

**Tzeachten First Nation
Consolidated Financial Statements**

March 31, 2021

Tzeachten First Nation
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For the year ended March 31, 2021

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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 27, 2021

Signed by: James Atebe

General Manager

Signed by: Lori Faly

Director of Finance

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, 2021, and the consolidated statements of operations and 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, 2021, and the results of its consolidated operations, changes in its net financial assets 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 and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to 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.

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- 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 27, 2021

MNP LLP

Chartered Professional Accountants

MNP

Tzeachten First Nation
Consolidated Statement of Financial Position
As at March 31, 2021

| | 2021 | 2020 |
|--|-------------------|-------------|
| Financial assets | | |
| Cash and cash equivalents | 21,261,889 | 18,307,429 |
| Restricted cash <i>(Note 3)</i> | 1,070,944 | 873,404 |
| Portfolio investments <i>(Note 4)</i> | 110 | 110 |
| Accounts receivable <i>(Note 5)</i> | 2,012,989 | 459,658 |
| Investment in Nation business entities <i>(Note 6), (Note 7), (Note 8)</i> | 14,114,593 | 12,274,396 |
| Total of assets | 38,460,525 | 31,914,997 |
| Liabilities | | |
| Accounts payable and accruals | 1,277,099 | 1,811,825 |
| Deferred revenue <i>(Note 10)</i> | 9,820,468 | 9,444,860 |
| Advances from Nation business entity | 88,234 | 88,234 |
| Minors Trust Fund | 947,965 | 873,404 |
| Long-term debt <i>(Note 9)</i> | 4,747,003 | 4,869,650 |
| Total of financial liabilities | 16,880,769 | 17,087,973 |
| Net financial assets | 21,579,756 | 14,827,024 |
| Guarantee <i>(Note 11)</i> | | |
| Subsequent event <i>(Note 13)</i> | | |
| Non-financial assets | | |
| Tangible capital assets <i>(Schedule 1)</i> | 20,225,799 | 18,359,157 |
| Prepaid expenses | 9,875 | 9,875 |
| | 20,235,674 | 18,369,032 |
| Accumulated surplus <i>(Note 14)</i> | 41,815,430 | 33,196,056 |

Approved on behalf of the Council

Signed by: Chief Derek Epp

Chief

Signed by: Anthony Malloway

Councillor

Tzeachten First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

| | 2021 Budget | 2021 | 2020 |
|---|------------------------|-------------------|------------|
| Revenue | | | |
| Indigenous Services Canada | 2,728,693 | 5,695,300 | 1,341,749 |
| Tzeachten Investment Income | 1,044,500 | 2,853,753 | 1,132,466 |
| Canada Mortgage and Housing Corporation | - | 84,480 | 54,880 |
| Property taxation | 4,400,622 | 4,259,274 | 3,592,189 |
| Home owners grants | (940,640) | (1,059,934) | (959,205) |
| Development Cost Charge Equivalents | 454,740 | 1,555,572 | 329,439 |
| Property transfer tax | 1,150,900 | 893,851 | 1,596,978 |
| Tzeachten Sales Tax | 904,980 | 853,459 | 865,041 |
| Community Contributions | 10,000 | 491,663 | 475,963 |
| Interest income | 101,890 | 474,738 | 470,177 |
| Application and registry fees | 74,000 | 468,481 | 129,024 |
| Other income | 110,000 | 365,195 | 233,577 |
| Rental income | 368,900 | 316,204 | 281,694 |
| Sto:lo Nation | 101,563 | 150,039 | 125,635 |
| Lands settlement | 135,752 | 125,752 | 274,593 |
| First Nations Education Steering Committee | - | 113,586 | 6,250 |
| FN Land Management Resource Centre Inc | - | 52,400 | 55,932 |
| Environment Canada | 45,000 | 49,500 | 40,000 |
| BC Hydro | 40,500 | 40,511 | 40,511 |
| Donations | 6,500 | 6,100 | 16,747 |
| Gain on sale of tangible capital asset | - | - | 117,904 |
| | 10,737,900 | 17,789,924 | 10,221,544 |
| Expenses | | | |
| Governance | 2,696,000 | 2,807,281 | 2,813,457 |
| Facilities and Programs | 1,076,253 | 773,328 | 873,297 |
| Lands Management & Taxation | 4,195,595 | 3,751,986 | 2,303,810 |
| Public Works and Housing | 1,062,777 | 1,140,803 | 557,308 |
| Capital | 4,707,000 | 697,152 | 588,266 |
| | 13,737,625 | 9,170,550 | 7,136,138 |
| Surplus (deficit) | (2,999,725) | 8,619,374 | 3,085,406 |
| Accumulated surplus, beginning of year | 33,196,056 | 33,196,056 | 30,110,650 |
| Accumulated surplus, end of year | 30,196,331 | 41,815,430 | 33,196,056 |

Tzeachten First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2021

| | 2021 Budget | 2021 | 2020 |
|--|------------------------|-------------------|-------------|
| Annual surplus (deficit) | (2,999,725) | 8,619,374 | 3,085,406 |
| Purchase of tangible capital assets | - | (2,786,493) | (3,980,193) |
| Amortization of tangible capital assets | 504,000 | 672,624 | 581,442 |
| Proceeds of disposal of tangible capital assets | - | - | 103,882 |
| Non-cash disposals | - | 247,227 | (5,636) |
| Acquisition of prepaid expenses | - | - | (6,500) |
| Increase (decrease) in net financial assets | (2,495,725) | 6,752,732 | (221,599) |
| Net financial assets, beginning of year | 14,827,024 | 14,827,024 | 15,048,623 |
| Net financial assets, end of year | 12,331,299 | 21,579,756 | 14,827,024 |

Tzeachten First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

| | 2021 | 2020 |
|---|--------------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Surplus (deficit) | 8,619,374 | 3,085,406 |
| Non-cash items | | |
| Amortization | 672,624 | 581,442 |
| Equity income from investments - other | (186,186) | (175,723) |
| Equity income from Shxw Kwimel Cha Limited Partnership | (2,190,703) | (692,409) |
| Disposal of asset | 247,227 | (5,639) |
| | 7,162,336 | 2,793,077 |
| Changes in working capital accounts | | |
| Accounts receivable | (1,553,330) | (158,887) |
| Prepaid expenses | - | (6,500) |
| Accounts payable and accruals | (534,727) | 1,087,397 |
| Minors Trust Fund | 74,561 | 157,721 |
| Deferred revenue | 375,608 | 2,904,616 |
| | 5,524,448 | 6,777,424 |
| Financing activities | | |
| Repayment of long-term debt | (122,647) | (117,929) |
| Repayment of Advances from Nation business entity | - | (393) |
| | (122,647) | (118,322) |
| Capital activities | | |
| Purchase of tangible capital assets | (2,786,493) | (3,980,193) |
| Proceeds of disposal of tangible capital assets | - | 103,882 |
| | (2,786,493) | (3,876,311) |
| Investing activities | | |
| Purchase of Investment in BC FN Gaming Revenue Partnership | - | (110) |
| Advances to Nation business entity | (914,323) | (750,000) |
| Distributions from Nation business entity | 1,451,015 | 540,000 |
| | 536,692 | (210,110) |
| Increase in cash resources | 3,152,000 | 2,572,681 |
| Cash resources, beginning of year | 19,180,833 | 16,608,152 |
| Cash resources, end of year | 22,332,833 | 19,180,833 |
| Cash resources are composed of: | | |
| Cash resources total | 21,261,889 | 18,307,429 |
| Restricted cash (Note 3) | 1,070,944 | 873,404 |
| | 22,332,833 | 19,180,833 |

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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.

Impact of COVID-19 on operations

In early March 2020, the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on communities through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Nation's operations were not materially impacted by COVID-19.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation's operations 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. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the First Nation's operations.

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.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

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:

| | Method | Term |
|-------------------------------------|---------------|-------------|
| 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.

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.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

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 operations through a number of 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.

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, 2021.

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, 2021.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

3. Restricted cash

Restricted cash consists of Minors Tust Fund in the amount of \$1,070,944 (2020 - \$873,404).

4. Portfolio investments

| | 2021 | 2020 |
|--|-------------|------|
| Measured at cost: | | |
| BC First Nations Gaming Revenue Sharing LP | 100 | 100 |
| BC First Nations Gaming Sharing General Partner Ltd. | 10 | 10 |
| | 110 | 110 |

5. Accounts receivable

Accounts receivable is comprised of the following:

| | 2021 | 2020 |
|---------------------------------------|------------------|---------|
| Accounts receivable | 2,012,905 | 456,929 |
| Due from TzFN members: | | |
| TzFN housing rent receivable | 3,521 | 11,221 |
| Less: allowance for doubtful accounts | (3,437) | (8,492) |
| | 84 | 2,729 |
| | 2,012,989 | 459,658 |

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Investment in Vedder Crossing Plaza Inc.

Investment in Vedder Crossing Plaza Inc. consists of:

| | 2021 | 2020 |
|--------|-------------|------------|
| Shares | - | 10 |
| Equity | - | 10,158,156 |
| | <hr/> | <hr/> |

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

| | 2021 | 2020 |
|---|---------------------|------------|
| Investment in Vedder Crossing Plaza Limited Partnership | - | 10,158,166 |
| Share capital | - | 10 |
| Equity, beginning of year | 10,158,156 | 10,158,156 |
| Dividends to TzFN upon dissolution | (10,158,156) | - |
| Equity, end of year | - | 10,158,156 |
| | <hr/> | <hr/> |

Vedder Crossing Plaza Inc. was wound up in a voluntary dissolution under the British Columbia Business Corporations Act on March 30, 2021.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

7. Investment in Shxw Kwimel Cha Limited Partnership

Investment in Shxw Kwimel Cha Limited Partnership consists of:

| | 2021 | 2020 |
|---|-------------------|-----------|
| Investment in Shxw Kwimel Cha Limited Partnership | 10,886,897 | (925,280) |

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

| | 2021 | 2020 |
|--|--------------------|-------------|
| Current assets | 3,444,552 | 2,524,570 |
| Revenue producing property | 10,705,745 | 11,143,517 |
| Investments | 2,842,529 | 1,870,279 |
| | 16,992,826 | 15,538,366 |
| | | |
| Current liabilities | 455,037 | 454,517 |
| Long term debt | 5,358,740 | 5,561,528 |
| Vedder Crossing Plaza Inc. | - | 10,158,168 |
| | 5,813,777 | 16,174,213 |
| | | |
| Partnership capital, beginning of year | (635,847) | (1,530,399) |
| Net income | 2,200,245 | 684,552 |
| Contributions by TzFN | 11,065,666 | 750,000 |
| Distributions to TzFN | (1,451,015) | (540,000) |
| Partnership capital, end of year | 11,179,049 | (635,847) |
| | 16,992,826 | 15,538,366 |

| | 2021 | 2020 |
|------------|------------------|-----------|
| Revenue | 3,009,005 | 1,739,242 |
| Expenses | 808,760 | 1,054,690 |
| Net income | 2,200,245 | 684,552 |

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, 2021

8. Investments - other

Tzeachten First Nation has investments in the following entities:

| | % | 2021 | 2020 |
|---|------|------------------|-----------|
| Centre Creek Limited Partnership | 1/9 | 166,663 | 164,969 |
| Centre Creek Management Limited - share capital | 1/9 | 10 | 10 |
| Ch-ihl-kway-uhk Forestry Limited Partnership | 1/8 | 116,150 | 126,792 |
| 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 | 72,419 | 69,900 |
| Ts'elxweyeqw Tribe Limited Partnership | 1/7 | 2,593,867 | 2,418,672 |
| Ts'elxweyeqw Tribe Management Limited - share capital | 1/7 | 7 | 7 |
| Seven Generations Environmental Services Ltd. | 1/6 | 75,104 | 56,837 |
| IndigeNATION Strategic Advisors Corporation (formerly Four Corners Tribal Business Corporation) - share capital | 1/4 | 100 | 100 |
| Skynest Limited Partnership | 1/10 | 197,604 | 200,000 |
| | | 3,227,693 | 3,043,056 |

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

| | December 31, 2020 | March 31, 2020 |
|---------------------------|------------------------------|---------------------------|
| Current assets | 34,315 | 21,271 |
| Property and equipment | 2,320,473 | 2,336,554 |
| | 2,354,788 | 2,357,825 |
| | | |
| Current liabilities | 196,761 | 235,977 |
| Long-term debt | 725,507 | 704,804 |
| | 922,268 | 940,781 |
| | | |
| Equity, beginning of year | 1,417,044 | 1,406,861 |
| Net income (loss) | 15,476 | 10,183 |
| Equity, end of year | 1,432,520 | 1,417,044 |
| | 2,354,788 | 2,357,825 |

| | 2021 | 2020 |
|-------------------|---------------|---------|
| Revenue | 85,575 | 114,102 |
| Expenses | 70,099 | 103,919 |
| Net income (loss) | 15,476 | 10,183 |

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, 2021

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:

| | <i>December 31, 2020</i> | <i>March 31, 2020</i> |
|-------------------------------|------------------------------|---------------------------|
| Current assets | 1,515,869 | 1,545,222 |
| Capital assets | 44 | 57 |
| Due from related party | 323,700 | 302,997 |
| | 1,839,613 | 1,848,276 |
| Current liabilities | 204,147 | 149,373 |
| Common shares | 100 | 100 |
| Equity, beginning of year | 1,698,803 | 1,350,560 |
| Net income (loss) | (63,437) | 348,243 |
| Equity, end of year | 1,635,366 | 1,698,803 |
| | 1,839,613 | 1,848,276 |

| | <i>December 31, 2020</i> | <i>March 31, 2020</i> |
|----------------|------------------------------|---------------------------|
| Revenue | 60,766 | 696,506 |
| Expenses | 124,203 | 348,263 |
| Net income | (63,437) | 348,243 |

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, 2021

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:

| | 2021 | 2020 |
|---------------------------|-------------------|-------------|
| Current assets | 18,289,700 | 17,197,040 |
| Property and equipment | 40,767 | 52,053 |
| Due from related parties | 74,595 | 74,595 |
| | 18,405,062 | 17,323,688 |
| | | |
| Current liabilities | 1,105,052 | 1,142,101 |
| | | |
| Share capital | 7 | 7 |
| | | |
| Equity, beginning of year | 16,181,580 | 16,737,146 |
| Net income | 1,118,423 | 970,903 |
| Withdrawals | - | (1,526,469) |
| Equity, end of year | 17,300,003 | 16,181,580 |
| | 18,405,062 | 17,323,688 |

| | 2021 | 2020 |
|------------|------------------|-------------|
| Revenue | 2,566,750 | 2,472,419 |
| Expenses | 1,448,327 | 1,501,516 |
| Net income | 1,118,423 | 970,903 |

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, 2021

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

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

| | 2021 | 2020 |
|----------------------------|--------------------|-------------|
| Current assets | 541,371 | 418,791 |
| Property and equipment | 15,099 | 19,072 |
| | 556,470 | 437,863 |
| Liabilities | 459,105 | 459,392 |
| Share capital | 1,169,808 | 1,169,808 |
| Deficit, beginning of year | (1,191,337) | (1,182,041) |
| Net income (loss) | 118,894 | (9,296) |
| | (1,072,443) | (1,191,337) |
| Equity, end of year | 97,365 | (21,529) |
| | 556,470 | 437,863 |

| | 2021 | 2020 |
|-----------------|----------------|-------------|
| Revenue | 420,584 | 367,781 |
| Expenses | 301,690 | 377,077 |
| Net loss | 118,894 | (9,296) |

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

9. Long-term debt

| | 2021 | 2020 |
|---|------------------|-------------|
| First Nations Finance Authority, bearing interest at 2.6%, with monthly payments of \$8,156 plus interest | 4,747,003 | 4,869,650 |

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:

| | |
|-------------|----------------|
| 2022 | 97,870 |
| 2023 | 97,870 |
| 2024 | 97,870 |
| 2025 | 97,870 |
| 2026 | 97,870 |
| | 489,350 |

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

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

10. Deferred revenue

Deferred revenue consists of prepaid land leases, prepaid property taxes, prepaid funding received from Fraser Valley Aboriginal Children & Family Services Society and prepaid rent.

11. Guarantee

TzFN has guaranteed RBC mortgages for members totalling \$444,501 (2020 - \$490,691). At March 31, 2021, no liability has been recorded associated with this guarantee.

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. 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.

13. Subsequent event

Subsequent to the year end, on July 3, 2021, there was a water line break in TzFN's land administration building, causing water damage throughout the building. As the assessment of the damage is still on-going, the amount of insurance proceeds expected as a result of this event is still unknown.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

14. Accumulated surplus

Accumulated surplus consists of the following:

| | 2021 | 2020 |
|---------------------------------------|-------------------|-------------|
| Equity in capital replacement reserve | 2,756,014 | 2,238,596 |
| Equity in tangible capital assets | 15,803,254 | 13,441,352 |
| Equity in replacement reserve | 501,015 | - |
| Unrestricted surplus | 22,755,147 | 17,516,108 |
| | 41,815,430 | 33,196,056 |

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2021

| | <i>Land</i> | <i>Buildings</i> | <i>Housing units</i> | <i>Roads, water and sewer</i> | <i>Vehicles</i> | <i>Small and heavy equipment</i> | <i>Subtotal</i> |
|--|------------------|-------------------|----------------------|-------------------------------|-----------------|----------------------------------|-------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 3,149,294 | 8,644,402 | 3,099,878 | 4,503,153 | 233,725 | 67,958 | 19,698,410 |
| Acquisition of tangible capital assets | 100,000 | 1,667,273 | - | 602,309 | 62,414 | 12,950 | 2,444,946 |
| Construction-in-progress | - | - | 276,943 | - | - | - | 276,943 |
| Disposal of tangible capital assets | - | - | (606,037) | - | - | - | (606,037) |
| Balance, end of year | 3,249,294 | 10,311,675 | 2,770,784 | 5,105,462 | 296,139 | 80,908 | 21,814,262 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | - | 2,121,686 | 894,609 | 1,469,656 | 152,845 | 18,492 | 4,657,288 |
| Annual amortization | - | 294,690 | 46,914 | 118,840 | 48,694 | 8,091 | 517,229 |
| Accumulated amortization on disposals | - | - | (358,810) | - | - | - | (358,810) |
| Balance, end of year | - | 2,416,376 | 582,713 | 1,588,496 | 201,539 | 26,583 | 4,815,707 |
| Net book value of tangible capital assets | 3,249,294 | 7,895,299 | 2,188,071 | 3,516,966 | 94,600 | 54,325 | 16,998,555 |
| Net book value of tangible capital assets | 3,149,294 | 6,522,716 | 2,205,269 | 3,033,497 | 80,880 | 49,466 | 15,041,122 |
| 2020 | | | | | | | |

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2021

| | <i>Subtotal</i> | <i>Land Improvements</i> | <i>Furniture and Equipment</i> | 2021 | 2020 |
|--|-------------------|------------------------------|------------------------------------|-------------------|-------------------|
| Cost | | | | | |
| Balance, beginning of year | 19,698,410 | 3,321,948 | 863,157 | 23,883,515 | 20,007,201 |
| Acquisition of tangible capital assets | 2,444,946 | - | 64,604 | 2,509,550 | 1,867,261 |
| Construction-in-progress | 276,943 | - | - | 276,943 | 2,112,935 |
| Disposal of tangible capital assets | (606,037) | - | (32,912) | (638,949) | (103,882) |
| Balance, end of year | 21,814,262 | 3,321,948 | 894,849 | 26,031,059 | 23,883,515 |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 4,657,288 | 190,638 | 676,432 | 5,524,358 | 4,948,552 |
| Annual amortization | 517,229 | 83,049 | 72,346 | 672,624 | 581,442 |
| Accumulated amortization on disposals | (358,810) | - | (32,912) | (391,722) | (5,636) |
| Balance, end of year | 4,815,707 | 273,687 | 715,866 | 5,805,260 | 5,524,358 |
| Net book value of tangible capital assets | 16,998,555 | 3,048,261 | 178,983 | 20,225,799 | 18,359,157 |
| Net book value of tangible capital assets | 15,041,122 | 3,131,310 | 186,725 | 18,359,157 | 2020 |

Tzeachten First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2021

| | Governance | Facilities and Programs | Lands Management and Taxation | Public Works and Housing | Capital | 2021 |
|---|---------------------|-------------------------|-------------------------------|--------------------------|---------------------|---------------------|
| Revenue | | | | | | |
| ISC | \$ 491,619 | \$ 4,176 | \$ 2,141,507 | \$ 3,057,998 | | \$ 5,695,300 |
| Other government | 436,534 | - | 49,500 | - | | 486,034 |
| Economic activities and other | 6,007,288 | 486,979 | 4,785,078 | 297,611 | 31,635 | 11,608,590 |
| | 6,935,440 | 491,155 | 6,976,085 | 3,355,609 | 31,635 | 17,789,924 |
| Expenses | | | | | | |
| Amortization | - | - | - | - | 672,624 | 672,624 |
| Operating expenses | 926,799 | 254,467 | 1,429,291 | 891,048 | 22,789 | 3,524,395 |
| Salaries, wages and benefits | 782,772 | 477,977 | 243,445 | 249,755 | - | 1,753,949 |
| Program and services delivery expenses | 1,097,710 | 40,884 | 2,079,251 | - | 1,739 | 3,219,585 |
| | 2,807,281 | 773,328 | 3,751,986 | 1,140,803 | 697,153 | 9,170,550 |
| Surplus (deficit) before transfers | 4,128,159 | (282,173) | 3,224,099 | 2,214,806 | (665,518) | 8,619,374 |
| Transfers between programs | (1,536,473) | 380,911 | (3,080,679) | (531,654) | 4,767,894 | - |
| Annual surplus (deficit) | \$ 2,591,686 | \$ 98,738 | \$ 143,420 | \$ 1,683,152 | \$ 4,102,376 | \$ 8,619,374 |

| | 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 |
| Surplus (deficit) before transfers | 1,384,365 | (577,495) | 2,897,470 | (71,294) | (547,640) | 3,085,406 |
| Transfers between programs | (1,546,829) | 520,121 | (3,196,122) | 86,090 | 4,136,740 | - |
| Annual surplus (deficit) | \$ (162,464) | \$ (57,374) | \$ (298,652) | \$ 14,796 | \$ 3,589,100 | \$ 3,085,406 |