

**Tzeachten First Nation**  
**Consolidated Financial Statements**  
*March 31, 2023*

# Tzeachten First Nation

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For the year ended March 31, 2023

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## Management's Responsibility

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To the Members of Tzeachten First Nation

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

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

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

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

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

July 28, 2023

Original Signed by James Atebe

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General Manager

Original Signed by Lori Falys

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Director of Finance

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To the Members of Tzeachten First Nation:

### Opinion

We have audited the consolidated financial statements of Tzeachten First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, 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, 2023, and the results of its consolidated operations, its consolidated remeasurement gains and losses, 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 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 financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional

judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chilliwack, British Columbia

July 28, 2023

*MNP LLP*

Chartered Professional Accountants

# Tzeachten First Nation

## Consolidated Statement of Financial Position

As at March 31, 2023

	2023	2022
<b>Financial assets</b>		
Cash and cash equivalents	19,946,930	18,108,466
Restricted cash (Note 4)	1,054,854	1,039,992
Portfolio investments (Note 5)	6,769,283	6,840,737
Accounts receivable (Note 6)	953,431	910,301
Investment in Nation business entities (Note 7)	14,529,223	14,228,015
<b>Total of assets</b>	<b>43,253,721</b>	<b>41,127,511</b>
<b>Liabilities</b>		
Accounts payable and accruals	2,140,869	3,094,225
Deferred revenue (Note 8)	9,754,521	9,843,954
Minors Trust Fund	1,064,561	982,685
Long-term debt (Note 9)	8,699,657	7,635,891
<b>Total of financial liabilities</b>	<b>21,659,608</b>	<b>21,556,755</b>
<b>Net financial assets</b>	<b>21,594,113</b>	<b>19,570,756</b>
<b>Guarantee (Note 10)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 1)	32,444,591	28,821,868
Prepaid expenses	106,836	91,181
	<b>32,551,427</b>	<b>28,913,049</b>
<b>Accumulated surplus</b>	<b>54,145,540</b>	<b>48,483,805</b>
<b>Accumulated surplus is comprised of:</b>		
Accumulated surplus	54,533,152	48,483,805
Accumulated remeasurement losses	(387,612)	-
	<b>54,145,540</b>	<b>48,483,805</b>

Approved on behalf of the Council

Original Signed by Derek Epp

Chief

Original Signed by Sandra Pederson

Councillor

**Tzeachten First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2023*

	<i>2023 Budget</i>	<i>2023</i>	<i>2022</i>
<b>Revenue</b>			
Indigenous Services Canada	1,455,516	2,881,555	2,590,723
Tzeachten Investment Income	1,287,252	1,718,085	1,050,089
Canada Mortgage and Housing Corporation	-	5,746	192,250
Property taxation	5,382,695	5,374,094	4,646,743
Home owners grants	(1,064,993)	(1,113,434)	(1,080,198)
Property transfer tax	1,668,382	2,745,465	1,908,360
Development Cost Charge Equivalents	1,128,815	1,620,632	2,672,018
Portfolio investment and interest income	79,300	897,005	25,740
Community Contributions	10,000	467,703	50,000
Province of B.C.	2,850,000	458,693	2,519,874
Rental income	234,800	447,231	338,485
Application and registry fees	607,350	437,998	827,125
Tzeachten Sales Tax	351,816	397,410	555,179
Other income	93,500	309,917	526,129
Lands settlement	185,752	209,752	225,752
Environment Canada	-	100,000	30,000
Sto:lo Nation	84,736	90,996	164,741
FN Land Management Resource Centre Inc	210,886	90,000	40,300
First Nations Education Steering Committee	-	80,509	69,689
BC Hydro	40,500	40,511	40,511
Donations	5,000	22,650	6,350
Gain (loss) on sale of tangible capital asset	-	(157,134)	643,877
	<b>14,611,307</b>	<b>17,125,384</b>	<b>18,043,737</b>
<b>Expenses</b>			
Governance	13,446,330	3,521,986	4,770,104
Facilities and Programs	1,366,617	1,457,316	1,029,859
Lands Management & Taxation	3,952,675	3,981,459	3,555,202
Public Works and Housing	1,194,977	1,054,938	1,286,238
Capital	10,800,513	1,060,338	733,959
	<b>30,761,112</b>	<b>11,076,037</b>	<b>11,375,362</b>
<b>Surplus</b>	<b>1,481,300</b>	<b>6,049,347</b>	<b>6,668,375</b>
<b>Accumulated surplus, beginning of year</b>	<b>48,483,805</b>	<b>48,483,805</b>	<b>41,815,430</b>
<b>Accumulated surplus, end of year</b>	<b>49,965,105</b>	<b>54,533,152</b>	<b>48,483,805</b>

The accompanying notes are an integral part of these financial statements

**Tzeachten First Nation**  
**Consolidated Statement of Remeasurement Gains and Losses**  
*For the year ended March 31, 2023*

	<b>2023</b>	<b>2022</b>
<b>Accumulated remeasurement gains, beginning of year</b>	-	-
<b>Unrealized losses attributable to:</b>		
Portfolio investments	<b>(357,224)</b>	-
<b>Amounts reclassified to the statement of operations:</b>		
Portfolio investments	<b>(30,388)</b>	-
<b>Accumulated remeasurement losses, end of year</b>	<b>(387,612)</b>	-



**Tzeachten First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2023*

	<i>2023 Budget</i>	<i>2023</i>	<i>2022</i>
<b>Annual surplus</b>	<b>1,481,300</b>	<b>6,049,347</b>	6,668,375
Purchase of tangible capital assets	-	<b>(4,879,380)</b>	(8,685,609)
Amortization of tangible capital assets	<b>639,000</b>	<b>999,523</b>	653,822
Non-cash loss (gain) on capital asset	-	<b>157,134</b>	(564,282)
Proceeds of disposal of tangible capital assets	-	<b>100,000</b>	-
Acquisition of prepaid expenses	-	<b>(106,836)</b>	(81,306)
Use of prepaid expenses	-	<b>91,181</b>	-
Change in remeasurement losses for the year	-	<b>(387,612)</b>	-
<b>Increase (decrease) in net financial assets</b>	<b>2,120,300</b>	<b>2,023,357</b>	(2,009,000)
<b>Net financial assets, beginning of year</b>	<b>19,570,756</b>	<b>19,570,756</b>	21,579,756
<b>Net financial assets, end of year</b>	<b>21,691,056</b>	<b>21,594,113</b>	19,570,756

**Tzeachten First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2023*

	2023	2022
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus	6,049,347	6,668,375
Non-cash items		
Amortization	999,523	653,822
Equity income from investments	(1,291,208)	(740,910)
Loss (gain) on disposal of asset and issuance of CPs	157,134	(564,282)
Change in remeasurement losses for the year	(387,612)	-
	5,527,184	6,017,005
Changes in working capital accounts		
Accounts receivable	(43,130)	1,102,688
Prepaid expenses	(15,655)	(81,306)
Accounts payable and accruals	(953,358)	1,817,126
Deferred revenue	(89,432)	23,486
Minors Trust Fund	81,876	34,720
	4,507,485	8,913,719
<b>Financing activities</b>		
Advances of long-term debt	1,196,420	3,016,440
Repayment of long-term debt	(132,654)	(127,552)
	1,063,766	2,888,888
<b>Capital activities</b>		
Purchase of tangible capital assets	(4,879,380)	(8,685,609)
Proceeds of disposal of tangible capital assets	100,000	-
	(4,779,380)	(8,685,609)
<b>Investing activities</b>		
Increase in portfolio investments	-	(6,840,625)
Decrease in portfolio investments	71,455	-
Advances to Nation business entity	-	(293,599)
Distributions from Nation business entity	990,000	832,851
	1,061,455	(6,301,373)
<b>Increase (decrease) in cash resources</b>	1,853,326	(3,184,375)
<b>Cash resources, beginning of year</b>	19,148,458	22,332,833
<b>Cash resources, end of year</b>	21,001,784	19,148,458
<b>Cash resources are composed of:</b>		
Cash resources total	19,946,930	18,108,466
Restricted cash (Note 4)	1,054,854	1,039,992
	21,001,784	19,148,458

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, 2023*

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**1. Operations**

Tzeachten First Nation ("the First Nation") is located in the province of British Columbia, and provides various services to its members. Tzeachten First Nation includes the First Nation's 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 government business entities. Trusts administered on behalf of third parties by Tzeachten 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:

- Property Taxation

All inter-entity balances have been eliminated on consolidation.

***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.

***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***

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation 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.

***Portfolio investments***

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Portfolio investments with prices quoted in an active market include cash bonds and equities.

***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.

**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:

	<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

**Long-lived assets**

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 the First Nation determines that a long-lived asset no longer has any long-term service potential to the First Nation, 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.

**Revenue recognition**

**Funding**

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

**Government Transfers**

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

**Externally restricted revenue**

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

**Tax revenue**

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

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

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

***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***

The First Nation uses the modified equity method to account for its investments in various business partnerships and corporations whereby the acquisition cost is increased by the First Nation's proportionate share of earnings. Investment income earned from portfolio investments is recognized in the period the income is earned.

***Rental revenue***

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.

***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.

A liability for asset retirement obligations reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

***Segments***

The First Nation 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 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.

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

***Asset retirement obligation***

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

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.

***Statement of Remeasurement Gains and Losses***

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a First Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

***Financial instruments***

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

**3. Change in accounting policies**

***Financial instruments***

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new recommendation for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities, and derivatives under Section PS 3450 *Financial Instruments*. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

***Asset retirement obligations***

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

**4. Restricted cash**

Restricted cash consists of Minors Trust Fund in the amount of \$1,054,854 (2022 - \$1,039,992).

**5. Portfolio investments**

	2023	2022
Measured at cost:		
BC First Nations Gaming Revenue Sharing LP	100	100
BC First Nations Gaming Sharing General Partner Ltd.	10	10
	<b>110</b>	110
Measured at fair value:		
Portfolio investments managed by Connor, Clark & Lunn Private Capital Ltd.	3,447,431	3,491,356
Portfolio investments managed by Leith Wheeler Investment Counsel Ltd.	3,321,742	3,349,271
	<b>6,769,173</b>	6,840,627
	<b>6,769,283</b>	6,840,737

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

**6. Accounts receivable**

Accounts receivable is comprised of the following:

	2022	2021
Accounts receivable	952,062	906,744
Due from TzFN members:		
TzFN housing rent receivable	1,829	4,017
Less: allowance for doubtful accounts	(460)	(460)
	1,369	3,557
	953,431	910,301

**7. Investments in partnerships and government business entities**

The First Nation has investments in the following entities:

	Investment cost	Loans / advances	Cumulative share of earnings (loss)	2023 Total investment
<b>Not for Profit:</b>				
Ch-ihl-kway-uhk Tribe Society	-	-	99,038	99,038
<b>First Nation Government Business Enterprises</b>				
Centre Creek Management Limited - 11%	10	-	-	10
Ch-ihl-kway-uhk Forest Ltd. - 13%	5,769	-	-	5,769
IndigeNATION Strategic Advisors Corporation - 25%	100	-	-	100
Seven Generation Environmental Services Ltd. - 17%	194,968	58,876	(182,059)	71,785
Shxw Kwimel Cha Management Ltd. - 100%	100	155,351	-	155,451
Ts'elxweyeqw Tribe Management Limited - 14%	10	-	-	10
	200,957	214,227	(182,059)	233,125
<b>First Nation Business Partnerships – Modified Equity:</b>				
Centre Creek Limited Partnership - 11%	1	-	173,959	173,960
Ch-ihl-kway-uhk Forestry Limited Partnership - 13%	1	-	240,737	240,738
Shxw Kwimel Cha Limited Partnership - 99%	1	-	10,793,792	10,793,793
Ts'elxweyeqw Tribe Limited Partnership - 14%	1	-	2,988,568	2,988,569
	4	-	14,197,056	14,197,060
	200,961	214,227	14,114,035	14,529,223



**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

**7. Investments in partnerships and government business entities** *(Continued from previous page)*

			2022
	Investment cost	Loans / advances	Cumulative share of earnings (loss) Total investment
<b>Not for Profit:</b>			
Ch-ihl-kway-uhk Tribe Society	-	-	83,970 83,970
<b>First Nation Government Business Enterprises</b>			
Centre Creek Management Ltd. - 11%	10	-	10
Ch-ihl-kway-uhk Forest Ltd. - 13%	5,769	-	5,769
IndigeNATION Strategic Advisors Corporation - 25%	100	-	100
Seven Generation Environmental Services Ltd. - 17%	194,968	58,876	(182,346) 71,498
Shxw Kwimel Cha Management Ltd. - 100%	100	155,351	155,451
Ts'elxweyeqw Tribe Management Ltd. - 14%	10	-	10
	200,957	214,227	(182,346) 232,838
<b>First Nation Business Partnerships – Modified Equity:</b>			
Centre Creek Limited Partnership - 11%	1	-	170,583 170,584
Ch-ihl-kway-uhk Forestry Limited Partnership - 13%	1	-	191,848 191,849
Shxw Kwimel Cha Limited Partnership - 99%	1	-	10,516,938 10,516,939
Skynest Limited Partnership - 10%	1	200,000	(3,226) 196,775
Ts'elxweyeqw Tribe Limited Partnership - 14%	1	-	2,835,059 2,835,060
	5	200,000	13,711,202 13,911,207
	200,962	414,227	13,612,826 14,228,015

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

	<b>Centre Creek Limited Partnership</b>	<b>Ch-ihl-kway- uhk Forestry Limited Partnership</b>	<b>Shxw Kwimel Cha Limited Partnership</b>	<b>Skynest Limited Partnership</b>	<b>Ts'elxweyeqw Tribe Limited Partnership</b>
	<b>As At December 31, 2022</b>	<b>As at December 31, 2022</b>	<b>As at December 31 2022,</b>	<b>As at September 30, 2022</b>	<b>As at December 31, 2022</b>
<b>Balance Sheet</b>					
Assets	2,320,643	2,108,823	10,862,473	13,285,265	23,428,518
Liabilities	816,138	117,184	9,915,229	10,523,124	2,904,548
Partners' Capital	1,504,505	1,991,639	947,244	2,762,141	20,523,970
Total Liabilities and Partners' Capital	2,320,643	2,108,823	10,862,473	13,285,265	23,428,518
<b>Income Statement</b>					
Revenue	126,000	897,760	757,199	24,030,297	3,642,129
Expenses	95,312	502,171	2,993	22,982,685	2,566,481
Net Income (Loss)	30,688	395,589	754,206	1,047,612	1,075,648

*Continued on next page*

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

**7. Investments in partnerships and government business entities** *(Continued from previous page)*

Summary financial information for each First Nation business enterprise, accounted for using the portfolio investment method, for the respective year-end is as follows:

	<b>Centre Creek Management Ltd.</b>	<b>Ch-ihl-kway- uhk Forest Ltd.</b>	<b>IndigeNATION Strategic Advisors Corporation</b>	<b>Seven Generation Environmental Services Ltd.</b>	<b>Shxw Kwimel Cha Management Ltd.</b>	<b>Ts'elxweyegw Tribe Management Ltd.</b>
	<b>As at December 31, 2022</b>	<b>As at December 31, 2022</b>	<b>As at December 31, 2022</b>	<b>As at March 31, 2023</b>	<b>As at December 31, 2022</b>	<b>As at December 31, 2022</b>
<b>Balance Sheet</b>						
Assets	1	65,832	100	470,042	131,664	354,616
Liabilities	4,886	-	-	392,589	157,352	78,159
Equity (Deficit)	(4,885)	65,832	100	77,453	(25,688)	276,457
Total Liabilities and Equity (Deficit)	1	65,832	100	470,042	131,664	354,616
<b>Income Statement</b>						
Revenue	310	4,445	-	517,407	14,764	1,551,529
Expenses	-	-	-	515,681	4,768	746,004
Net income (Loss)	310	4,445	-	1,726	9,996	805,525

**8. Deferred revenue**

Deferred revenue consists of prepaid land leases, prepaid property taxes, and prepaid rent.

**9. Long-term debt**

	<b>2023</b>	<b>2022</b>
First Nations Finance Authority, bearing interest at 2.6%, with monthly payments of \$8,156 plus interest	<b>4,486,797</b>	4,619,451
First Nations Finance Authority, bearing interest at 6.00%, with principal payments due the earlier of five years from the first principal amount drawdown, the date of completion of the purpose of borrowing, or the date upon which the authority issues debt securities to replace the interim long-term financing provided to the Nation	<b>4,212,860</b>	3,016,440
	<b>8,699,657</b>	7,635,891

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:

2024	97,870
2025	97,870
2026	97,870
2027	97,870
2028	97,870
	<u>489,350</u>

First Nation Finance Authority debt is secured by income distributions received from Shxw Kwimel Cha Limited Partnership investment and annual distributions received from BC First Nation Gaming Revenue Sharing LP.

**Tzeachten First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**10. Guarantee**

TzFN has guaranteed RBC mortgages for members totalling \$264,854 (2022 - \$304,830). At March 31, 2023, no liability has been recorded associated with this guarantee.

**11. Accumulated operating surplus**

Accumulated surplus consists of the following:

	<b>2023</b>	<b>2022</b>
Equity in capital replacement reserve	<b>3,945,021</b>	3,307,944
Equity in Nation business entities	<b>14,114,035</b>	13,612,826
Equity in tangible capital assets	<b>23,744,934</b>	21,185,977
Accumulated remeasurement surplus (loss)	<b>(387,612)</b>	-
Program surplus	<b>12,729,162</b>	10,377,058
	<b>54,145,540</b>	48,483,805

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**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. Financial Instruments**

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The First Nation is exposed to interest rate price risk with respect to fixed rate GICs included in cash, fixed rate investments included in portfolio investments, and fixed rate mortgages included in long term debt.

***Other price risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The First Nation enters into transactions to purchase and sell portfolio investments for which the market price fluctuates.

**Tzeachten First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2023*

	<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>
<b>Cost</b>							
Balance, beginning of year	4,196,294	10,936,710	9,287,820	5,924,555	379,237	80,908	30,805,524
Acquisition of tangible capital assets	-	2,120,016	2,058,240	402,363	34,576	51,651	4,666,846
Construction-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	(308,456)	-	-	-	-	(308,456)
Balance, end of year	4,196,294	12,748,270	11,346,060	6,326,918	413,813	132,559	35,163,914
<b>Accumulated amortization</b>							
Balance, beginning of year	-	2,706,764	431,201	1,707,336	248,446	34,674	5,128,421
Annual amortization	-	292,462	274,362	206,903	53,823	11,714	839,264
Accumulated amortization on disposals	-	(51,322)	-	-	-	-	(51,322)
Balance, end of year	-	2,947,904	705,563	1,914,239	302,269	46,388	5,916,363
<b>Net book value of tangible capital assets</b>	<b>4,196,294</b>	<b>9,800,366</b>	<b>10,640,497</b>	<b>4,412,679</b>	<b>111,544</b>	<b>86,171</b>	<b>29,247,551</b>
Net book value of tangible capital assets	2022 4,196,294	8,229,946	8,856,619	4,217,219	130,791	46,234	25,677,103

**Tzeachten First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2023*

	<i>Subtotal</i>	<i>Land Improvements</i>	<i>Furniture and Equipment</i>	<i>2023</i>	<i>2022</i>
<b>Cost</b>					
Balance, beginning of year	30,805,524	3,321,948	963,990	35,091,462	26,031,059
Acquisition of tangible capital assets	4,666,846	198,159	14,375	4,879,380	1,989,478
Construction-in-progress	-	-	-	-	7,638,380
Disposal of tangible capital assets	(308,456)	-	-	(308,456)	(567,455)
Balance, end of year	35,163,914	3,520,107	978,365	39,662,386	35,091,462
<b>Accumulated amortization</b>					
Balance, beginning of year	5,128,421	356,736	784,437	6,269,594	5,805,260
Annual amortization	839,264	88,003	72,256	999,523	653,822
Accumulated amortization on disposals	(51,322)	-	-	(51,322)	(189,488)
Balance, end of year	5,916,363	444,739	856,693	7,217,795	6,269,594
<b>Net book value of tangible capital assets</b>	<b>29,247,551</b>	<b>3,075,368</b>	<b>121,672</b>	<b>32,444,591</b>	<b>28,821,868</b>
	2022				
Net book value of tangible capital assets	25,677,103	2,965,212	179,553	28,821,868	

**Tzeachten First Nation**  
**Schedule 2 - Segmented Information**  
*For the year ended March 31, 2023*

	Governance	Facilities and Programs	Lands Management and Taxation	Public Works and Housing	Capital	2023
<b>Revenue</b>						
ISC	\$ 433,987	\$ 779,009	\$ 1,092,944	\$ 575,615	\$ -	\$ 2,881,555
Other government	720,951	68,280	-	-	426,912	1,216,143
Economic activities and other	3,923,459	639,010	8,041,732	333,154	90,331	13,027,686
	5,078,398	1,486,299	9,134,676	908,769	517,243	17,125,384
<b>Expenses</b>						
Amortization	-	-	-	-	999,523	999,523
Operating expenses	1,677,717	669,930	1,366,819	750,030	50,315	4,514,811
Salaries, wages and benefits	910,824	526,970	247,470	304,908	-	1,990,172
Program and services delivery expenses	933,445	260,416	2,367,170	-	10,500	3,571,531
	3,521,986	1,457,316	3,981,459	1,054,938	1,060,338	11,076,037
<b>Surplus (deficit) before transfers</b>	1,556,412	28,983	5,153,217	(146,169)	(543,095)	6,049,347
<b>Transfers between programs</b>	1,793,947	348,111	(5,485,044)	(344,530)	3,687,517	-
<b>Annual surplus (deficit)</b>	\$ 3,350,358	\$ 377,093	\$ (331,827)	\$ (490,699)	\$ 3,144,422	\$ 6,049,347

	Governance	Facilities and Programs	Lands Management and Taxation	Public Works and Housing	Capital	2022
<b>Revenue</b>						
ISC	\$ 391,534	\$ -	\$ 1,647,400	\$ 551,789	\$ -	\$ 2,590,723
Other government	267,552	57,000	30,000	204,586	2,489,873	3,049,011
Economic activities and other	3,111,459	442,001	8,387,379	457,798	5,367	12,404,003
	3,770,545	499,001	10,064,779	1,214,173	2,495,240	18,043,737
<b>Expenses</b>						
Amortization	-	-	-	-	653,822	653,822
Operating expenses	2,878,205	453,666	1,258,603	932,285	57,499	5,580,259
Salaries, wages and benefits	831,431	481,710	222,340	353,953	10,000	1,899,433
Program and services delivery expenses	1,060,468	94,483	2,074,259	-	12,638	3,241,848
	4,770,104	1,029,859	3,555,202	1,286,238	733,959	11,375,362
<b>Surplus (deficit) before transfers</b>	(999,558)	(530,858)	6,509,577	(72,066)	1,761,280	6,668,375
<b>Transfers between programs</b>	(3,320,544)	7,504,681	(5,729,105)	(813,271)	2,358,240	-
<b>Annual surplus (deficit)</b>	\$ (4,320,103)	\$ 6,973,824	\$ 780,472	\$ (885,337)	\$ 4,119,520	\$ 6,668,375