

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

# Chawathil First Nation

## Contents

*For the year ended March 31, 2019*

Page

### Management's Responsibility

### Independent Auditor's Report

### Consolidated Financial Statements

|   |   |
|---|---|
| Consolidated Statement of Financial Position.....                 | 1 |
| Consolidated Statement of Operations and Accumulated Surplus..... | 2 |
| Consolidated Statement of Change in Net Debt.....                 | 3 |
| Consolidated Statement of Cash Flows.....                         | 4 |

### Notes to the Consolidated Financial Statements..... 5

|  |    |
|--|----|
| Schedule 1 - Consolidated Schedule of Tangible Capital Assets..... | 13 |
|--|----|

|   |    |
|---|----|
| Schedule 2 - Segmented Information..... | 14 |
|---|----|

## Management's Responsibility

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To the Members of Chawathil First Nation:

The accompanying consolidated financial statements of Chawathil 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 Chawathil 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.

December 15, 2020



Band Manager



Chief

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To the Members of Chawathil First Nation:

### Opinion

We have audited the consolidated financial statements of Chawathil First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net debt 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, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations, changes in its consolidated net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

The financial statements do not include completed budgeted information. The exclusion of such information is a departure from Canadian Public Sector Accounting Standards as the comparison of budgeted to actual results is a significant measurement of performance.

### Other Matter

The financial statements as at March 31, 2018 were audited by another public accountant who issued an unqualified audit report dated September 30, 2019.

### Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

December 15, 2020

*MNP LLP*

Chartered Professional Accountants

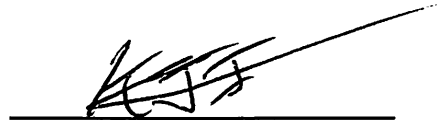
**Chawathil First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2019*

|                                       | 2019             | 2018               |
|---------------------------------------|------------------|--------------------|
| <b>Financial assets</b>               |                  |                    |
| Cash and cash equivalents (Note 3)    | 1,567,573        | 2,315,609          |
| Accounts receivable (Note 4)          | 569,145          | 466,429            |
| Funds held in trust (Note 5)          | 9,023            | 7,674              |
| <b>Total of financial assets</b>      | <b>2,145,741</b> | <b>2,789,712</b>   |
| <b>Liabilities</b>                    |                  |                    |
| Accounts payable and accruals         | 560,039          | 1,278,583          |
| Deferred revenue (Note 6)             | -                | 834,400            |
| Long-term debt (Note 7)               | 2,125,985        | 2,409,064          |
| <b>Total of financial liabilities</b> | <b>2,686,024</b> | <b>4,522,047</b>   |
| <b>Net debt</b>                       | <b>(540,283)</b> | <b>(1,732,335)</b> |
| <b>Contingencies (Note 8)</b>         |                  |                    |
| <b>Subsequent events (Note 9)</b>     |                  |                    |
| <b>Non-financial assets</b>           |                  |                    |
| Tangible capital assets (Schedule 1)  | 7,439,091        | 7,564,360          |
| Inventories held for use              | 2,712            | 2,712              |
| Prepaid expenses                      | 145,524          | 65,145             |
| <b>Total non-financial assets</b>     | <b>7,587,327</b> | <b>7,632,217</b>   |
| <b>Accumulated surplus (Note 10)</b>  | <b>7,047,044</b> | <b>5,899,882</b>   |

Approved on behalf of the Council



Chief



Councillor

**Chawathil First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2019*

|   | 2019             | 2018             |
|---|------------------|------------------|
| <b>Revenue</b>                                    |                  |                  |
| Indigenous Services Canada                        | 4,344,511        | 4,922,591        |
| Economic activity and other                       | 887,661          | 874,336          |
| Other funding                                     | 626,387          | 370,906          |
| Province of BC                                    | 475,160          | 335,951          |
| Canada Mortgage and Housing Corporation           | 80,392           | 209,006          |
| Rental income                                     | 345,441          | 340,617          |
|   | <b>6,759,552</b> | <b>7,053,407</b> |
| <b>Program expenses</b>                           |                  |                  |
| Administration                                    | 1,038,488        | 939,312          |
| Education   | 1,397,828        | 1,373,387        |
| Band Revenue                                      | 896,345          | 965,058          |
| Housing   | 367,799          | 137,758          |
| Social Development and Health Programs            | 1,001,907        | 1,035,645        |
| Maintenance and Capital Infrastructure            | 288,029          | 233,082          |
| Other   | 621,994          | 554,029          |
| <b>Total expenditures</b>                         | <b>5,612,390</b> | <b>5,238,271</b> |
| <b>Annual surplus</b>                             | <b>1,147,162</b> | <b>1,815,136</b> |
| <b>Accumulated surplus, beginning of year</b>     | <b>5,899,882</b> | <b>4,084,746</b> |
| <b>Accumulated surplus, end of year (Note 10)</b> | <b>7,047,044</b> | <b>5,899,882</b> |

**Chawathil First Nation**  
**Consolidated Statement of Change in Net Debt**  
*For the year ended March 31, 2019*

|   | 2019               | 2018        |
|---|--------------------|-------------|
| <b>Annual surplus</b>                   | <b>1,147,162</b>   | 1,815,136   |
| Purchases of tangible capital assets    | <b>(497,281)</b>   | (2,229,573) |
| Amortization of tangible capital assets | <b>622,550</b>     | 554,794     |
|   | <b>125,269</b>     | (1,674,779) |
| Acquisition of prepaid expenses         | <b>(145,524)</b>   | (65,145)    |
| Use of prepaid expenses                 | <b>65,145</b>      | 52,228      |
|   | <b>(80,379)</b>    | (12,917)    |
| <b>Decrease in net debt</b>             | <b>1,192,052</b>   | 127,440     |
| <b>Net debt, beginning of year</b>      | <b>(1,732,335)</b> | (1,859,775) |
| <b>Net debt, end of year</b>            | <b>(540,283)</b>   | (1,732,335) |

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



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

|   | 2019             | 2018        |
|---|------------------|-------------|
| <b>Cash provided by (used for) the following activities</b> |                  |             |
| <b>Operating activities</b>                                 |                  |             |
| Annual surplus  | 1,147,162        | 1,815,136   |
| Non-cash items  |                  |             |
| Amortization  | 622,550          | 554,794     |
|   | <b>1,769,712</b> | 2,369,930   |
| Changes in working capital accounts                         |                  |             |
| Accounts receivable   | (102,716)        | 73,523      |
| Funds held in trust   | (1,349)          | 37,768      |
| Accounts payable and accruals                               | (718,544)        | 631,972     |
| Deferred revenue  | (898,125)        | 566,273     |
| Prepaid expenses  | (80,379)         | (12,917)    |
|   | <b>(31,401)</b>  | 3,666,549   |
| <b>Financing activities</b>                                 |                  |             |
| Advances of long-term debt                                  | -                | 63,725      |
| Repayment of long-term debt                                 | (219,354)        | (214,287)   |
|   | <b>(219,354)</b> | (150,562)   |
| <b>Capital activities</b>                                   |                  |             |
| Purchases of tangible capital assets                        | (497,281)        | (2,229,573) |
| <b>Increase in cash resources</b>                           | <b>(748,036)</b> | 1,286,414   |
| <b>Cash resources, beginning of year</b>                    | <b>2,315,609</b> | 1,029,195   |
| <b>Cash resources, end of year</b>                          | <b>1,567,573</b> | 2,315,609   |
| <b>Supplementary cash flow information</b>                  |                  |             |
| Interest paid   | 93,855           | 96,309      |

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

**1. Operations**

Chawathil First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Chawathil First Nation includes the First Nation's members, government and all related entities that are accountable to the 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 include 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. Trusts administered on behalf of third parties by Chawathil 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:

- Chowethel Axwest Managing Partner Ltd.
- Chowethel Qaqelstexw LLP

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

***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, prepaid expenses and inventories of held for use.

***Net debt***

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of consolidated financial position. The net debt 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 consolidated financial position, accumulated surplus.

***Cash and cash equivalents***

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less.

***Inventory***

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the, first-in, first-out method. Cost of inventories of items that are segregated for specific projects is assigned by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

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

***Funds held in Ottawa Trust Fund***

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

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

***Tangible capital assets***

Tangible capital assets are initially recorded at cost based on historical cost accounting records. 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 rates intended to amortize the cost of the assets over their estimated useful lives:

|                | <b><i>Method</i></b> | <b><i>Years</i></b> |
|----------------|----------------------|---------------------|
| Automotive     | straight-line        | 10 years            |
| Buildings      | straight-line        | 20-25 years         |
| Equipment      | straight-line        | 5 years             |
| Infrastructure | straight-line        | 20 years            |

***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.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

***Revenue recognition***

***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.

***Own source revenue***

Own source revenue derived from such sources as resource based revenues, interest income and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

***Funds held in Ottawa Trust Fund***

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

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

***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. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

***Liability for contaminated sites***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. Management has determined that no liability exists as at March 31, 2019.

***Segments***

The First Nation conducts its business through seven reportable segments: Administration, Education, Band Revenue, Housing, Social Development and Health Programs, Maintenance and Capital Infrastructure, and other. 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.

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

**3. Cash and cash equivalents**

|                              | 2019             | 2018      |
|------------------------------|------------------|-----------|
| <b>Externally restricted</b> |                  |           |
| CMHC operating reserve       | 45,777           | 45,475    |
| CMHC replacement reserve     | 92,077           | 91,597    |
|                              | <b>137,854</b>   | 137,072   |
| <b>Unrestricted</b>          |                  |           |
| Operating funds              | 1,429,719        | 2,178,537 |
|                              | <b>1,567,573</b> | 2,315,609 |

**Replacement Reserve**

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the Nation established a replacement reserve, established by an annual allocation of \$28,755, to ensure replacement of buildings financed by CMHC. At March 31, 2019, this reserve was under funded by \$251,895 (2018 - \$313,801).

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

**Operating Reserve**

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") 1997 On-Reserve Program requirements, the First Nation has established an operating reserve resulting from annual surplus's after the payment of all costs and expenses including allocation to the replacement reserve. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as otherwise mutually agreed to by the First Nation and CMHC.

These funds may only be used for the ongoing operating costs of the housing projects committed under the 1997 On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. At March 31, 2019, this reserve was under funded by \$420,819 (2018 - \$424,423).

**4. Accounts receivable**

|                                  | 2019           | 2018    |
|----------------------------------|----------------|---------|
| Funding and trade receivables    | 458,610        | 449,932 |
| Rent and member loan receivables | 110,535        | 16,497  |
|                                  | <b>569,145</b> | 466,429 |

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

**5. Funds held in trust**

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

|                                    | <b>2019</b>  | <b>2018</b> |
|------------------------------------|--------------|-------------|
| <b>Capital Trust</b>               |              |             |
| Balance, beginning and end of year | <b>7,515</b> | 7,515       |
| <b>Revenue Trust</b>               |              |             |
| Balance, beginning of year         | <b>159</b>   | 37,927      |
| Interest                           | <b>1,598</b> | 2,067       |
|                                    | <b>1,757</b> | 39,994      |
| Less: Transfers to Nation          | <b>249</b>   | 39,835      |
| Balance, end of year               | <b>1,508</b> | 159         |
|                                    | <b>9,023</b> | 7,674       |

**6. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each funding source:

| Deferred Revenue by Contributor are as follows: | <i>Balance,<br/>beginning of<br/>year</i> | <i>Contributions<br/>received</i> | <i>Contributions<br/>recognized</i> | <i>Balance, end<br/>of year</i> |
|---|---|-----------------------------------|-------------------------------------|---------------------------------|
| Indigenous Services Canada Funding              | <b>719,715</b>                            | -                                 | <b>719,715</b>                      | -                               |
| Other Deferred Band Revenues                    | <b>114,685</b>                            | -                                 | <b>114,685</b>                      | -                               |
|   | <b>834,400</b>                            | -                                 | <b>834,400</b>                      | -                               |

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

**7. Long-term debt**

|   | 2019             | 2018             |
|---|------------------|------------------|
| Community Centre - Peace Hills Trust Company, blended monthly payments of \$9,200 at prime plus 2.0% per annum, maturing June 2033.   | 1,057,874        | 1,105,230        |
| Modular Housing - Peace Hills Trust Company, blended monthly payments of \$2,630 at 4.25% per annum, maturing October 2033.           | 342,091          | 358,984          |
| Project #12 - All Nations Trust Company mortgage, blended monthly payments of \$2,297 at 1.84% per annum, maturing July 2027.         | 212,865          | 236,294          |
| Project #10 - All Nations Trust Company mortgage, blended monthly payments of \$2,140 at 1.14% per annum, maturing March 2026.        | 172,667          | 196,232          |
| Project #11 - All Nations Trust Company mortgage, blended monthly payments of \$1,715 at 1.97 % per annum, maturing October 2027.     | 162,451          | 179,661          |
| Housing Renovations - Peace Hills Trust Company, blended monthly payments of \$1,850 at 4.25% per annum, maturing April 2023.         | 82,084           | 100,347          |
| Kitchen Renovations - Peace Hills Trust Company, blended monthly payments of \$1,214 at 4.25% per annum, maturing January 2022.       | 37,787           | 50,456           |
| Individual Member Loan Guarantee - Bank of Montreal, blended monthly payment of \$667 at 2.99% per annum, maturing December 2020.     | 21,122           | 27,424           |
| Project #9 - All Nations Trust Company mortgage, blended monthly payments of \$2,486 at 1.83% per annum, maturing October 2019.       | 17,295           | 46,521           |
| Project #7 - All Nations Trust Company mortgage, blended monthly payments of \$1,413 at 1.26% per annum, maturing February 2020.      | 15,443           | 32,088           |
| TCF Loan - Tale'awtxw Aboriginal Capital Corporation, blended monthly payments of \$458 at 8.00% per annum, maturing January 2020.    | 4,306            | 9,255            |
| FCF Loan - Tale'awtxw Aboriginal Capital Corporation, blended monthly payments of \$493 at 12.00% per annum, repaid in full May 2018. | -                | 2,846            |
| Ts'qo:ls Southern Village Site claim loan   | -                | 63,725           |
|   | <b>2,125,985</b> | <b>2,409,064</b> |

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

|      |         |
|------|---------|
| 2020 | 188,418 |
| 2021 | 177,546 |
| 2022 | 178,677 |
| 2023 | 168,130 |
| 2024 | 152,654 |

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

**8. Contingencies**

As at March 31, 2019, the First Nation is contingently liable in respect of guarantee individual Band member mortgages with various financial institutions totalling \$83,939 (2018 - \$89,167). Of this balance, \$21,122 (2018 - \$27,424) has been accrued in the financial statements as Management considers payment to be likely. The remaining amounts have not been accrued as Management considers them to be in good standing and therefore does not consider payment of the contingent liability likely.

**9. Subsequent event**

Subsequent to 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 to fight the virus.

**10. Accumulated surplus**

Accumulated surplus consists of the following:

|   | 2019             | 2018             |
|---|------------------|------------------|
| Equity in Tangible Capital Assets                 | 5,313,106        | 5,219,021        |
| Operating Surplus                                 | 1,587,061        | 536,115          |
| Equity in Ottawa Trust Funds                      | 9,023            | 7,674            |
| Equity in CMHC Replacement and Operating Reserves | 137,854          | 137,072          |
|   | <b>7,047,044</b> | <b>5,899,882</b> |

**11. Economic dependence**

Chawathil First Nation receives a significant portion of its revenue from various government agreements. The ability of the Nation to continue operations is dependent upon the continued financial commitments as guaranteed by these agreements.

**12. Comparative figures**

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

**13. Financial Instruments**

Chawathil First Nation's financial instruments consist of cash, accounts receivable, accounts payable and accruals, and long-term debt. It is management's opinion that the First Nation is not exposed to significant currency or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate price risk on its mortgages with fixed interest rates, and market risk on demand loans with variable rates.

Foreign currency risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The First Nation is exposed to foreign currency risk through its foreign bank accounts denominated in U.S. currency.



**14. Segments**

The First Nation conducts its business through seven reportable segments, which are differentiated by major activities, accountability and control relationships. The reportable segments and their activities are as follows:

**Administration**

Includes general operations, IT support and financial management of the First Nation and governance activities.

**Education**

Includes revenue and expenses related to primary, secondary and post secondary education of the members of the First Nation.

**Band Revenue**

Includes activities related to the growth of the revenue producing projects within the First Nation, including campsite operations, property taxation, and resource management.

**Housing**

Includes property management related to the mortgaged homes owned by the First Nation and the administration of social housing programs.

**Social Development and Health**

Includes revenue and expenses relating to the activities related to a wide range of health services, family and children services within the First Nation, and social assistance programs.

**Maintenance and Capital Infrastructure**

Includes revenue and expenses related to ongoing community maintenance.

**Other**

Includes revenue and expenses related to the tangible capital assets, Ottawa Trust Funds, and other activities not related to another segment.

**Chawathil First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2019*

|  | <i>Automotive</i> | <i>Buildings</i> | <i>Equipment</i> | <i>Infrastructure</i> | <i>Social<br/>Housing</i> | <i>2019</i>      | <i>2018</i>      |
|--|-------------------|------------------|------------------|-----------------------|---------------------------|------------------|------------------|
| <b>Cost</b>                                      |                   |                  |                  |                       |                           |                  |                  |
| Balance, beginning of year                       | 335,088           | 6,649,504        | 612,118          | 2,047,356             | 5,980,940                 | 15,625,006       | 13,395,433       |
| Acquisition of tangible capital assets           | 1,931             | 160,625          | -                | 334,725               | -                         | 497,281          | 225,690          |
| Construction-in-progress                         | -                 | -                | -                | -                     | -                         | -                | 2,003,883        |
| Balance, end of year                             | 337,019           | 6,810,129        | 612,118          | 2,382,081             | 5,980,940                 | 16,122,287       | 15,625,006       |
| <b>Accumulated amortization</b>                  |                   |                  |                  |                       |                           |                  |                  |
| Balance, beginning of year                       | 308,475           | 2,765,586        | 490,590          | 412,808               | 4,083,187                 | 8,060,646        | 7,505,852        |
| Annual amortization                              | 8,564             | 305,740          | 26,494           | 45,362                | 236,390                   | 622,550          | 554,794          |
| Balance, end of year                             | 317,039           | 3,071,326        | 517,084          | 458,170               | 4,319,577                 | 8,683,196        | 8,060,646        |
| <b>Net book value of tangible capital assets</b> | <b>19,980</b>     | <b>3,738,803</b> | <b>95,034</b>    | <b>1,923,911</b>      | <b>1,661,363</b>          | <b>7,439,091</b> | <b>7,564,360</b> |
| 2018 Net book value of tangible capital assets   | 26,613            | 3,883,918        | 121,528          | 1,634,548             | 1,897,753                 | 7,564,360        |                  |

**Chawathil First Nation**  
**Schedule 2 - Segmented Information**  
*For the year ended March 31, 2019*

|  | Administration    | Education          | Band Revenue      | Housing           | Social Development<br>& Health | Maintenance &<br>Capital Infrastructure | Other               | 2019                |
|--|-------------------|--------------------|-------------------|-------------------|--------------------------------|---|---------------------|---------------------|
| <b>Revenue</b>                         |                   |                    |                   |                   |                                |   |                     |                     |
| ISC                                    | \$ 1,284,858      | \$ 1,324,478       | \$ -              | \$ 269,137        | \$ 777,355                     | \$ 609,654                              | \$ 79,028           | \$ 4,344,511        |
| Other government                       | 389,852           | 21,301             | 256,105           | 97,192            | 221,470                        | 196,019                                 | -                   | 1,181,939           |
| Economic activities and other          | 6,281             | -                  | 1,027,530         | 138,727           | 645                            | 58,321                                  | 1,597               | 1,233,102           |
|  | <b>1,680,991</b>  | <b>1,345,779</b>   | <b>1,283,636</b>  | <b>505,056</b>    | <b>999,471</b>                 | <b>863,994</b>                          | <b>80,625</b>       | <b>6,759,552</b>    |
| <b>Expenses</b>                        |                   |                    |                   |                   |                                |   |                     |                     |
| Amortization                           | -                 | -                  | 557               | -                 | -                              | -                                       | 621,994             | 622,550             |
| Operating expenses                     | 678,132           | 24,552             | 372,819           | 346,970           | 93,578                         | 188,467                                 | -                   | 1,704,518           |
| Salaries, wages and benefits           | 319,460           | 44,643             | 384,469           | 15,088            | 166,018                        | 72,139                                  | -                   | 1,001,817           |
| Program and services delivery expenses | 40,896            | 1,328,633          | 138,500           | 5,741             | 742,311                        | 27,422                                  | -                   | 2,283,503           |
|  | <b>1,038,488</b>  | <b>1,397,828</b>   | <b>896,345</b>    | <b>367,799</b>    | <b>1,001,907</b>               | <b>288,029</b>                          | <b>621,994</b>      | <b>5,612,390</b>    |
| <b>Annual surplus (deficit)</b>        | <b>\$ 642,503</b> | <b>\$ (52,049)</b> | <b>\$ 387,291</b> | <b>\$ 137,256</b> | <b>\$ (2,436)</b>              | <b>\$ 575,965</b>                       | <b>\$ (541,369)</b> | <b>\$ 1,147,162</b> |

|  | Administration   | Education          | Band Revenue      | Housing           | Social Development<br>& Health | Maintenance &<br>Capital Infrastructure | Other               | 2018                |
|--|------------------|--------------------|-------------------|-------------------|--------------------------------|---|---------------------|---------------------|
| <b>Revenue</b>                         |                  |                    |                   |                   |                                |   |                     |                     |
| ISC                                    | \$ 929,120       | \$ 1,246,093       | \$ -              | \$ -              | \$ 748,434                     | \$ 1,998,945                            | \$ -                | \$ 4,922,591        |
| Other government                       | 47,082           | 45,100             | 285,933           | 209,006           | 225,152                        | 103,590                                 | -                   | 915,862             |
| Economic activities and other          | 21,107           | -                  | 1,052,888         | 138,891           | -                              | -                                       | 2,067               | 1,214,953           |
|  | <b>997,309</b>   | <b>1,291,193</b>   | <b>1,338,821</b>  | <b>347,897</b>    | <b>973,585</b>                 | <b>2,102,535</b>                        | <b>2,067</b>        | <b>7,053,407</b>    |
| <b>Expenses</b>                        |                  |                    |                   |                   |                                |   |                     |                     |
| Amortization                           | -                | -                  | 202               | -                 | -                              | -                                       | 554,592             | 554,794             |
| Operating expenses (recovery)          | 537,313          | 35,574             | 262,234           | 94,478            | 95,305                         | 165,164                                 | (563)               | 1,189,505           |
| Salaries, wages and benefits           | 372,171          | 65,000             | 343,972           | 41,699            | 214,094                        | 49,562                                  | -                   | 1,086,499           |
| Program and services delivery expenses | 29,828           | 1,272,813          | 358,650           | 1,581             | 726,246                        | 18,356                                  | -                   | 2,407,473           |
|  | <b>939,312</b>   | <b>1,373,387</b>   | <b>965,058</b>    | <b>137,758</b>    | <b>1,035,645</b>               | <b>233,082</b>                          | <b>554,029</b>      | <b>5,238,271</b>    |
| <b>Annual surplus (deficit)</b>        | <b>\$ 57,998</b> | <b>\$ (82,194)</b> | <b>\$ 373,763</b> | <b>\$ 210,138</b> | <b>\$ (62,060)</b>             | <b>\$ 1,869,452</b>                     | <b>\$ (551,962)</b> | <b>\$ 1,815,136</b> |