

Tzeachten First Nation
Consolidated Financial Statements
March 31, 2020

Tzeachten First Nation

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For the year ended March 31, 2020

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Management's Responsibility

To the Members of Tzeachten First Nation:

The accompanying consolidated financial statements of Tzeachten First Nation are the responsibility of management and have been approved by the Chief and Council.

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

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

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

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

July 21, 2020

<u>Original Signed by James Atebe</u>	General Manager	<u>Original Signed by Lori Falys</u>	Director of Finance
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Independent Auditor's Report

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, 2020, 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, 2020, 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.

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.

Chilliwack, British Columbia

July 21, 2020

MNP LLP

Chartered Professional Accountants

Tzeachten First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial assets		
Cash resources	18,307,429	15,892,469
Restricted cash (Note 3)	873,404	715,683
Portfolio investments (Note 5)	110	-
Accounts receivable (Note 4)	459,658	300,771
Investment in Nation business entities (Note 6), (Note 7), (Note 8)	12,274,396	11,196,264
Total of assets	31,914,997	28,105,187
Liabilities		
Accounts payable and accruals	1,811,825	724,431
Deferred revenue (Note 10)	9,444,860	6,540,244
Advances from Nation business entity	88,234	88,627
Minors Trust Fund	873,404	715,683
Long-term debt (Note 9)	4,869,650	4,987,579
Total of financial liabilities	17,087,973	13,056,564
Net financial assets	14,827,024	15,048,623
Guarantee (Note 11)		
Subsequent event (Note 15)		
Non-financial assets		
Tangible capital assets (Schedule 1)	18,359,157	15,058,649
Prepaid expenses	9,875	3,375
	18,369,032	15,062,024
Accumulated surplus (Note 14)	33,196,056	30,110,647
Approved on behalf of the Council		
<u>Original Signed by Chief Derek Epp</u>	Chief	<u>Original Signed by Loren Muth</u> Councillor

Tzeachten First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2020

	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
Revenue			
Indigenous Services Canada	1,135,632	1,341,749	1,089,834
Tzeachten Investment Income	1,075,000	1,132,466	739,130
Canada Mortgage and Housing Corporation	32,500	54,880	87,883
Property taxation	3,543,787	3,592,189	3,177,839
Property transfer tax	1,030,000	1,596,978	1,055,661
Home owners grants	(913,243)	(959,205)	(914,088)
Tzeachten Sales Tax	857,052	865,041	715,687
Community Contributions	-	475,963	174,603
Interest income	80,800	470,177	264,121
Development Cost Charge Equivalents	439,490	329,439	154,352
Rental income	306,200	281,694	382,724
Lands settlement	-	274,593	566,890
Other income	30,000	233,577	132,627
Application and registry fees	55,500	129,024	93,372
Sto:lo Nation	101,645	125,635	81,037
Gain on sale of tangible capital asset	-	117,904	-
FN Land Management Resource Centre Inc	43,332	55,932	28,668
BC Hydro	40,500	40,511	40,511
Environment Canada	40,000	40,000	46,484
Donations	6,500	16,747	20,211
First Nations Education Steering Committee	-	6,250	16,315
Province of B.C.	-	-	8,000
Repayment of funding	-	-	(6,410)
	7,904,695	10,221,544	7,955,451
Expenses			
Governance	2,576,360	2,813,457	2,601,451
Facilities and Programs	882,013	873,297	732,077
Lands Management & Taxation	2,562,947	2,303,810	2,065,141
Public Works and Housing	602,215	557,308	663,524
Capital	2,252,500	588,266	856,630
	8,876,035	7,136,138	6,918,823
Surplus	787,160	3,085,406	1,036,628
Accumulated surplus, beginning of year	30,110,655	30,110,647	29,074,019
Accumulated surplus, end of year	30,897,815	33,196,053	30,110,647

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, 2020

	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
Annual surplus	787,160	3,085,406	1,036,628
Purchase of tangible capital assets	-	(3,980,193)	(703,761)
Amortization of tangible capital assets	487,000	581,442	549,403
Proceeds of disposal of tangible capital assets	-	103,882	-
Housing transfers	-	-	305,046
Non-cash disposals	-	(5,636)	-
Acquisition of prepaid expenses	-	(6,500)	-
Increase (decrease) in net financial assets	1,274,160	(221,599)	1,187,316
Net financial assets, beginning of year	15,048,625	15,048,623	13,861,307
Net financial assets, end of year	16,322,785	14,827,024	15,048,623

Tzeachten First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Surplus	3,085,406	1,036,628
Non-cash items		
Amortization	581,442	549,403
Equity income from investments - other	(175,723)	(157,307)
Equity income from Shxw Kwimel Cha Limited Partnership	(692,409)	(700,416)
Housing transfers	-	305,046
Advances to Nation business entity	-	(1,000,000)
Disposal of asset	(5,639)	-
	2,793,077	33,354
Changes in working capital accounts		
Accounts receivable	(158,887)	670,011
Prepaid expenses	(6,500)	-
Accounts payable and accruals	1,087,397	166,241
Minors Trust Fund	157,721	62,330
Cash received as deferred revenue	2,904,616	6,540,244
	6,777,424	7,472,180
Financing activities		
Repayment of long-term debt	(117,929)	(175,326)
Repayment of Advances from Nation business entity	(393)	-
	(118,322)	(175,326)
Capital activities		
Purchase of tangible capital assets	(3,980,193)	(703,761)
Proceeds of disposal of tangible capital assets	103,882	-
	(3,876,311)	(703,761)
Investing activities		
Purchase of Investment in BC FN Gaming Revenue Partnership	(110)	-
Advances to Nation business entity	(750,000)	(2,000,000)
Distributions from Nation business entity	540,000	3,754,856
	(210,110)	1,754,856
Increase in cash resources	2,572,681	8,347,949
Cash resources, beginning of year	16,608,152	8,260,203
Cash resources, end of year	19,180,833	16,608,152
Cash resources are composed of:		
Cash resources total	18,307,429	15,892,469
Restricted cash (Note 3)	873,404	715,683
	19,180,833	16,608,152

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, 2020

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.

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.

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:

	<i>Method</i>	<i>Term</i>
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

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

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.

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

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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

TzFN conducts its business through a number of reportable segments as described in Note 13. 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.

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, 2020.

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, 2020.

3. Restricted cash

Restricted cash consists of Minors Trust Fund in the amount of \$873,404 (2019 - \$715,683).

4. Accounts receivable

Accounts receivable is comprised of the following:

	2020	2019
Accounts receivable	456,929	257,659
Due from TzFN members:		
TzFN housing rent receivable	11,221	44,004
Less: allowance for doubtful accounts	(8,492)	(892)
	2,729	43,112
	459,658	300,771

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

5. Portfolio investments

	2020	2019
Measured at cost:		
BC First Nations Gaming Revenue Sharing LP	100	-
BC First Nations Gaming Sharing General Partner Ltd.	10	-
	110	-

6. Investment in Vedder Crossing Plaza Inc.

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

	2020	2019
Shares	10	10
Equity	10,158,156	10,158,156
	10,158,166	10,158,166

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

	2020	2019
Investment in Vedder Crossing Plaza Limited Partnership	10,158,166	10,158,166
Share capital	10	10
Equity, beginning of year	10,158,156	10,158,156
Net income	-	-
Equity, end of year	10,158,156	10,158,156
	10,158,166	10,158,166

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

7. Investment in Shxw Kwimel Cha Limited Partnership

Investment in Shxw Kwimel Cha Limited Partnership consists of:

	2020	2019
Investment in Shxw Kwimel Cha Limited Partnership	(925,280)	(1,827,689)

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

	2020	2019
Current assets	2,524,570	2,212,219
Revenue producing property	11,143,517	11,581,289
Investments	1,870,279	983,143
	15,538,366	14,776,651
Current liabilities	454,517	395,767
Long term debt	5,561,528	5,753,115
Vedder Crossing Plaza Inc.	10,158,168	10,158,168
	16,174,213	16,307,050
Partnership capital, beginning of year	(1,530,399)	(306,129)
Net income	684,552	315,730
Contributions by TzFN	750,000	2,000,000
Distributions to TzFN	(540,000)	(3,540,000)
Partnership capital, end of year	(635,847)	(1,530,399)
	15,538,366	14,776,651

	2020	2019
Revenue	1,739,242	1,703,901
Expenses	1,054,690	1,388,171
Net income	684,552	315,730

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, 2020

8. Investments - other

Tzeachten First Nation has investments in the following entities:

	%	2020	2019
Centre Creek Limited Partnership	1/9	164,969	163,859
Centre Creek Management Limited - share capital	1/9	10	10
Ch-ihl-kway-uhk Forestry Limited Partnership	1/8	126,792	89,326
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	69,900	64,888
Ts'elxweyeqw Tribe Limited Partnership	1/7	2,418,672	2,484,988
Ts'elxweyeqw Tribe Management Limited - share capital	1/7	7	7
Seven Generations Environmental Services Ltd.	1/6	56,837	56,837
IndigeNATION Strategic Advisors Corporation (formerly Four Corners Tribal Business Corporation) - share capital	1/4	100	100
Skynest Limited Partnership		200,000	-
		3,043,056	2,865,784

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

	2020	2019
Current assets	21,271	4,201
Property and equipment	2,336,554	2,354,958
	2,357,825	2,359,159
Current liabilities	235,977	276,497
Long-term debt	704,804	675,804
	940,781	952,301
Equity, beginning of year	1,406,861	1,550,068
Net income (loss)	10,183	(143,207)
Equity, end of year	1,417,044	1,406,861
	2,357,825	2,359,162

	2020	2019
Revenue	114,102	36,568
Expenses	103,919	179,775
Net income (loss)	10,183	(143,207)

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, 2020

8. 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:

	2020	2019
Current assets	1,545,222	1,221,519
Capital assets	57	77
Due from related party	302,997	273,997
	1,848,276	1,495,593
Current liabilities	149,373	144,933
Common shares	100	100
Equity, beginning of year	1,350,560	1,334,215
Net income (loss)	348,243	16,345
Equity, end of year	1,698,803	1,350,560
	1,848,276	1,495,593

	2020	2019
Revenue	696,506	158,547
Expenses	348,263	142,202
Net income	348,243	16,345

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, 2020

8. 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:

	Dec 31, 2019	<i>Mar 31, 2019</i>
Current assets	17,197,040	18,064,390
Property and equipment	52,053	11,105
Due from related parties	74,595	74,595
	17,323,688	18,150,090
Current liabilities	1,142,101	1,412,937
Share capital	7	7
Equity, beginning of year	16,737,146	15,495,037
Net income	970,903	1,242,110
Withdrawals	(1,526,469)	-
Equity, end of year	16,181,580	16,737,147
	17,323,688	18,150,091

	2020	<i>2019</i>
Revenue	2,472,419	2,432,170
Expenses	1,501,516	1,190,060
Net income	970,903	1,242,110

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, 2020

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

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

	2020	2019
Current assets	418,791	365,293
Property and equipment	19,072	25,098
	437,863	390,391
Liabilities	459,392	402,624
Share capital	1,169,808	1,169,808
Deficit, beginning of year	(1,182,041)	(1,185,959)
Net income (loss)	(9,296)	3,918
	(1,191,337)	(1,182,041)
Equity, end of year	(21,529)	(12,233)
	437,863	390,391

	2020	2019
Revenue	367,781	645,870
Expenses	377,077	641,952
Net loss	(9,296)	3,918

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, 2020

9. Long-term debt

	2020	2019
First Nations Finance Authority, bearing interest at 2.6%, with monthly payments of \$8,156 plus interest	4,869,650	4,987,579

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:

2021	97,870
2022	97,870
2023	97,870
2024	97,870
2025	97,870
	<u>489,350</u>

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

10. Deferred revenue

Deferred revenue consists of prepaid land leases and prepaid rent.

11. Guarantee

TzFN has guaranteed RBC mortgages for members totalling \$490,691 (2019 - \$531,269). At March 31, 2020, no liability has been recorded associated with this guarantee.

12. Comparative figures

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

During the year, Tzeachten First Nation restructured its accounts and segments. This resulted in a change in the presentation of the expenses on the consolidated statement of operations and the presentation of the revenue and expenses on Schedule 2 - Segmented Information. Overall, there was no change to the prior year consolidated revenue, expenses, or closing surplus.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

13. 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. Schedule 2 discloses TzFN's revenues and expenses in the following segments:

Governance

Includes general operations, support, and financial management of TzFN and own source revenue.

Facilities and Programs

Includes revenues and expenditures related to maintenance of community infrastructure as well as revenue and expenses related to education and awareness through prevention programs and after school programs for the members of TzFN.

Lands Management and Taxation

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

Public Works and Housing

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

Capital

Includes capital replacement reserve, amortization, and maintenance related to the ongoing capital projects by TzFN.

14. Accumulated surplus

Accumulated surplus consists of the following:

	2020	2019
Equity in capital replacement reserve	2,238,596	1,791,926
Equity in tangible capital assets	13,441,352	10,042,601
Equity in replacement reserve	-	15,633
Unrestricted surplus	17,516,105	18,260,487
	33,196,053	30,110,647

15. Subsequent event

Subsequent to the year-end, there was a global outbreak of the COVID-19 virus, which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<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>
Cost							
Balance, beginning of year	3,149,294	5,259,744	2,859,372	815,995	4,503,153	188,444	16,776,002
Acquisition of tangible capital assets	-	1,528,044	82,428	52,801	-	45,281	1,708,554
Construction-in-progress	-	1,856,614	256,321	-	-	-	2,112,935
Disposal of tangible capital assets	-	-	(98,243)	(5,639)	-	-	(103,882)
Balance, end of year	3,149,294	8,644,402	3,099,878	863,157	4,503,153	233,725	20,493,609
Accumulated amortization							
Balance, beginning of year	-	1,921,273	823,954	615,365	1,352,041	116,634	4,829,267
Annual amortization	-	200,413	70,655	66,703	117,615	36,211	491,597
Accumulated amortization on disposals	-	-	-	(5,636)	-	-	(5,636)
Balance, end of year	-	2,121,686	894,609	676,432	1,469,656	152,845	5,315,228
Net book value of tangible capital assets	3,149,294	6,522,716	2,205,269	186,725	3,033,497	80,880	15,178,381
Net book value of tangible capital assets	2019						
Net book value of tangible capital assets	3,149,294	3,338,471	2,035,418	200,630	3,151,112	71,810	11,946,735

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<i>Subtotal</i>	<i>Small and heavy equipment</i>	<i>Land Improvements</i>	<i>2020</i>	<i>2019</i>
Cost					
Balance, beginning of year	16,776,002	67,958	3,163,241	20,007,201	19,932,919
Acquisition of tangible capital assets	1,708,554	-	158,707	1,867,261	560,631
Construction-in-progress	2,112,935	-	-	2,112,935	143,137
Disposal of tangible capital assets	(103,882)	-	-	(103,882)	(629,486)
Balance, end of year	20,493,609	67,958	3,321,948	23,883,515	20,007,201
Accumulated amortization					
Balance, beginning of year	4,829,267	11,696	107,589	4,948,552	4,723,581
Annual amortization	491,597	6,796	83,049	581,442	549,403
Accumulated amortization on disposals	(5,636)	-	-	(5,636)	(324,432)
Balance, end of year	5,315,228	18,492	190,638	5,524,358	4,948,552
Net book value of tangible capital assets	15,178,381	49,466	3,131,310	18,359,157	15,058,649
	2019				
Net book value of tangible capital assets	11,946,735	56,262	3,055,652	15,058,649	

Tzeachten First Nation

Schedule 2 - Segmented Information

For the year ended March 31, 2020

	Governance	Facilities and Programs	Lands Management and Taxation	Public Works and Housing	Capital	2020
Revenue						
ISC	\$ 574,871	\$ 3,918	\$ 519,321	\$ 243,639	\$ -	\$ 1,341,749
Other government	421,867	2,000	40,000	-	-	463,867
Economic activities and other	3,201,085	289,884	4,641,959	242,374	40,626	8,415,928
	4,197,823	295,802	5,201,280	486,014	40,626	10,221,544
Expenses						
Amortization	-	-	-	-	581,931	581,931
Operating expenses	883,752	210,603	404,932	355,277	-	1,854,564
Salaries, wages and benefits	697,252	542,504	227,904	179,449	-	1,647,110
Program and services delivery expenses	1,232,452	120,190	1,670,974	22,583	6,335	3,052,533
	2,813,457	873,297	2,303,810	557,308	588,266	7,136,138
Annual surplus (deficit)	\$ 1,384,366	\$ (577,495)	\$ 2,897,470	\$ (71,294)	\$ (547,640)	\$ 3,085,406

	Governance	Facilities and Programs	Lands Management and Taxation	Public Works and Housing	Capital	2019
Revenue						
ISC	357,760	\$ 3,796	\$ 524,297	\$ 197,572	\$ -	\$ 1,083,425
Other government	40,511	8,000	46,484	-	-	94,995
Economic activities and other	2,598,256	298,531	3,531,854	325,133	23,258	6,777,032
	2,996,527	310,327	4,102,635	522,705	23,258	7,955,451
Expenses						
Amortization	-	-	-	-	549,403	549,403
Operating expenses	1,026,557	197,367	331,357	424,930	-	1,980,211
Salaries, wages and benefits	675,158	458,041	210,819	183,665	-	1,527,683
Program and services delivery expenses	899,736	76,670	1,522,964	54,929	307,227	2,861,526
	2,601,451	732,077	2,065,141	663,524	856,630	6,918,823
Annual surplus (deficit)	\$ 395,076	\$ (421,751)	\$ 2,037,494	\$ (140,819)	\$ (833,372)	\$ 1,036,628