

**Xaxli'p**  
**Consolidated Financial Statements**  
*March 31, 2020*

**Management's Responsibility**

**Independent Auditor's Report**

**Consolidated Financial Statements**

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## Management's Responsibility

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To the Members of Xaxli'p

The accompanying consolidated financial statements of Xaxli'p 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.

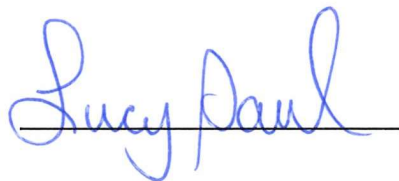
The Xaxli'p Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing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

MNP LLP, and independent firm of Chartered Professional Accountants, 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 13, 2021



Chief



Band Manager

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# Independent Auditor's Report

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To the Members of Xaxli'p:

## Opinion

We have audited the consolidated financial statements of Xaxli'p, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules 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 Xaxli'p as at March 31, 2020, and the results of its consolidated operations, changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Xaxli'p in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing Xaxli'p'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 cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Xaxli'p'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 Xaxli'p'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 Xaxli'p'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 Xaxli'p 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 Xaxli'p 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.

Kamloops, British Columbia

July 13, 2021

*MNP LLP*

Chartered Professional Accountants

**Xaxli'p**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2020*

	2020	2019 (Restated - Note 14)
<b>Financial assets</b>		
Cash and cash equivalents	1,391,418	2,096,588
Restricted cash (Note 3)	138,762	170,622
Funds held in trust (Note 4)	473,177	366,819
Accounts receivable (Note 5)	1,217,388	1,198,567
Portfolio investments (Note 6)	1,748,861	337,594
Investment in Xaxli'p business entity (Note 7)	1,770,468	998,503
<b>Total financial assets</b>	<b>6,740,074</b>	<b>5,168,693</b>
<b>Liabilities</b>		
Bank indebtedness (Note 8)	290,000	-
Accounts payable and accruals	205,660	294,137
Deferred revenue	84,379	-
Long-term debt (Note 9)	1,174,247	1,353,846
<b>Total financial liabilities</b>	<b>1,754,286</b>	<b>1,647,983</b>
<b>Net financial assets</b>	<b>4,985,788</b>	<b>3,520,710</b>
<b>Contingencies (Note 10)</b>		
<b>Significant event (Note 11)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	3,486,029	3,648,605
Prepaid expenses	48,409	47,203
<b>Total non-financial assets</b>	<b>3,534,438</b>	<b>3,695,808</b>
<b>Accumulated surplus (Note 12)</b>	<b>8,520,226</b>	<b>7,216,518</b>

Approved on behalf of the Council



Chief



Councillor

**Xaxli'p**

**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2020*

	<i>Schedules</i>	<b>2020 Budget (Note 16)</b>	<b>2020</b>	<b>2019 (Restated - Note 14)</b>
<b>Revenue</b>				
Indigenous Services Canada (Note 13)		<b>2,582,594</b>	<b>2,909,174</b>	2,412,305
Canada Mortgage and Housing Corporation		<b>75,332</b>	<b>92,647</b>	109,875
First Nations Health Authority		<b>950,604</b>	<b>969,379</b>	940,813
Other revenue		<b>587,957</b>	<b>1,733,308</b>	1,756,003
Province of British Columbia		-	<b>1,221,072</b>	3,073,786
B.C. First Nation Gaming revenue		-	<b>494,350</b>	-
Rental income		-	<b>253,361</b>	224,736
St'at'imc (PC) 2011 Trust funding		-	<b>224,302</b>	-
First Nations Education Steering Committee		<b>45,977</b>	<b>66,355</b>	34,974
Interest income		-	<b>61,345</b>	31,209
Aboriginal Skills and Employment Training Strategy		-	<b>48,083</b>	54,257
Work Opportunity Program		-	<b>47,159</b>	54,419
Allocation to replacement reserve		-	<b>28,868</b>	27,093
Gain on disposal of capital assets		-	-	1,520
<b>Total revenue</b>		<b>4,242,464</b>	<b>8,149,403</b>	8,720,990
<b>Program expenses</b>				
Administration	3	<b>524,344</b>	<b>1,542,555</b>	1,528,337
Public Works	4	<b>302,057</b>	<b>355,659</b>	663,097
Housing	5	<b>94,860</b>	<b>379,119</b>	621,712
Health	6	<b>957,786</b>	<b>1,309,226</b>	1,296,496
Community and Member Services	7	<b>98,310</b>	<b>144,087</b>	3,106
Education	8	<b>578,166</b>	<b>932,719</b>	1,108,733
Forestry	9	-	<b>392,225</b>	372,034
Economic Development	10	<b>207,746</b>	<b>337,554</b>	85,081
Ministry of Transportation and Infrastructure - Slide Stabilization Project	11	-	<b>387,095</b>	187,684
Social Development Services	12	<b>658,149</b>	<b>791,143</b>	791,957
St'at'imc Trust	13	-	<b>274,313</b>	133,132
<b>Total expenses</b>		<b>3,421,418</b>	<b>6,845,695</b>	6,791,369
<b>Annual surplus</b>		<b>821,046</b>	<b>1,303,708</b>	1,929,621
<b>Accumulated surplus, beginning of year, as previously stated</b>		<b>7,216,518</b>	<b>7,038,801</b>	5,099,965
Correction of an error (Note 14)		-	<b>177,717</b>	186,932
<b>Accumulated surplus, beginning of year, as restated</b>		<b>7,216,518</b>	<b>7,216,518</b>	5,286,897
<b>Accumulated surplus, end of year</b>		<b>8,037,564</b>	<b>8,520,226</b>	7,216,518

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

**Xaxli'p**

**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2020*

	<b>2020 Budget (Note 16)</b>	<b>2020</b>	<b>2019 (Restated - Note 14)</b>
<b>Annual surplus</b>	<b>821,046</b>	<b>1,303,708</b>	1,929,621
Purchases of tangible capital assets	-	<b>(87,071)</b>	(83,197)
Amortization of tangible capital assets	-	<b>244,547</b>	253,268
Write down of tangible capital assets	-	<b>5,100</b>	-
Proceeds of disposal of tangible capital assets	-	-	1,520
Gain on disposal of tangible capital assets	-	-	(1,520)
Acquisition of prepaid expenses	-	<b>(1,206)</b>	(29,092)
<b>Increase in net financial assets</b>	<b>821,046</b>	<b>1,465,078</b>	2,070,600
<b>Net financial assets, beginning of year</b>	<b>3,520,710</b>	<b>3,520,710</b>	1,450,110
<b>Net financial assets, end of year</b>	<b>4,341,756</b>	<b>4,985,788</b>	3,520,710

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



**Xaxli'p**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2020*

	2020	2019 (Restated - Note 14)
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	1,303,708	1,929,621
Non-cash items		
Amortization	244,547	253,268
Increase in funds held in trust	(106,358)	(10,854)
Write down of tangible capital assets	5,100	-
Gain on disposal of tangible assets	-	(1,520)
	1,446,997	2,170,515
Changes in working capital accounts		
Accounts receivable	(18,821)	(593,369)
Accounts payable and accruals	(88,477)	87,990
Deferred revenue	84,379	-
Prepaid expenses	(1,206)	(29,092)
	1,422,872	1,636,044
<b>Financing activities</b>		
Advances of long-term debt	-	365,000
Repayment of long-term debt	(179,599)	(114,462)
	(179,599)	250,538
<b>Capital activities</b>		
Purchases of tangible capital assets	(87,071)	(83,197)
Proceeds of disposal of tangible capital assets	-	1,520
	(87,071)	(81,677)
<b>Investing activities</b>		
Invested in portfolio investments	(1,411,267)	(9,700)
Advances to Xaxli'p business entity	(771,965)	(291,503)
Decrease (increase) in restricted cash	31,860	(18,555)
	(2,151,372)	(319,758)
<b>Increase (decrease) in cash resources</b>	(995,170)	1,485,147
<b>Cash resources, beginning of year</b>	2,096,588	611,441
<b>Cash resources, end of year</b>	1,101,418	2,096,588
<b>Cash resources are composed of:</b>		
Cash and cash equivalents	1,391,418	2,096,588
Bank indebtedness	(290,000)	-
	1,101,418	2,096,588

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

**1. Operations**

Xaxli'p is located in the province of British Columbia, and provides various services to its members. Xaxli'p includes the members, government and all related entities that are accountable to Xaxli'p and are either owned or controlled by Xaxli'p.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and includes the following significant accounting policies:

***Reporting entity consolidated***

The financial statements consolidate the financial activities of all entities and departments comprising Xaxli'p reporting entity, except for Xaxli'p's business entities.

Xaxli'p has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Operating Fund
- Trust Fund
- Social Housing Fund
- Capital Fund
- Fountain Ranch Ltd.

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.

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

- Xaxli'p Development Corporation

***Basis of presentation***

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

***Asset classification***

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

***Cash and cash equivalents***

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Tangible capital assets***

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

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

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

**Amortization**

Amortization for tangible capital assets is provided using the declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

	<b>Rate</b>
Buildings	4 %
Infrastructure	4 %
Office equipment	20 %
Automotive equipment	30 %

**Portfolio investments**

Marketable securities 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.

**Funds held in Ottawa Trust Fund**

Funds held in trust on behalf of Xaxli'p 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 monies consist of:

- Capital trust monies derived from non-renewable resource transactions on land or other Xaxli'p tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

**Long-lived assets**

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

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

Xaxli'p does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

**Measurement uncertainty**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that Xaxli'p is responsible for.

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

**Net financial assets**

Xaxli'p's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of Xaxli'p 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.

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

**Revenue recognition**

i) Government Funding

Xaxli'p 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, Xaxli'p recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

ii) First Nation Capital and Revenue Trust Funds

Xaxli'p recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

iii) Canada Mortgage and Housing Corporation ("CMHC")

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

iv) Housing rental income

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

v) Own source and other revenue

Own source and other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

vi) Investment income

Investment income is recognized by Xaxli'p when earned.

**Liability for contaminated site**

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, Xaxli'p is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2020.

At each financial reporting date, Xaxli'p reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. Xaxli'p continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2020, no liability for contaminated site exists.

**Segments**

Xaxli'p conducts its business through a number of reportable segments as described in Note 15. These operating segments are established by senior management to facilitate the achievement of Xaxli'p'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 as disclosed in Note 2.

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

**Financial instruments**

Xaxli'p recognizes its financial instruments when Xaxli'p becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

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

Xaxli'p 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 market values at year-end. 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. Interest income is recognized in the statement of operations. 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.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years in determining whether objective evidence of impairment exists. 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. Restricted cash**

Restricted cash is comprised of the following:

	<b>2020</b>	2019
CMHC operating reserve	<b>53,638</b>	53,055
CMHC replacement reserve	<b>85,124</b>	117,567
	<b>138,762</b>	170,622

**Replacement reserves**

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

**Operating reserve**

Under the terms of the agreements with CMHC, excess federal assistance payments may be retained in an Operating 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 may otherwise be approved by CMHC from time to time. For the Post 1996 phases, the funds may be used to offset future deficits. Withdrawals are credits to interest first and then principal. At year-end, the operating reserve was under-funded.