

# **TS'KW'AYLAXW FIRST NATION**

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## **FINANCIAL STATEMENTS**

**March 31, 2019**

# TS'KW'AYLAXW FIRST NATION

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## FINANCIAL STATEMENTS

March 31, 2019

Page

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

### INDEPENDENT AUDITORS' REPORT

### FINANCIAL STATEMENTS

Statement of Financial Position	1
Statement of Change in Net Debt	2
Statement of Operations and Accumulated Surplus	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 19

# TS'KW'AYLAXW FIRST NATION

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2019

The accompanying financial statements of Ts'kw'aylaxw First Nation are the responsibility of management and have been approved by Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Reid Hurst Nagy Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Ts'kw'aylaxw First Nation and meet when required.

On behalf of Ts'kw'aylaxw First Nation:

  
\_\_\_\_\_  
Chief  
  
\_\_\_\_\_  
Administrator

July 29, 2019.  
\_\_\_\_\_  
Date  
July 29, 2019  
\_\_\_\_\_  
Date

## Independent Auditors' Report

To the Members of  
**Ts'kw'aylaxw First Nation**

*Opinion*

We have audited the financial statements of Ts'kw'aylaxw First Nation, which comprise the statement of financial position as at March 31, 2019, and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and the results of its operations, its changes in its net debt, and its cash flows for the year then ended in accordance with PSAB.

*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 Auditors' 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 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.

*Other Matter*

The consolidated financial statements of Ts'kw'aylaxw First Nation for the year ended March 31, 2018 were audited by another firm of chartered professional accountants who issued an unqualified opinion on July 30, 2018.

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

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

In preparing the 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.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the 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.



REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

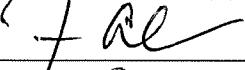
KELOWNA, B.C.  
JULY 29, 2019

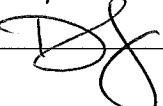
# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF FINANCIAL POSITION As at March 31, 2019

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 2,263,242	\$ 3,064,817
Restricted cash (Note 2)	275,265	366,548
Portfolio investments (Note 3)	2,333,954	2,293,739
Accounts receivable (Note 4)	328,931	133,455
Rents receivables	20,183	4,929
Due from related parties (Note 9)	75,740	-
Investment in Treaty (Note 5)	2,505,693	2,461,177
Investment in First Nation business entity (Note 6)	24,758	24,758
	<b>7,827,766</b>	<b>8,349,423</b>
<b>LIABILITIES</b>		
Demand loan	38,568	53,147
Accounts payable (Note 8)	794,047	1,199,446
Due to related parties (Note 9)	-	7,500
Long-term debt (Note 10)	9,093,134	7,358,110
	<b>9,925,749</b>	<b>8,618,203</b>
<b>NET DEBT</b>	<b>(2,097,983)</b>	<b>(268,780)</b>
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (Note 7)	15,457,262	11,593,227
<b>ACCUMULATED SURPLUS</b>	<b>\$ 13,359,279</b>	<b>\$ 11,324,447</b>

APPROVED ON BEHALF OF THE TS'KW'AYLAXW FIRST NATION

, Chief

, Administrator

# TS'KW'AYLAXW FIRST NATION

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## STATEMENT OF CHANGE IN NET DEBT For the year ended March 31, 2019

	2019 Budget	2019 Actual	2018
<b><u>EXCESS OF REVENUE OVER EXPENDITURES</u></b>	\$ (3,611,077)	\$ 2,034,832	\$ 3,295,273
Acquisition of tangible capital assets	-	(4,187,151)	(7,427,263)
Amortization of tangible capital assets	-	323,116	114,473
	-	(3,864,035)	(7,312,790)
Use of prepaid expenses	-	-	10,144
<b>DECREASE IN NET FINANCIAL ASSETS</b>	(3,611,077)	(1,829,203)	(4,007,373)
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	-	(268,780)	3,738,593
<b>NET DEBT AT END OF YEAR</b>	\$ -	\$ (2,097,983)	\$ (268,780)

# TS'KW'AYLAXW FIRST NATION

## SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the year ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>REVENUE</b>			
Indigenous Services Canada	\$ 1,873,128	\$ 2,167,325	\$ 2,813,583
Province of BC	186,264	165,131	109,244
Administration fee	206,422	17,693	61,592
Forestry contracts	-	395,614	97,208
Red Cross	29,712	130,193	80,933
Canada Mortgage and Housing Corporation	6,500	118,912	86,873
BC Hydro	-	77,467	325,603
Property tax assessed	59,787	67,461	58,672
Rental	29,500	62,719	90,376
Graymont	78,820	44,034	87,122
First Nations Education Steering Committee	26,000	43,047	4,517
First Nations Health Authority	555,891	620,404	2,883,653
St'at'imc Trust	25,000	529,789	-
New Relationship Trust	25,000	5,200	25,600
Donations	-	1,000	6,000
Other	577,999	787,519	316,615
	3,680,023	5,233,508	7,047,591
<b>EXPENDITURES</b>			
Band Programs	1,190,099	993,885	1,116,731
Community Welfare	837,767	586,081	285,372
Operations and Maintenance	808,398	1,141,332	524,959
Economic Development	58,392	48,669	117,866
Natural Resources	330,111	261,447	83,866
Health	720,461	565,436	445,981
Education	445,636	667,618	426,862
Social Development	327,784	297,709	251,195
Capital Programs	2,559,948	2,407,692	333,167
Social Housing	-	860,319	46,143
Capital Fund	-	323,116	227,132
Ottawa Trust Fund	-	5,495	-
St'at'imc Community Trust Fund	-	28,583	-
Enterprise Fund	-	51,505	24,859
	7,278,596	8,238,887	3,884,133
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE LOAN ADVANCES</b>	(3,611,077)	(3,005,379)	3,163,458
<b>LOAN ADVANCES</b>			
Principal reduction of long-term debt	-	41,706	-
Tangible capital asset additions	-	4,998,505	131,815
	-	5,040,211	131,815
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	(3,611,077)	2,034,832	3,295,273
<b>EQUITY AT BEGINNING OF YEAR</b>	-	11,324,447	8,029,174
<b>EQUITY AT END OF YEAR</b>	\$ (3,611,077)	\$ 13,359,279	\$ 11,324,447

The accompanying notes are an integral part of the financial statements

# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF CASH FLOWS For the year ended March 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 2,034,832	\$ 3,295,273
Items not affecting cash		
Amortization	363,928	114,473
Earnings from investment in First Nation business entity	-	(24,706)
Gain on sale of portfolio investments	(34,764)	-
	<u>2,363,996</u>	<u>3,385,040</u>
Change in non-cash operating working capital		
Accounts receivable	(195,476)	111,292
Rents receivables	(15,254)	1,084
Prepaid expenses	-	10,144
Accounts payable	(405,397)	515,554
	<u>1,747,869</u>	<u>4,023,114</u>
<b>CAPITAL ACTIVITIES</b>		
Purchases of tangible capital assets	(4,227,961)	(7,427,263)
<b>FINANCING ACTIVITIES</b>		
Advances of long-term debt	1,732,214	4,055,397
Repayment of long-term debt	(41,708)	(36,804)
Repayment of demand loan	(14,579)	-
	<u>1,675,927</u>	<u>4,018,593</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of portfolio investments	(945,842)	(329,000)
Proceeds of portfolio investments	940,391	-
Repayment of advances to related First Nation entities	-	82,631
Advances to related First Nation entities	(83,242)	-
	<u>(88,693)</u>	<u>(246,369)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(892,858)</b>	<b>368,075</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,431,365</b>	<b>3,063,290</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,538,507</b>	<b>\$ 3,431,365</b>
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash	\$ 2,263,242	\$ 3,064,817
Restricted cash	275,265	366,548
	<u>\$ 2,538,507</u>	<u>\$ 3,431,365</u>

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

#### a) Reporting Entity

The Ts'kw'aylaxw First Nation reporting entity includes the Ts'kw'aylaxw First Nation government and all related entities that are controlled by the First Nation.

#### b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition government business enterprise and are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Ts'kw'aylaxw First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Ts'kw'aylaxw First Nation.

Organizations consolidated in Ts'kw'aylaxw First Nation's financial statements include:

1. Ts'kw'aylaxw First Nation Operating Fund
2. Ts'kw'aylaxw First Nation Social Housing Fund
3. Ts'kw'aylaxw First Nation Capital Fund
4. Ts'kw'aylaxw First Nation Ottawa Trust Fund
5. Ts'kw'aylaxw First Nation St'at'imc Community Trust Fund
6. Ts'kw'aylaxw First Nation Enterprise Fund

Organizations accounted for on a modified equity basis include:

9. Marble Canyon Forestry Ltd.

#### c) Fund Accounting

The Ts'kw'aylaxw First Nation maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

#### d) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

#### e) Segments

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

### f) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, net of bank overdrafts.

### g) Investments

The Band accounts for Ts'kw'aylaxw Forestry Company Ltd.'s 100% interest in Marble Canyon Forestry Ltd. using the modified equity method. Under this method the cost of this investment is adjusted by earnings or losses of Marble Canyon Forestry Ltd. from the date of acquisition.

Portfolio investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

### h) Long-term Debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Capital Assets.

### i) Tangible Capital Assets

Tangible capital assets are recorded at cost including amounts directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs directly attributable to the acquisition or construction of the asset.

Amortization is calculated on a declining balance basis at the following annual rates, except in the year of acquisition when one-half the rate is used:

Buildings	5 %
Automotive equipment	30 %
TV satellite system	50 %
Furniture and equipment	20 %
Machinery and equipment	30 %
Playground equipment	20 %
Irrigation equipment	20 %
Boats	5 %

Tangible capital assets are written down when conditions indicate they no longer contribute to Ts'kw'aylaxw First Nation's ability to provide goods and services or when the value of future economic benefits associated with the tangible capital assets are less than their book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded as revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents, and historical

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service. Land is not amortized.

### j) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

### k) Budget

The budget reported in the financial statements was provided by management and is unaudited.

### l) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agent.

### m) Internal Charges and Transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees".

### n) Financial Instruments

All significant financial assets, financial liabilities, and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk, and credit risk.

### o) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Actual results could differ from those estimates.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 2. CASH

#### Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the year end date, the Fund is overfunded by \$2,099 (2018 - underfunded \$801).

#### Operating Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at year end date, the Fund is underfunded by \$3,825 (2018 - overfunded \$42).

#### Ottawa Trust Funds:

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

#### Members' Trust Funds:

Ts'kw'aylaxw First Nation administers their own revenue trust account known as the Members' Trust for land management activities. Withdrawals of the Members' Trust are recorded as revenue in the applicable fund where the monies are expended.

	2019	2018
Cash		
Band	\$ 2,255,940	\$ 2,892,082
Social Housing	16,147	135,341
Enterprise Fund	(8,845)	37,394
	<hr/> 2,263,242	<hr/> 3,064,817
Restricted cash		
Members' Trust	204,639	308,974
Ottawa Trust	16,606	20,596
Replacement Reserve Fund	35,909	21,717
Operating Reserve Fund	18,111	15,261
	<hr/> 275,265	<hr/> 366,548
	<hr/> \$ 2,538,507	<hr/> \$ 3,431,365

The Nation has negotiated a line of credit to an authorized amount of \$250,000 bearing interest at 5.45%. This line of credit is secured by an assignment of monies on Indigenous Services Canada comprehensive funding agreement.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 3. PORTFOLIO INVESTMENTS

	2019	2018
Measured at cost:		
Marketable Securities	\$ 2,333,954	\$ 2,293,739

Market value of securities \$2,367,506 (2018 - \$2,292,000).

### 4. ACCOUNTS RECEIVABLE

	2019	2018
Trade receivables		
Indigenous Services Canada	\$ 485,199	\$ 127,813
Canada Mortgage & Housing Corporation	29,184	12,750
GST rebate	9,548	2,145
	10,351	14,831
Allowance for doubtful accounts	534,282	157,539
	(205,351)	(24,084)
	<hr/> \$ 328,931	<hr/> \$ 133,455

### 5. INVESTMENT IN TREATY

During treaty negotiations, Ts'kw'aylaxw First Nation received interest free advances from Indigenous Services Canada pursuant to an agreement with the British Columbia Treaty Commission and Indigenous Services Canada. After the First Nation opted out of negotiations interest began to accrue at 0.07%.

The original funds were used solely for the purposes of treaty negotiations. The loan proceeds become due and payable upon the earlier of:

- a) the date a treaty signed by the Negotiating Parties takes effect unless otherwise agreed in the treaty;
- b) the later of:
  - the twelfth anniversary of the date of the first Loan Advance by Canada to the First Nation under the earliest First Nation Funding Agreement; or
  - the Extended Due Date; and
- c) the date the Federal Minister demands payment of the Loan due to an event of default under the agreement or under any First Nation Funding Agreement.

The First Nation capitalizes all expenses related to the Treaty process as management expects the future settlement to exceed the investment in treaty balance. During 2019 the First Nation capitalized \$44,516 interest (2018 - \$18,290).

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 6. INVESTMENT IN FIRST NATION BUSINESS ENTITY

Ts'kw'aylaxw First Nation owns 100% effective ownership of Marble Canyon Forestry Ltd.

	2019	2018
Investment in Marble Canyon Forestry Ltd.	\$ 24,758	\$ 24,758
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	2019 Total	2018 Total
Cash	\$ 105,884	\$ 23,081
Tangible capital assets	1,381	1,276
Total assets	\$ 107,265	\$ 24,357
<hr/>		
Other liabilities	\$ 82,590	\$ -
Total liabilities	82,590	-
Share capital	100	100
Equity	24,575	24,257
Total equity	24,675	24,357
Total liabilities and equity	\$ 107,265	\$ 24,357
<hr/>		
	2019 Total	2018 Total
Revenue	\$ 93,330	\$ 49,138
Wages	10,000	22,602
Other expenses	83,462	24,963
Total expenses	93,462	47,565
Net income (loss)	\$ (132)	\$ 1,573

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS March 31, 2019

### 7. TANGIBLE CAPITAL ASSETS

	Cost	Additions	Disposals	Accumulated amortization	2019 Net book value
Land	\$ 876,452	\$ -	\$ -	\$ -	\$ 876,452
Buildings	3,161,699	9,037,155	-	1,778,623	10,420,231
Automotive equipment	324,803	316,200	-	351,048	289,955
TV satellite system	30,709	-	-	30,709	-
Furniture and equipment	314,044	-	-	288,017	26,027
Machinery and equipment	177,643	23,579	-	146,875	54,347
Playground equipment	40,658	-	-	40,179	479
Irrigation equipment	3,873	-	-	3,845	28
Boats	5,323	-	-	5,128	195
Assets under construction	8,938,521	3,888,182	9,037,155	-	3,789,548
	\$ 13,873,725	\$ 13,265,116	\$ 9,037,155	\$ 2,644,424	\$ 15,457,262

	Cost	Additions	Disposals	Accumulated amortization	2018 Net book value
Land	\$ 744,636	\$ 131,815	\$ -	\$ -	\$ 876,451
Buildings	3,161,699	-	-	1,490,123	1,671,577
Automotive equipment	324,803	-	-	294,509	30,294
TV satellite system	30,709	-	-	30,709	-
Furniture and equipment	314,044	-	-	285,429	28,615
Machinery and equipment	177,643	-	-	130,751	46,892
Playground equipment	40,658	-	-	40,060	598
Irrigation equipment	3,873	-	-	3,836	37
Boats	5,323	-	-	5,080	243
Assets under construction	247,550	8,690,970	-	-	8,938,520
	\$ 5,050,938	\$ 8,822,785	\$ -	\$ 2,280,497	\$ 11,593,227

### 8. ACCOUNTS PAYABLE

	2019	2018
Accounts payable - general	\$ 751,742	\$ 1,170,906
Government source deductions payable	11,281	10,642
Wages and benefits payable	31,024	17,898
	\$ 794,047	\$ 1,199,446

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 9. DUE FROM/TO RELATED PARTIES

The First Nation owns 100% effective ownership of Marble Canyon Forestry Ltd. \$82,500 in management fee revenue was received from the company during the year.

	2019	2018
Due from Marble Canyon	\$ 83,240	\$ -
Due to Ts'kw'aylaxw Treaty	(7,500)	(7,500)
	<b>\$ 75,740</b>	<b>\$ (7,500)</b>

Transactions with related parties, if any, are in the normal course of business and are for fair consideration that is mutually agreed upon by the related parties.

### 10. LONG-TERM DEBT

	2019	2018
Royal Bank of Canada loan repayable in monthly installments of \$26,320 including interest at 3.97% per annum, maturing April 17, 2024, secured by a general credit facility agreement	\$ 5,106,872	\$ 3,994,000
Royal Bank of Canada vehicle loan repayable in monthly installments of \$362 including interest at 3.35% per annum, maturing August 16, 2020, secured by a vehicle	5,692	10,036
Royal Bank of Canada loan repayable in monthly installments of \$1,575 including interest at 4.30% per annum, maturing April 17, 2023, secured by a general credit facility agreement	242,784	-
Government of Canada loan advances for the BC treaty negotiation with interest accrued at 0.07% and no expected terms of repayment.	2,505,693	2,461,177
All Nations Trust mortgage repayable in monthly installments of \$2,519 including interest at 2.21% per annum, maturing February 1, 2039, secured by a ministerial guarantee	486,962	506,500
All Nations Trust mortgage repayable in monthly installments of \$3,514 including interest at 2.48% per annum, maturing August 1, 2043, secured by a ministerial guarantee	745,131	386,397
	<b>\$ 9,093,134</b>	<b>\$ 7,358,110</b>

Principal portion of long-term debt due within the next five years:

2020	\$ 166,594
2021	176,863
2022	183,315
2023	190,013
2024 and thereafter	8,376,349
	<b>\$ 9,093,134</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 11. ACCUMULATED SURPLUS

	2019	2018
Restricted		
Social Housing	\$ 191,144	\$ 158,329
Ottawa Trust Fund	16,606	20,597
St'at'imc Community Trust Fund	1,854,936	1,814,739
	<hr/> 2,062,686	<hr/> 1,993,665
Unrestricted		
Operating Fund	3,095,788	3,273,966
Capital Fund	8,229,945	6,045,755
Enterprise Fund	(29,140)	11,061
	<hr/> 11,296,593	<hr/> 9,330,782
	<hr/> \$ 13,359,279	<hr/> \$ 11,324,447

### 12. ECONOMIC DEPENDENCE

Ts'kw'aylaxw First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous Services Canada.

### 13. CONTINGENT LIABILITIES

#### a) Indigenous Services Canada

Under the terms of the contribution agreements with Indigenous Services Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the Band.

#### b) Loan Guarantee

A Government of Canada Ministerial Guarantee has been obtained for loans to certain band members. If these loans default, the Minister may recover the outstanding amounts from the Ts'kw'aylaxw First Nation.

The band has guaranteed loans totalling \$22,581.

### 14. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period. The March 31, 2018 comparative amounts were reported on by another Chartered Professional Accountant firm.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 15. SEGMENTED INFORMATION

As previously discussed in note 2 (h) the First Nation conducts its business through reportable segments as follows:

The Administration Programs department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

The Community Welfare Programs department provides services to help the Members by providing a variety of programs, community services and social assistance.

The Operations and Maintenance Programs department provides services relating to the development, maintenance and service of the First Nation's assets, infrastructure and common property.

The Economic Development Programs department provides for the development of economic opportunities to the Members.

The Natural Resource Management includes exploration of natural resources and development of natural resource revenues.

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

The Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs, it also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

The Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

The Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Ottawa Trust Fund, Enterprise Fund and St'at'imc Trust Fund transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 15. SEGMENTED INFORMATION, continued

	Band Programs			Community Welfare			Operations and Maintenance		
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 607,419	\$ 672,730	\$ 591,672	-	\$ (5,547)	\$ -	\$ 257,900	\$ 257,042	\$ 760,053
BC Hydro	-	-	350	-	77,467	77,467	-	-	-
Administration fee	206,422	15,769	61,592	-	1,924	-	-	-	-
Province of BC	-	18,821	-	20,000	6,046	97,960	-	-	-
First Nations Health Authority	-	-	-	-	-	-	27,440	27,440	-
Other revenue	62,278	499,246	112,027	489,393	672,231	354,535	54,500	564,538	103,454
<b>Total revenue</b>	<b>876,119</b>	<b>1,206,566</b>	<b>765,641</b>	<b>509,393</b>	<b>752,121</b>	<b>529,962</b>	<b>339,840</b>	<b>849,020</b>	<b>863,507</b>
<b>Expenses</b>									
Administration fees	41,726	-	-	38,305	-	-	7,541	-	-
Wages and benefits	404,438	401,314	423,992	286,092	276,040	21,811	108,856	90,901	138,427
Professional fees	163,241	154,200	200,214	102,800	69,801	76,569	83,754	84,751	31,000
Honoraria	151,450	132,495	132,719	1,500	(3,830)	20,540	-	-	-
Travel	109,098	70,482	94,417	42,735	31,767	27,298	6,700	5,714	10,165
Contractors	68,000	50,049	47,667	-	-	18,481	9,500	350,248	171,565
Equipment leases	26,000	28,719	24,078	-	-	4,390	-	-	-
Utilities and telephone	20,767	25,650	24,295	400	-	-	29,691	45,297	42,408
Other expenses	205,379	130,976	169,349	365,935	212,303	116,283	562,356	564,421	131,394
<b>Total expenses</b>	<b>1,190,099</b>	<b>993,885</b>	<b>1,116,731</b>	<b>837,767</b>	<b>586,081</b>	<b>285,372</b>	<b>808,398</b>	<b>1,141,332</b>	<b>524,959</b>
<b>Other income</b>	<b>(313,980)</b>	<b>212,697</b>	<b>(351,090)</b>	<b>(328,374)</b>	<b>166,040</b>	<b>244,590</b>	<b>(468,558)</b>	<b>(292,312)</b>	<b>338,548</b>
<b>Annual surplus (deficit)</b>	<b>\$ (313,980)</b>	<b>\$ 212,697</b>	<b>\$ (351,090)</b>	<b>\$ (328,374)</b>	<b>\$ 166,040</b>	<b>\$ 244,590</b>	<b>\$ (468,558)</b>	<b>\$ 77,030</b>	<b>\$ 338,548</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 15. SEGMENTED INFORMATION, continued

	Economic Development			Natural Resources			Health	
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual
<b>Revenues</b>								
Indigenous Services Canada	\$ 29,184	\$ 29,184	\$ 28,942	\$ -	\$ -	\$ -	\$ -	\$ -
Province of BC	-	-	-	140,264	140,264	11,284	26,000	-
First Nations Health Authority	-	-	-	-	-	-	528,451	536,917
Other revenue	-	-	-	189,847	94,881	74,720	29,800	601,156
							73,256	62,376
<b>Total revenue</b>	<b>29,184</b>	<b>29,184</b>	<b>28,942</b>	<b>330,111</b>	<b>235,145</b>	<b>86,004</b>	<b>584,251</b>	<b>610,173</b>
<b>Expenses</b>								
Administration fees	2,500	-	-	14,026	-	-	39,148	-
Wages and benefits	22,684	16,720	8,390	247,130	213,632	66,162	215,071	245,881
Professional fees	32,208	31,949	95,115	34,947	25,161	13,875	10,500	11,480
Honoraria	-	-	-	-	-	-	9,913	5,113
Travel	1,000	-	835	5,000	4,558	-	82,000	69,977
Contractors	-	-	6,749	-	-	-	17,419	2,500
Equipment leases	-	-	-	-	-	2,583	-	-
Utilities and telephone	-	-	300	800	50	-	5,853	5,250
Other expenses	-	-	6,477	28,208	18,046	1,246	340,557	225,235
								143,428
<b>Total expenses</b>	<b>58,392</b>	<b>48,669</b>	<b>117,866</b>	<b>330,111</b>	<b>261,447</b>	<b>83,866</b>	<b>720,461</b>	<b>565,436</b>
	(29,208)	(19,485)	(88,924)	-	(26,302)	2,138	(136,210)	44,737
<b>Other income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual surplus (deficit)</b>	<b>\$ (29,208)\$</b>	<b>(19,485)\$</b>	<b>(88,924)\$</b>	<b>-</b>	<b>\$ (26,302)\$</b>	<b>2,138 \$</b>	<b>(136,210)\$</b>	<b>44,737 \$</b>
								217,551

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 15. SEGMENTED INFORMATION, continued

	2019 Budget	Education		Social Development		Capital Programs		
		2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual
<b>Revenues</b>								
Indigenous Services Canada	\$ 412,636	\$ 888,156	\$ 370,641	\$ 334,732	\$ 325,760	\$ 325,427	\$ 231,257	\$ 736,848
BC Hydro	-	-	-	-	-	-	-	247,786
First Nations Health Authority	-	-	-	-	-	-	-	56,047
Other revenue	26,000	46,880	4,343	-	65	777	6,500	60,360
<b>Total revenue</b>	<b>438,636</b>	<b>935,036</b>	<b>374,984</b>	<b>334,732</b>	<b>325,825</b>	<b>326,204</b>	<b>237,757</b>	<b>116,407</b>
<b>Expenses</b>								
Administration fees	32,000	-	-	17,904	-	-	-	-
Wages and benefits	54,626	32,089	56,827	39,757	39,261	41,512	11,257	-
Professional fees	-	-	-	-	-	-	27,500	63,482
Honoraria	10,000	8,816	23,742	-	-	-	-	(22,960)
Travel	2,500	1,228	7,524	3,000	2,753	2,786	-	-
Contractors	-	-	-	-	-	-	357,341	299,990
Utilities and telephone	7,000	605	760	24,508	767	-	4,570	999
Other expenses	339,510	624,880	338,009	242,615	254,928	206,897	2,163,850	2,039,650
<b>Total expenses</b>	<b>445,636</b>	<b>667,618</b>	<b>426,862</b>	<b>327,784</b>	<b>297,709</b>	<b>251,195</b>	<b>2,559,948</b>	<b>2,407,692</b>
<b>Other income</b>	<b>(7,000)</b>	<b>267,418</b>	<b>(51,878)</b>	<b>6,948</b>	<b>28,116</b>	<b>75,009</b>	<b>(2,322,191)</b>	<b>(2,291,285)</b>
<b>Annual surplus (deficit)</b>	<b>\$ (7,000)</b>	<b>\$ 267,418</b>	<b>\$ (51,878)</b>	<b>\$ 6,948</b>	<b>\$ 28,116</b>	<b>\$ 75,009</b>	<b>\$ (2,322,191)</b>	<b>\$ (928,413)</b>
								<b>(251,861)</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 15. SEGMENTED INFORMATION, continued

	Social Housing			Capital Fund			Ottawa Trust Fund		
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual
<b>Revenues</b>									
Other revenue	\$ -	\$ 92,443	\$ 49,836	\$ -	\$ -	\$ -	\$ -	\$ 1,504	\$ 12,916
<b>Total revenue</b>	<b>-</b>	<b>92,443</b>	<b>49,836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,504</b>	<b>12,916</b>
<b>Expenses</b>									
Administration fees	-	-	2,800	-	-	-	-	-	-
Professional fees	-	6,310	4,010	-	-	-	-	-	-
Other expenses	-	854,009	39,333	-	323,116	227,132	-	5,495	-
<b>Total expenses</b>	<b>-</b>	<b>860,319</b>	<b>46,143</b>	<b>-</b>	<b>323,116</b>	<b>227,132</b>	<b>-</b>	<b>5,495</b>	<b>-</b>
<b>Other income</b>	<b>-</b>	<b>(767,876)</b>	<b>3,693</b>	<b>-</b>	<b>(323,116)</b>	<b>(227,132)</b>	<b>-</b>	<b>(3,991)</b>	<b>12,916</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 32,815</b>	<b>\$ 3,693</b>	<b>-</b>	<b>\$ 2,184,190</b>	<b>\$ 3,144,734</b>	<b>-</b>	<b>\$ (3,991)</b>	<b>\$ 12,916</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### 15. SEGMENTED INFORMATION, continued

	St'at'imc Community Trust Fund			Enterprise Fund			Consolidated totals		
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,873,128	\$ 2,167,325	\$ 2,813,583
BC Hydro	-	-	-	-	-	-	-	77,467	325,603
Administration fee	-	-	-	-	-	-	206,422	17,693	61,592
Province of BC	-	-	-	-	-	-	186,264	165,131	109,244
First Nations Health Authority	-	-	-	-	-	-	555,891	620,404	2,883,653
Other revenue	-	68,780	-	-	11,304	24,706	858,318	2,185,488	853,916
<b>Total revenue</b>	<b>-</b>	<b>68,780</b>	<b>-</b>	<b>-</b>	<b>11,304</b>	<b>24,706</b>	<b>3,680,023</b>	<b>5,233,508</b>	<b>7,047,591</b>
<b>Expenses</b>									
Administration fees	-	-	-	-	-	-	193,150	-	2,800
Wages and benefits	-	-	-	-	-	-	1,389,911	1,315,838	976,388
Professional fees	-	28,566	-	-	5,412	-	454,950	481,112	406,134
Honoraria	-	-	-	-	-	-	172,863	142,594	182,206
Travel	-	-	-	-	-	-	252,033	186,479	209,840
Contractors	-	-	-	-	-	842	452,260	702,787	400,567
Equipment leases	-	-	-	-	15,699	-	26,000	44,418	31,051
Utilities and telephone	-	-	-	-	9,630	6,893	89,019	91,819	78,610
Other expenses	-	17	-	-	20,764	17,124	4,248,410	5,273,840	1,596,537
<b>Total expenses</b>	<b>-</b>	<b>28,583</b>	<b>-</b>	<b>-</b>	<b>51,505</b>	<b>24,859</b>	<b>7,278,596</b>	<b>8,238,887</b>	<b>3,884,133</b>
<b>Other income</b>	<b>-</b>	<b>40,197</b>	<b>-</b>	<b>-</b>	<b>(40,201)</b>	<b>(153)</b>	<b>(3,598,573)</b>	<b>(3,005,379)</b>	<b>3,163,458</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 40,197</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (40,201)</b>	<b>\$ (153)</b>	<b>\$ (3,598,573)</b>	<b>\$ 2,034,832</b>	<b>\$ 3,295,273</b>