
Annual surplus (deficit)	(162,067)	311,547	51,267
Accumulated surplus (deficit), beginning of year	-	23,650	(947,944)
Transfer between departments	123,139	-	920,327
Accumulated surplus (deficit), end of year	(38,928)	335,197	23,650

Ts'kw'aylaxw First Nation
Economic Development

Schedule 6 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017 Restated - Note 13</i>
Revenue			
Indigenous Services Canada	28,942	28,942	277,350
Other revenue	8,000	-	8,000
Total revenue	36,942	28,942	285,350
Expenses			
Contracted services	24,195	6,749	28,044
Furniture and equipment	2,246	1,364	-
Meetings	-	-	120
Office rent	-	4,367	-
Professional fees	108,999	95,115	110,230
Program expense	-	746	-
Salaries and benefits	7,321	8,390	37,116
Telephone	600	300	-
Travel	4,871	835	-
Total expenses	148,232	117,866	175,510
Annual surplus (deficit)	(111,290)	(88,924)	109,840
Accumulated surplus (deficit), beginning of year	-	109,281	(31,710)
Transfer between departments	-	-	31,151
Accumulated surplus (deficit), end of year	(111,290)	20,357	109,281

**Ts'kw'aylaxw First Nation
Natural Resources**

Schedule 7 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)

For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017 Restated - Note 13</i>
Revenue			
Other revenue	57,582	74,720	128,966
Province of BC	11,284	11,284	210,910
Total revenue	68,866	86,004	339,876
Expenses			
Administration	-	-	88,324
Contracted services	-	-	1,292
Furniture and equipment	2,750	2,583	-
Honoraria(um)	-	-	1,600
Materials	500	225	-
Office supplies and expenses	-	941	3,728
Professional fees	89,127	13,875	83,396
Program expense	-	-	1,120
Salaries and benefits	49,225	66,161	102,665
Vehicle	-	80	(60)
Total expenses	141,602	83,865	282,065
Annual surplus (deficit)	(72,736)	2,139	57,811
Accumulated surplus (deficit), beginning of year	-	66,123	49,094
Transfer between departments	16,398	-	(40,782)
Accumulated surplus (deficit), end of year	(56,338)	68,262	66,123

**Ts'kw'aylaxw First Nation
Health**

Schedule 8 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)

For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017 Restated - Note 13</i>
Revenue			
First Nations Health Authority	480,857	601,156	430,714
Other revenue	61,131	62,376	77,204
Total revenue	541,988	663,532	507,918
Expenses			
Administration	19,115	19,115	35,263
Bank charges and interest	300	53	-
Contracted services	10,000	-	500
Furniture and equipment	-	-	4,868
Honoraria(um)	13,514	5,205	26,958
Materials	-	1,678	1,799
Meetings	1,000	690	150
Office supplies and expenses	-	140	188
Professional fees	15,404	8,171	13,268
Program expense	162,905	124,687	118,591
Repairs and maintenance	19,057	-	14,279
Salaries and benefits	196,049	219,268	188,454
Social assistance	-	-	400
Student expenses	2,000	546	-
Telephone	3,108	2,955	3,010
Training	14,980	7,854	9,410
Travel	84,024	73,435	73,024
Utilities	-	-	2,121
Vehicle	13,658	1,298	558
Total expenses	555,114	465,095	492,841
Annual surplus (deficit)	(13,126)	198,437	15,077
Accumulated surplus (deficit), beginning of year	-	(252,615)	(273,590)
Transfer between departments	10,000	-	5,898
Accumulated deficit, end of year	(3,126)	(54,178)	(252,615)

**Ts'kw'aylaxw First Nation
Education**

Schedule 9 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)

For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017 Restated - Note 13</i>
Revenue			
Indigenous Services Canada	540,207	370,641	321,768
Other revenue	26,621	4,343	2,000
RRF allocations	-	-	1,920
Total revenue	566,828	374,984	325,688
Expenses			
Furniture and equipment	4,100	-	-
Honoraria(um)	24,000	23,742	18,305
Meetings	890	1,069	-
Program expense	48,654	27,145	7,823
Repairs and maintenance	20,000	71	238
Materials	6,200	6,642	105
Salaries and benefits	112,847	56,827	53,639
Student expenses	263,544	230,572	136,409
Telephone	2,500	760	935
Training	8,693	12,027	6,422
Travel	8,200	7,524	3,404
Tuition costs	82,186	60,423	56,948
Vehicle	3,800	60	437
Total expenses	585,614	426,862	284,665
Annual surplus (deficit)	(18,786)	(51,878)	41,023
Accumulated surplus (deficit), beginning of year	-	81,837	306,166
Transfer between departments	-	-	(265,352)
Accumulated surplus (deficit) end of year	(18,786)	29,959	81,837

**Ts'kw'aylaxw First Nation
Social Development**

Schedule 10 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)

For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017 Restated - Note 13</i>
Revenue			
Indigenous Services Canada	310,998	325,427	272,748
Other revenue	-	777	-
Total revenue	310,998	326,204	272,748
Expenses			
Administration	12,354	12,354	6,720
Insurance	3,700	4,263	-
National child benefit - projects	34,597	3,972	25,409
Program expense	16,502	7,742	4,551
Salaries and benefits	44,081	41,513	57,723
Social assistance	225,342	190,920	194,874
Travel	4,582	2,786	2,744
Total expenses	341,158	263,550	292,021
Annual surplus (deficit)	(30,160)	62,654	(19,273)
Accumulated surplus (deficit), beginning of year	-	71,484	(3,536)
Transfer between departments	-	-	94,293
Accumulated surplus (deficit), end of year	(30,160)	134,138	71,484

**Ts'kw'aylaxw First Nation
Capital Programs**

Schedule 11 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)

For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017 Restated - Note 13</i>
Revenue			
Indigenous Services Canada	280,029	736,848	3,159,530
Canada Mortgage and Housing Corporation			
RRAP homeowner and disabled programs	917,272	51,350	181,080
First Nations Health Authority	1,664,508	2,236,997	1,105,218
Other revenue	-	293,286	700
Investment income	-	2,876	799
Total revenue	2,861,809	3,321,357	4,447,327
Expenses			
Administration	1,279	1,279	55,782
Amortization	-	95,317	103,695
Bank charges and interest	3,000	61,731	25
Contracted services	1,517,539	170,114	2,125,280
Honoraria(um)	-	-	500
Materials	-	-	223
Meetings	-	46	-
Professional fees	2,000	(22,960)	328,302
Program expense	-	-	41,074
Renovations	131,160	115,745	141,031
Repairs and maintenance	7,495	7,492	3,739
Salaries and benefits	-	-	1,985
Telephone	-	999	2,037
Travel	-	-	407
Total expenses	1,662,473	429,763	2,804,080
Annual surplus	1,199,336	2,891,594	1,643,247
Accumulated surplus (deficit), beginning of year	-	4,717,922	2,490,776
Transfer between departments	-	-	543,851
Transfer for capital expenditures	-	-	78,693
Transfer new debt issuance	-	-	(38,645)
Accumulated surplus, end of year	1,199,336	7,609,516	4,717,922

**Ts'kw'aylaxw First Nation
Social Housing**

Schedule 12 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)

For the year ended March 31, 2018

	2018 Budget	2018	2017 Restated - Note 13
Revenue			
Canada Mortgage and Housing Corporation Non-profit on-reserve housing	31,143	25,743	25,743
Investment income	-	93	-
Rental income	24,000	24,000	38,757
RRF allocations	-	5,400	5,400
Total revenue	55,143	55,236	69,900
Expenses			
Administration	2,800	2,800	-
Amortization	29,863	19,156	18,789
Bank charges and interest	-	93	81
Contracted services	-	-	278
Insurance	5,688	5,611	-
Interest on long-term debt	-	11,598	11,044
Materials	3,586	696	383
Office supplies and expenses	990	1,070	383
Professional fees	4,010	4,010	6,510
RRF transfers	5,400	5,400	5,400
Repairs and maintenance	7,534	1,109	4,636
Travel	-	-	225
Total expenses	59,871	51,543	47,729
Annual surplus (deficit)	(4,728)	3,693	22,171
Accumulated surplus (deficit), beginning of year	-	154,635	132,464
Accumulated surplus (deficit), end of year	(4,728)	158,328	154,635

**Ts'kw'aylaxw First Nation
Trusts**

Schedule 13 - Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2018

	2018 Budget	2018	2017 Restated - Note 13
Revenue			
Other revenue	-	-	3,456
Trust allocations	-	-	2,299,398
Total revenue	-	-	2,302,854
Expenses			
Bank charges and interest	-	-	1,123
Office supplies and expenses	-	-	231
Total expenses	-	-	1,354
Annual surplus (deficit)	-	-	2,301,500
Accumulated surplus (deficit), beginning of year, as previously stated	-	3,958,761	4,791,308
Correction of errors (Note 13)	-	(2,144,022)	(3,739,795)
Accumulated surplus (deficit), beginning of year, as restated	-	1,814,739	1,051,513
Transfer between departments	-	-	(1,538,274)
Accumulated surplus (deficit), end of year	-	1,814,739	1,814,739