

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

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## **FINANCIAL STATEMENTS**

**March 31, 2020**

# TS'KW'AYLAXW FIRST NATION

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## FINANCIAL STATEMENTS March 31, 2020

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### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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# TS'KW'AYLAXW FIRST NATION

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING March 31, 2020

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.

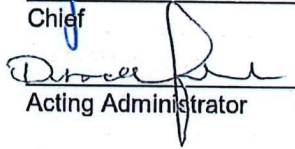
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

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

  
\_\_\_\_\_  
Acting Administrator

Feb 17/2021  
Date

Feb 17/2021  
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, 2020, 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, 2020, 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.

### *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

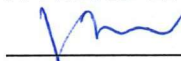
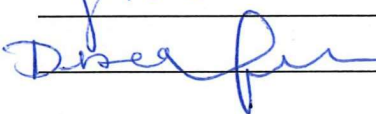
KELOWNA, B.C.  
FEBRUARY 17, 2021

# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF FINANCIAL POSITION As at March 31, 2020

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash	\$ 2,199,933	\$ 2,263,242
Restricted cash (Note 2)	722,242	275,265
Portfolio investments (Note 4)	2,420,905	2,333,954
Accounts receivable (Note 5)	649,340	349,114
Due from related parties (Note 12)	84,004	75,740
Investment in Treaty (Note 6)	-	2,505,693
Long-term Investments (Note 7)	24,868	24,758
	<b>6,101,292</b>	<b>7,827,766</b>
<b>LIABILITIES</b>		
Demand loan	-	38,568
Accounts payable (Note 9)	866,556	794,053
Replacement reserve fund (Note 11)	40,011	33,810
Deferred revenue (Note 10)	374,825	-
Long-term debt (Note 13)	6,327,644	9,093,134
	<b>7,609,036</b>	<b>9,959,565</b>
<b>NET DEBT</b>	<b>(1,507,744)</b>	<b>(2,131,799)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	14,848,088	15,343,724
<b>ACCUMULATED SURPLUS (Note 20)</b>	<b>\$ 13,340,344</b>	<b>\$ 13,211,925</b>

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

  
\_\_\_\_\_, Chief  
  
\_\_\_\_\_, Acting Administrator

# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF CHANGE IN NET DEBT For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	\$ (1,036,451)	\$ 128,419	\$ (1,478,414)
Acquisition of tangible capital assets	-	(132,821)	(4,227,961)
Amortization of tangible capital assets	-	628,457	379,562
	-	495,636	(3,750,499)
<b>INCREASE (DECREASE) IN NET FINANCIAL DEBT</b>	(1,036,451)	624,055	(5,228,913)
<b>NET FINANCIAL ASSETS (DEBT) AT BEGINNING OF YEAR</b>	-	(2,131,799)	3,097,114
<b>NET DEBT AT END OF YEAR</b>	\$ -	\$ (1,507,744)	\$ (2,131,799)

# TS'KW'AYLAXW FIRST NATION

## SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
<b>REVENUE</b>			
Indigenous Services Canada	\$ 2,423,267	\$ 2,857,991	\$ 2,167,325
Province of BC	157,677	687,501	165,131
Forestry contracts	-	255,635	395,614
Red Cross	-	-	130,193
Canada Mortgage and Housing Corporation	-	78,337	118,912
BC Hydro	77,467	77,467	77,467
Property tax assessed	25,242	25,243	67,461
Rental	55,300	94,054	62,719
Graymont	77,700	86,700	44,034
First Nations Education Steering Committee	89,440	120,876	43,047
First Nations Health Authority	685,742	701,362	626,782
St'at'imc Trust	20,000	-	529,984
Other	436,430	240,043	812,145
	4,048,265	5,225,209	5,240,814
<b>EXPENDITURES</b>			
Band Programs	958,701	912,815	917,486
Operations and Maintenance	210,010	177,912	190,356
Economic Development	29,184	4,134	48,668
Natural Resources	1,090,839	800,132	973,770
Health	810,162	713,977	2,161,643
Education	1,206,205	1,078,119	753,616
Social Development	571,997	533,981	297,709
Capital Programs	-	33,222	299,990
Housing	154,255	104,853	609,411
Social Housing	-	139,934	86,464
Capital Fund	-	556,810	323,116
Ottawa Trust Fund	-	1,689	5,495
Enterprise Fund	-	39,212	51,504
	5,031,353	5,096,790	6,719,228
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	(1,036,451)	128,419	(1,478,414)
<b>EQUITY AT BEGINNING OF YEAR</b>	-	13,211,925	14,690,339
<b>EQUITY AT END OF YEAR</b>	\$ (1,036,451)	\$ 13,340,344	\$ 13,211,925



# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 128,419	\$ (1,478,414)
Items not affecting cash		
Amortization	628,457	379,562
Gain on sale of portfolio investments	(156,452)	(34,764)
	600,424	(1,133,616)
Change in non-cash operating working capital		
Accounts receivable	(300,226)	(210,730)
Deferred revenue	374,825	-
Accounts payable	72,503	(405,393)
Replacement reserve fund	6,201	11,292
	753,727	(1,738,447)
<b>CAPITAL ACTIVITIES</b>		
Purchases of tangible capital assets	(132,821)	(741,645)
<b>FINANCING ACTIVITIES</b>		
Advances of long-term debt	12,113	1,732,214
Repayment of long-term debt	(271,910)	(41,708)
Repayment of demand loan	(38,568)	(14,579)
	(298,365)	1,675,927
<b>INVESTING ACTIVITIES</b>		
Purchase of portfolio investments	(1,664,341)	(945,842)
Proceeds of portfolio investments	1,733,842	940,391
Acquisition of shares in BC First Nations Gaming Revenue Sharing General Partner Inc.	(10)	-
Acquisition of shares in BC First Nation Gaming Revenue Sharing Limited Partnership	(100)	-
Advances to related First Nation entities	(8,264)	(83,242)
	61,127	(88,693)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>383,668</b>	<b>(892,858)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,538,507</b>	<b>3,431,365</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,922,175</b>	<b>\$ 2,538,507</b>
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash	\$ 2,199,933	\$ 2,263,242
Restricted cash	722,242	275,265
	<b>\$ 2,922,175</b>	<b>\$ 2,538,507</b>

The accompanying notes are an integral part of the financial statements

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 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 Enterprise Fund
  - 0436158 B.C. Ltd.
  - Ts'kw'aylaxw Forest Co. Ltd.

Organizations accounted for on a modified equity basis include:

6. 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.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### e) Segments

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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Amortization is provided for on a declining basis over their estimated useful lives as follows:

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.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

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 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**

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Council.

### **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**

#### **i) Measurement of Financial Instruments**

The First Nation initially measures its financial assets and liabilities at fair value.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value are not recognized in the statement of operations in the period incurred in accordance with PSAS.

Financial assets measured at amortized cost include cash, accounts receivables, funds held in trust.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The First Nation has not designated any financial asset or financial liability to be measured at fair value.

#### **(ii) Impairment**

For financial assets measured at cost or amortized cost, the First Nation Corporation determines whether there are indications of possible impairment. When there is an indication of impairment, and the First Nation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 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.

## 2. RESTRICTED 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 \$4,999 (2019 - overfunded \$2,099).

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 \$21,253 (2019 - underfunded \$3,825).

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.

	2020	2019
Restricted cash		
Trust	\$ 267,874	\$ 204,639
Ottawa Trust	16,656	16,606
Gaming Fund	374,825	-
Replacement Reserve Fund	45,010	35,909
Operating Reserve Fund	17,877	18,111
	<b>\$ 722,242</b>	<b>\$ 275,265</b>

## 3. LINE OF CREDIT

The Nation has negotiated a line of credit with Royal Bank of Canada to an authorized amount of \$250,000 bearing interest at prime plus 1.5%. This line of credit is secured by an assignment of monies on Indigenous Services Canada comprehensive funding agreement. The line of credit balance at the end of the year is zero.

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 4. PORTFOLIO INVESTMENTS

	2020	2019
Measured at cost:		
Marketable Securities	\$ 2,420,905	\$ 2,333,954

Market value of securities \$2,184,244 (2019 - \$2,367,506).

### 5. ACCOUNTS RECEIVABLE

	2020	2019
Trade receivables	\$ 512,811	\$ 505,382
Indigenous Services Canada	268,539	29,184
Canada Mortgage & Housing Corporation	5,861	9,548
Province of BC	12,291	-
GST rebate	9,650	10,351
First Nations Education Steering Committee	45,539	-
	854,691	554,465
Allowance for doubtful accounts	(205,351)	(205,351)
	\$ 649,340	\$ 349,114

### 6. 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:

- the date a treaty signed by the Negotiating Parties takes effect unless otherwise agreed in the treaty;
- 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
- 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 in the past. Government of Canada has forgiven all the loan advances effective March 31, 2020. The capitalized expenses have been offset to the loan payable.

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 7. LONG-TERM INVESTMENTS

Ts'kw'aylaxw First Nation owns 100% effective ownership of the following entities:

	2020	2019
Investments subject to control:		
- Ts'kw'sylaxw Forest Co. Ltd.	\$ 24,757	\$ 24,757
- 0436158 B.C. Ltd.	1	1
Investments not subject to control:		
- Investment in BC First Nations Gaming Revenue Sharing General Partner Inc.	10	-
- Investment in BC First Nations Gaming Revenue Sharing Limited Partnership	100	-
	\$ 24,868	\$ 24,758

	Marble Canyon Forest Ltd.	0436158 B.C. Ltd.	Ts'kw'sylaxw Forest Co. Ltd.	2020 Total	2019 Total
Cash	\$ 76,007	\$ -	\$ -	\$ 76,007	\$ 105,884
Tangible capital assets	1,104	583,528	-	584,632	1,381
Other assets	-	-	52	52	-
Total assets	\$ 77,111	\$ 583,528	\$ 52	\$ 660,691	\$ 107,265

Other liabilities	\$ 83,267	\$ 485,854	\$ (183,284)	\$ 385,837	\$ 75,090
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Total liabilities	83,267	485,854	(183,284)	385,837	75,090
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Share capital	100	8	10	118	100
Equity	(6,256)	97,666	183,326	274,736	32,075

Total equity	(6,156)	97,674	183,336	274,854	32,175
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Total liabilities and equity	\$ 77,111	\$ 583,528	\$ 52	\$ 660,691	\$ 107,265
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	Marble Canyon Forest Ltd.	0436158 B.C. Ltd.	Ts'kw'sylaxw Forest Co. Ltd.	2020 Total	2019 Total
Revenue	\$ -	\$ -	\$ 7,500	\$ 7,500	\$ 93,330
	-	-	7,500	7,500	93,330
Wages	1,277	-	-	1,277	10,000
Other expenses	37,054	32,043	357	69,454	75,961
Total expenses	38,331	32,043	357	70,731	85,961
Net income (loss)	\$ (38,331)	\$ (32,043)	\$ 7,143	\$ (63,231)	\$ 7,369

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS March 31, 2020

### 8. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization		
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization on disposals
Land	\$ 876,452	\$ -	\$ -	\$ 876,452	\$ -	\$ -
Buildings	12,198,854	80,108	-	12,278,962	2,184,595	621,396
Automotive equipment	641,003	-	(15,890)	625,113	294,551	-
TV satellite system	30,709	-	-	30,709	30,709	-
Furniture and equipment	314,044	49,613	(1,131)	362,526	41,179	-
Machinery and equipment	201,222	-	(4,019)	197,203	201,800	6,866
Playground equipment	40,658	3,100	-	43,758	-	-
Irrigation equipment	3,873	-	-	3,873	-	-
Boats	5,323	-	-	5,323	5,128	195
Assets under construction	3,789,548	-	-	3,789,548	-	-
	\$ 18,101,686	\$ 132,821	\$ (21,040)	\$ 18,213,467	\$ 2,757,962	\$ 628,457
					\$ (21,040)	\$ 3,365,379
						\$ 14,848,088

	Cost			Accumulated amortization		
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization on disposals
Land	\$ 876,452	\$ -	\$ -	\$ 876,452	\$ -	\$ -
Buildings	3,161,699	9,037,155	-	12,198,854	1,844,552	340,097
Automotive equipment	324,803	316,200	-	641,003	294,522	29
TV satellite system	30,709	-	-	30,709	26,703	4,006
Furniture and equipment	314,044	-	-	314,044	14,389	26,790
Machinery and equipment	177,643	23,579	-	201,222	193,209	8,591
Playground equipment	40,658	-	-	40,658	-	-
Irrigation equipment	3,873	-	-	3,873	-	-
Boats	5,323	-	-	5,323	5,079	49
Assets under construction	8,938,521	3,888,182	(9,037,155)	3,789,548	-	-
	\$ 13,873,725	\$ 13,265,116	\$ (9,037,155)	\$ 18,101,686	\$ 2,378,454	\$ 379,562
					\$ -	\$ 2,757,962
						\$ 15,343,724



# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 9. ACCOUNTS PAYABLE

	2020	2019
Accounts payable - trade	\$ 524,772	\$ 751,748
School District #74	259,285	-
Government source deductions payable	20,279	11,281
Wages and benefits payable	62,220	31,024
	<b>\$ 866,556</b>	<b>\$ 794,053</b>

### 10. DEFERRED REVENUE

	March 31, 2019	Funding received, 2020	March 31, 2020
BC First Nations Gaming Revenue	\$ -	\$ 374,825	<b>\$ 374,825</b>

### 11. REPLACEMENT RESERVE FUND

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the homes.

	2020	2019
Balance, beginning of year	\$ 33,810	\$ 22,518
Interest	226	92
Appropriations from the Operating Fund	11,200	11,200
Expenditures	(5,225)	-
	<b>\$ 40,011</b>	<b>\$ 33,810</b>

### 12. DUE FROM/TO RELATED PARTIES

The First Nation owns 100% effective ownership of Marble Canyon Forestry Ltd.

	2020	2019
Due from Marble Canyon	\$ 84,004	\$ 83,240
Due to Ts'kw'aylaxw Treaty	-	(7,500)
	<b>\$ 84,004</b>	<b>\$ 75,740</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.

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 13. LONG-TERM DEBT

	2020	2019
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	\$ 4,890,789	\$ 5,106,872
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	1,348	5,692
Royal Bank of Canada loan repayable in monthly installments of \$1,575 including interest at 4.45% per annum, maturing April 16, 2023, secured by a general credit facility agreement	234,490	242,784
Government of Canada has forgiven the loan advances for the BC treaty negotiation during the year.	-	2,505,693
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	467,280	486,962
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	733,737	745,131
	<b>\$ 6,327,644</b>	<b>\$ 9,093,134</b>

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

2021	\$ 146,592
2022	153,128
2023	161,717
2024	171,117
2025 and thereafter	5,695,090
	<b>\$ 6,327,644</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 14. ACCUMULATED SURPLUS

	2020	2019
Restricted		
Social Housing	\$ 30,459	\$ 43,796
Ottawa Trust Fund	16,656	16,606
	47,115	60,402
Unrestricted		
Operating Fund	5,669,980	3,971,706
Capital Fund	7,684,101	9,208,957
Enterprise Fund	(60,852)	(29,140)
	13,293,229	13,151,523
	\$ 13,340,344	\$ 13,211,925

### 15. 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.

### 16. ECONOMIC DEPENDENCE

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

### 17. LEASES

The nature of Ts'kw'aylaxw First Nation's activities can result in some multi-year leases whereby they will be obligated to make future payments. Lease payments required under contract over the next 5 years are as follows:

2021	\$28,332
2022	\$28,332
2023	\$28,332
2024	\$28,332
2025	\$28,332

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 18. 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 Band 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, the Band 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 Band 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 of March 31, 2020 the band does not recognize any liability for contaminated sites.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 19. 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 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, and Enterprise 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, 2020

### 19. SEGMENTED INFORMATION, continued

	Band Programs			Operations and Maintenance			Economic Development		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 343,011	\$ 344,739	402,221	\$ 107,843	\$ 91,205	\$ 257,042	\$ 29,184	\$ 29,184	\$ 29,184
BC Hydro	77,467	77,467	77,467	-	-	-	-	-	-
Administration fee	182,795	7,014	15,769	-	-	-	-	-	-
Province of BC	6,484	431,308	18,821	-	-	-	-	-	-
Deferred revenue - current	-	(374,825)	-	-	-	-	-	-	-
Other revenue	103,942	339,759	891,622	2,500	10,836	8,713	-	-	(368)
<b>Total revenue</b>	<b>713,699</b>	<b>825,462</b>	<b>1,405,900</b>	<b>110,343</b>	<b>102,041</b>	<b>265,755</b>	<b>29,184</b>	<b>29,184</b>	<b>28,816</b>
<b>Expenses</b>									
Administration fees	-	-	-	-	-	-	2,804	-	-
Wages and benefits	343,662	339,668	307,932	78,609	57,119	46,041	13,680	-	16,720
Professional fees	187,636	169,347	165,419	-	12,406	116,478	-	-	31,949
Honoraria	110,900	110,641	127,395	-	-	-	-	-	-
Travel	86,119	58,437	65,402	2,000	1,850	478	-	427	-
Contractors	2,500	3,178	47,049	-	3,473	8,369	-	-	-
Equipment leases	25,700	26,789	28,719	-	-	-	-	-	-
Utilities and telephone	46,100	39,335	25,039	21,871	21,056	33,473	5,000	2,420	-
Other expenses	156,084	165,420	150,531	107,530	82,008	(14,483)	7,700	1,287	(1)
<b>Total expenses</b>	<b>958,701</b>	<b>912,815</b>	<b>917,486</b>	<b>210,010</b>	<b>177,912</b>	<b>190,356</b>	<b>29,184</b>	<b>4,134</b>	<b>48,668</b>
<b>Annual surplus (deficit)</b>	<b>\$ (245,002)</b>	<b>\$ (87,353)</b>	<b>488,414</b>	<b>\$ (99,667)</b>	<b>\$ (75,871)</b>	<b>\$ 75,399</b>	<b>\$ -</b>	<b>\$ 25,050</b>	<b>\$ (19,852)</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 19. SEGMENTED INFORMATION, continued

	Natural Resources			Health			Education		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 305,741	\$ 305,741	224,962	\$ -	\$ 500,000	-	\$ 1,034,937	\$ 950,953	888,156
Administration fee	1,615	12,852	1,924	-	-	-	-	-	-
Province of BC	121,193	196,193	146,310	-	-	-	-	-	-
Other revenue	195,780	593,811	723,583	682,438	663,992	545,084	167,984	162,958	199,949
<b>Total revenue</b>	<b>624,329</b>	<b>1,108,597</b>	<b>1,096,779</b>	<b>682,438</b>	<b>1,163,992</b>	<b>545,084</b>	<b>1,202,921</b>	<b>1,113,911</b>	<b>1,088,105</b>
<b>Expenses</b>									
Administration fees	56,939	-	-	40,324	-	-	57,043	-	-
Wages and benefits	607,777	558,825	591,801	149,800	133,688	184,589	117,641	142,664	82,709
Professional fees	193,650	125,084	131,798	10,500	17,234	38,980	-	-	(2,464)
Honoraria	14,800	3,537	6,500	-	-	-	47,764	2,100	8,699
Travel	46,492	33,129	47,089	112,379	85,234	69,977	2,263	(1,023)	(4,456)
Contractors	15,500	2,454	3,000	-	-	(343,684)	-	-	-
Utilities and telephone	1,800	1,432	661	18,450	39,688	19,819	5,000	1,854	1,279
Other expenses	153,881	75,671	192,921	515,829	438,133	2,191,962	981,210	932,524	667,849
<b>Total expenses</b>	<b>1,090,839</b>	<b>800,132</b>	<b>973,770</b>	<b>847,282</b>	<b>713,977</b>	<b>2,161,643</b>	<b>1,210,921</b>	<b>1,078,119</b>	<b>753,616</b>
<b>Annual surplus (deficit)</b>	<b>\$ (466,510)</b>	<b>\$ 308,465</b>	<b>\$ 123,009</b>	<b>\$ (164,844)</b>	<b>\$ 450,015</b>	<b>\$ (1,616,559)</b>	<b>\$ (8,000)</b>	<b>\$ 35,792</b>	<b>\$ 334,489</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS March 31, 2020

### 19. SEGMENTED INFORMATION, continued

	Social Development			Capital Programs			Housing		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ 502,096	\$ 535,714	\$ 365,760	-	\$ -	-	\$ 100,455	\$ 100,455	\$ -
Province of BC	30,000	60,000	-	-	-	-	-	-	-
Other revenue	-	-	5,065	-	-	250,000	52,800	39,051	84,391
Total revenue	532,096	595,714	370,825	-	-	250,000	153,255	139,506	84,391
Expenses									
Administration fees	28,748	-	-	-	-	-	4,018	-	-
Wages and benefits	107,586	88,709	39,261	-	-	-	39,216	39,427	46,785
Professional fees	-	-	-	-	-	-	-	-	4,255
Travel	-	2,668	2,753	-	-	-	3,065	2,174	5,236
Contractors	-	-	-	-	-	299,990	1,000	1,063	341,879
Utilities and telephone	-	-	767	-	-	-	4,780	4,939	1,151
Other expenses	447,190	442,604	254,928	-	33,222	-	102,176	57,250	210,105
Total expenses	583,524	533,981	297,709	-	33,222	299,990	154,255	104,853	609,411
Annual surplus (deficit)	\$ (51,428)	\$ 61,733	\$ 73,116	-	\$ (33,222)	\$ (49,990)	\$ (1,000)	\$ 34,653	\$ (525,020)
	Social Housing			Capital Fund			Ottawa Trust Fund		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Other revenue	\$ -	\$ 137,563	\$ 92,351	-	\$ -	-	\$ -	\$ 1,739	\$ 1,504
Total revenue	-	137,563	92,351	-	-	-	-	1,739	1,504
Expenses									
Professional fees	-	4,300	6,310	-	-	-	-	-	-
Other expenses	-	135,634	80,154	-	556,810	323,116	-	1,689	5,495
Total expenses	-	139,934	86,464	-	556,810	323,116	-	1,689	5,495
Annual surplus (deficit)	\$ -	\$ (2,371)	\$ 5,887	-	\$ (556,810)	\$ (323,116)	-	\$ 50	\$ (3,991)



# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 19. SEGMENTED INFORMATION, continued

	2020		Enterprise Fund		2019		2020		Consolidated totals	
	Budget	Actual	Actual		Actual		Budget	Actual	2020	2019
Revenues										
Indigenous Services Canada				\$	-	\$	2,423,267	\$	2,857,991	\$
BC Hydro	-	-	-		-		77,467		77,467	
Administration fee	-	-	-		-		184,410		19,866	
Province of BC	-	-	-		-		157,677		687,501	
Deferred revenue - current	-	-	-		-		-		(374,825)	
Other revenue	-	-	7,500		11,304		1,205,444		1,957,209	
Total revenue	-	-	7,500		11,304		4,048,265		5,225,209	
Expenses										
Administration fees	-	-	-		-		189,876		-	
Wages and benefits	-	-	-		-		1,457,971		1,360,100	
Professional fees	-	-	4,531		5,412		391,786		332,902	
Honoraria	-	-	-		-		173,464		116,278	
Travel	-	-	-		-		252,318		182,896	
Contractors	-	-	-		-		19,000		10,168	
Equipment leases	-	-	-		15,699		25,700		26,789	
Utilities and telephone	-	-	2,956		9,630		103,001		113,680	
Other expenses	-	-	31,725		20,763		2,471,600		2,953,977	
Total expenses	-	-	39,212		51,504		5,084,716		5,096,790	
Annual surplus (deficit)	\$	-	(31,712)\$		(40,200)\$		(1,036,451)\$		128,419	\$

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

### 20. PRIOR PERIOD RESTATEMENT

In previous years, the Housing Program reported the Replacement Reserve Fund as equity and reported the depreciation on CMHC housing assets equal to the principal reduction of the housing debt. In the current year, the Housing Program has retroactively reported the Replacement Reserve Fund as a liability and has recalculated the accumulated amortization on the CMHC housing assets based on the accounting policy on Note 1(i).

As a result of the changes, the financial statements have been restated as follows:

	As previously stated in 2019 Actual	Adjustments Increase (Decrease) Actual	Restated 2020 Actual
Consolidated Statement of Financial Position			
Liabilities			
Replacement reserve fund	\$ -	\$ 33,810	\$ 33,810
Non-financial assets			
Tangible capital assets	15,457,262	(113,538)	15,343,724
Consolidated Statement of Operations			
Accumulated surplus at beginning of the year	11,324,447	3,365,892	14,690,339
Annual surplus	2,034,832	(3,513,246)	(1,478,414)
Accumulated surplus at end of the year	11,324,447	1,887,478	13,211,925
Consolidated Statement of Net Debt			
Net debt at beginning of year	(268,780)	3,365,894	3,097,114
Net debt at end of year	\$ (2,097,983)	\$ (33,810)	\$ (2,131,793)

### 21. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.

### 22. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential effects on the First Nation due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the First Nation's operations.

The extent of the impact of this outbreak and related containment measures on the First Nation's operations cannot be reliably estimated at this time.