

TS'KW'AYLAXW FIRST NATION

FINANCIAL STATEMENTS

March 31, 2021

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FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

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TS'KW'AYLAXW FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2021

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.

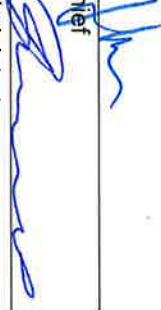
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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.

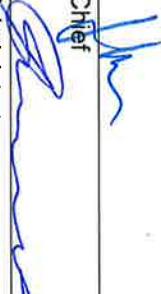
The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the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

Jan 26, 2023

Date

Jan 26, 2023

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, 2021, 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, 2021, and the results of its operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

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 PSAS, 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.
MARCH 28, 2022

TS'KW'AYLAXW FIRST NATION

STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash	\$ 2,161,040	\$ 1,885,878
Restricted cash (Note 2)	1,644,872	1,036,297
Portfolio investments (Note 4)	2,422,891	2,420,905
Accounts receivable (Note 5)	677,108	649,340
Due from related parties (Note 11)	84,004	84,004
Long-term Investments (Note 6)	24,868	24,868
	<u>7,014,783</u>	<u>6,101,292</u>
LIABILITIES		
Accounts payable (Note 8)	594,882	866,556
Replacement reserve fund (Note 10)	51,183	40,011
Deferred revenue (Note 9)	1,013,236	374,825
Long-term debt (Note 12)	6,164,360	6,327,644
	<u>7,823,661</u>	<u>7,609,036</u>
NET DEBT	(808,878)	(1,507,744)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	14,607,005	14,848,088
ACCUMULATED SURPLUS	\$ 13,798,127	\$ 13,340,344

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

, Chief

, Administrator

The accompanying notes are an integral part of the financial statements

TS'KW'AYLAXW FIRST NATION

STATEMENT OF CHANGE IN NET DEBT For the year ended March 31, 2021

	2021 Budget	2021 Actual	2020
<u>EXCESS OF REVENUE OVER EXPENDITURES</u>	\$ (511,083)	\$ 457,783	\$ 128,419
Acquisition of tangible capital assets	-	(792,504)	(132,821)
Amortization of tangible capital assets	-	1,033,587	628,457
	-	241,083	495,636
INCREASE (DECREASE) IN NET FINANCIAL DEBT	(511,083)	698,866	624,055
NET FINANCIAL ASSETS (DEBT) AT BEGINNING OF YEAR	-	(1,507,744)	(2,131,799)
NET DEBT AT END OF YEAR	\$ -	\$ (808,878)	\$ (1,507,744)

TS'KW'AYLAXW FIRST NATION

SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
REVENUE			
Indigenous Services Canada	\$ 3,233,468	\$ 3,369,598	\$ 2,857,991
Province of BC	571,667	784,053	687,501
Canada Mortgage and Housing Corporation	4,965	76,352	78,337
BC Hydro	77,467	77,467	77,467
Property tax assessed	25,798	19,418	25,243
Rental	54,700	118,166	94,054
Graymont	-	180,102	86,700
First Nations Education Steering Committee	26,449	66,537	120,876
First Nations Health Authority	701,065	770,338	701,362
Forestry contracts	-	16,570	255,635
Deferred revenue - current	-	(608,411)	(374,825)
Other	376,256	270,344	614,868
	5,071,835	5,140,534	5,225,209
EXPENDITURES			
Band Programs	1,070,158	886,221	911,311
Operations and Maintenance (recovery)	265,065	(5,028)	177,912
Economic Development	63,130	43,723	4,134
Natural Resources	736,110	569,717	800,132
Health	828,609	345,362	713,977
Education	1,488,025	1,011,637	1,079,623
Social Development	896,857	643,801	533,981
Capital Programs (recovery)	-	(68,328)	33,222
Housing	234,964	131,961	104,853
Social Housing	-	130,764	139,934
Capital Fund	-	981,794	556,810
Ottawa Trust Fund	-	1,555	1,689
Enterprise Fund	-	9,572	39,212
	5,582,918	4,682,751	5,096,790
EXCESS OF REVENUE OVER EXPENDITURES	(511,083)	457,783	128,419
EQUITY AT BEGINNING OF YEAR	-	13,340,344	13,211,925
EQUITY AT END OF YEAR	\$ (511,083)	\$ 13,798,127	\$ 13,340,344

TS'KW'AYLAXW FIRST NATION

STATEMENT OF CASH FLOWS For the year ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 457,783	\$ 128,419
Items not affecting cash		
Amortization	1,033,587	628,457
Gain (loss) on portfolio investments	101,793	(156,452)
	<hr/> 1,593,163	600,424
Change in non-cash operating working capital		
Accounts receivable	(27,767)	(300,226)
Deferred revenue	638,411	374,825
Accounts payable	(271,675)	72,503
Replacement reserve fund	11,172	6,201
	<hr/> 1,943,304	753,727
CAPITAL ACTIVITIES		
Purchases of tangible capital assets	(792,504)	(132,821)
FINANCING ACTIVITIES		
Advances of long-term debt	15,000	12,113
Repayment of long-term debt	(178,284)	(271,910)
Repayment of demand loan	-	(38,568)
	<hr/> (163,284)	(298,365)
INVESTING ACTIVITIES		
Purchase of portfolio investments	(1,180,903)	(1,664,341)
Proceeds of portfolio investments	1,077,124	1,733,842
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)
	<hr/> (103,779)	61,127
INCREASE IN CASH AND CASH EQUIVALENTS	883,737	383,668
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,922,175	2,538,507
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,805,912	\$ 2,922,175
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 2,161,040	\$ 1,885,878
Restricted cash	1,644,872	1,036,297
	<hr/> \$ 3,805,912	\$ 2,922,175

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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
 - 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

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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

Portfolio investments consist of entities that are not owned, controlled or influenced by the First Nation reporting entity and 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.

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.

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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) Asset classification

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

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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 \$5,195 (2020 - overfunded \$4,999).

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 \$705 (2020 - underfunded \$21,253).

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.

	2021	2020
Restricted cash		
Ottawa Trust	\$ 16,584	\$ 16,656
Gaming Fund	784,111	374,825
Graveyard Trust Fund	119,857	119,281
Revenue Trust Fund	442,473	267,874
Cultural Reclamation Fund	195,715	194,774
Replacement Reserve Fund	56,379	45,010
Operating Reserve Fund	29,753	17,877
	<hr/>	<hr/>
	\$ 1,644,872	\$ 1,036,297

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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.

4. PORTFOLIO INVESTMENTS

	2021	2020
Measured at cost:		
Marketable Securities	\$ 2,422,891	\$ 2,420,905

Market value of securities \$2,629,178 (2020 - \$2,184,244).

5. ACCOUNTS RECEIVABLE

	2021	2020
Trade receivables		
Indigenous Services Canada	\$ 309,941	\$ 503,875
Canada Mortgage & Housing Corporation	102,544	268,539
Province of BC	8,501	14,797
GST rebate	357,377	12,291
First Nations Education Steering Committee	4,520	9,650
First Nations Health Authority	40,088	45,539
	89,453	-
Allowance for doubtful accounts	912,424	854,691
	(235,316)	(205,351)
	<hr/> \$ 677,108	<hr/> \$ 649,340

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS March 31, 2021

6. LONG-TERM INVESTMENTS

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

				2021		2020
Investments subject to control:						
- Marble Canyon Forestry Ltd.				\$ 24,756	\$ 24,756	
- 0436158 B.C. Ltd.				1	1	
- Ts'kw'sylaxw Forestry Co. Ltd.				1	1	
Investments not subject to control:						
- Investment in BC First Nations Gaming Revenue Sharing General Partner Inc.				10	10	
- Investment in BC First Nations Gaming Revenue Sharing Limited Partnership				100	100	
				\$ 24,868	\$ 24,868	

	Marble Canyon Forestry Ltd.	0436158 B.C. Ltd.	Ts'kw'aylawx Forestry Co. Ltd.	2021 Total	2020 Total
Cash	\$ 71,909	\$ 45	\$ -	\$ 71,954	\$ 76,007
Tangible capital assets	\$ 884	\$ 576,276	\$ -	\$ 577,160	\$ 584,632
Other assets	-	-	52	52	52
Total assets	\$ 72,793	\$ 576,321	\$ 52	\$ 649,166	\$ 660,691
Accounts payable	\$ 2,122	\$ 4,120	\$ -	\$ 6,242	\$ -
Other liabilities	\$ 83,312	\$ 489,315	\$ (183,284)	\$ 389,343	\$ 385,837
Total liabilities	85,434	493,435	(183,284)	395,585	385,837
Share capital	100	8	10	118	118
Equity	(12,741)	82,878	183,326	253,463	274,736
Total equity	(12,641)	82,886	183,336	253,581	274,854
Total liabilities and equity	\$ 72,793	\$ 576,321	\$ 52	\$ 649,166	\$ 660,691

	Marble Canyon Forestry Ltd.	0436158 B.C. Ltd.	Ts'kw'aylawx Forestry Co. Ltd.	2021 Total	2020 Total
Revenue	\$ -	\$ -	\$ -	\$ -	\$ 7,500
	-	-	-	-	7,500
Wages	-	-	-	-	1,277
Other expenses	6,485	14,788	-	21,273	69,454
Total expenses	6,485	14,788	-	21,273	70,731
Net income (loss)	\$ (6,485)	\$ (14,788)	\$ -	\$ (21,273)	\$ (63,231)

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS March 31, 2021

7. TANGIBLE CAPITAL ASSETS

	Cost					Accumulated amortization							
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Cost	Balance, beginning of year	Amortization on disposals	Balance, end of year	Cost	Balance, beginning of year	Amortization on disposals	Balance, end of year	
Land	\$ 876,452	\$ -	\$ -	\$ 876,452	\$ -	\$ 2,409,642	\$ 937,965	\$ -	\$ -	\$ 876,452	\$ -	\$ 876,452	
Buildings	12,278,962	4,482,793	-	16,761,755	667,464	422,145	61,690	-	3,347,607	13,414,148	483,835	183,629	
Automotive equipment	625,113	42,351	-	-	30,709	30,709	-	-	30,709	-	-	-	
TV satellite system	30,709	-	-	381,532	297,373	15,651	-	-	313,024	68,508	-	-	
Furniture and equipment	362,526	19,006	-	208,468	155,728	12,039	-	-	167,767	40,701	46,846	23,549	
Machinery and equipment	197,203	11,265	-	70,395	40,609	6,237	5	-	-	3,855	18	5,323	-
Playground equipment	43,758	26,637	-	-	3,873	3,850	-	-	-	-	-	-	
Irrigation equipment	3,873	-	-	5,323	-	-	-	-	-	-	-	-	
Boats	5,323	-	-	-	-	-	-	-	-	-	-	-	
Assets under construction	3,789,548	205,325	(3,994,873)	-	-	-	-	-	-	-	-	-	
	\$ 18,213,467	\$ 4,787,377	\$ (3,994,873)	\$ 19,005,971	\$ 3,365,379	\$ 1,033,587	\$ -	\$ 4,398,966	\$ 14,607,005				
	Cost					Accumulated amortization					2020 Net book value		
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Cost	Balance, beginning of year	Amortization on disposals	Balance, end of year	Cost	Balance, beginning of year			
Land	\$ 876,452	\$ -	\$ -	\$ 876,452	\$ -	\$ 2,184,595	\$ 225,047	\$ -	\$ -	\$ 2,409,642	\$ 422,145	202,968	
Buildings	12,198,854	80,108	-	12,278,962	(15,890)	625,113	294,551	143,484	(15,890)	-	-	9,869,320	
Automotive equipment	641,003	-	(15,890)	-	30,709	30,709	-	-	30,709	-	-	-	
TV satellite system	30,709	-	(1,131)	362,526	41,179	257,325	(1,131)	297,373	65,153	-	-	-	
Furniture and equipment	49,613	(4,019)	197,203	201,800	(42,053)	(4,019)	-	40,609	155,728	41,475	40,609	3,149	
Machinery and equipment	201,222	3,100	-	43,758	-	3,873	3,850	-	3,850	-	3,850	23	
Playground equipment	40,658	-	-	5,323	5,128	195	-	-	5,323	-	-	5,323	
Irrigation equipment	3,873	-	-	-	-	-	-	-	-	-	-	-	
Boats	5,323	-	-	3,789,548	-	-	-	-	-	-	-	-	
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				

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

8. ACCOUNTS PAYABLE

	2021	2020
Accounts payable - trade	\$ 151,227	\$ 524,772
School District #74	333,973	259,285
Natural Resources Canada	44,999	-
Government source deductions payable	12,865	20,279
Wages and benefits payable	51,818	62,220
	\$ 594,882	\$ 866,556

9. DEFERRED REVENUE

	March 31, 2020	Funding received, 2021	March 31, 2021
BC First Nations Gaming Revenue	\$ 374,825	\$ 409,286	\$ 784,111
Province of BC			
Ministry of Child & Family Development	-	30,000	30,000
Ministry of Advanced Education & Skills Training	-	199,125	199,125
	-	229,125	229,125
	\$ 374,825	\$ 638,411	\$ 1,013,236

10. 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.

	2021	2020
Balance, beginning of year	\$ 40,011	\$ 33,810
Interest	78	226
Appropriations from the Operating Fund	14,100	11,200
Expenditures	(3,006)	(5,225)
	\$ 51,183	\$ 40,011

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS March 31, 2021

11. DUE FROM/TO RELATED PARTIES

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

	2021	2020
Due from Marble Canyon	\$ 84,004	\$ 83,240
Due to Ts'kw'aylaxw Treaty	- (7,500)	
	\$ 84,004	\$ 75,740

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.

12. LONG-TERM DEBT

	2021	2020
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	\$ 4,767,029	\$ 4,890,789
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
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	225,854	234,490
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	447,113	467,280
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	709,364	733,737
Indigenous Services Canada loan repayable at the earlier of March 31, 2025 or the date on which the IR4 Claim is settled	<u>15,000</u>	-
	\$ 6,164,360	\$ 6,327,644

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

2022	\$ 183,351
2023	190,056
2024	394,526
2025	4,428,102
2026 and thereafter	968,325
	\$ 6,164,360

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

13. ACCUMULATED SURPLUS

	2021	2020
Restricted		
Social Housing	\$ 27,220	\$ 30,459
Ottawa Trust Fund	16,584	16,656
	<hr/> 43,804	<hr/> 47,115
Unrestricted		
Operating Fund	6,821,624	5,669,980
Capital Fund	7,008,342	7,684,101
Enterprise Fund	(75,643)	(60,852)
	<hr/> 13,754,323	<hr/> 13,293,229
	<hr/> \$ 13,798,127	<hr/> \$ 13,340,344

14. 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) Legal action

One legal action was ongoing with the Nation as of March 31, 2021, however, the amount of settlement if any is undeterminable at the date of the auditor's report. As such, no provision for loss has been accrued on these financial statements.

c) Loan Guarantee

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

The band has a guaranteed loan totallling \$10,474.

15. 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.

16. LEASES

The nature of Ts'kw'aylaxw First Nation's activities has resulted in some multi-year leases whereby they will be obligated to make future payments. Lease payments required under contract over the next 4 years are as follows:

2022	\$25,296
2023	\$25,296
2024	\$25,296
2025	\$16,864

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

17. 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, 2021..

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, 2021 the band does not recognize any liability for contaminated sites.

18. 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, 2021

18. SEGMENTED INFORMATION, continued

	Band Programs		Operations and Maintenance		Economic Development				
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2020 Actual	2021 Budget	2020 Actual	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ 466,659	\$ 466,659	\$ 344,739	\$ 171,443	\$ 214,613	\$ 91,205	\$ 57,055	\$ 57,055	\$ 29,184
BC Hydro	77,467	77,467	77,467	-	-	-	-	-	-
Administration fee	270,103	2,693	7,014	-	-	-	-	-	-
Province of BC	401,403	408,937	431,308	-	-	-	-	-	-
Deferred revenue - current	-	(409,286)	(374,825)	-	-	-	-	-	-
Other revenue	51,700	300,125	323,987	2,500	10,502	10,836	-	-	-
Total revenue	1,267,332	846,595	809,690	173,943	225,115	102,041	57,055	57,055	29,184
Expenses									
Administration fees	17,353	-	-	-	-	-	-	-	-
Wages and benefits	377,347	365,107	339,668	73,119	78,955	57,119	-	2,804	-
Professional fees	107,521	129,569	169,347	-	-	12,406	-	-	-
Honoraria	143,831	134,250	109,941	-	-	-	-	-	-
Travel	40,754	15,046	57,633	2,000	994	1,850	2,000	1,485	427
Contractors	86,368	31,452	31,178	-	(205,325)	3,473	39,917	31,885	-
Equipment leases	25,700	33,311	26,789	-	-	-	-	-	-
Utilities and telephone	32,556	27,988	39,335	31,560	20,304	21,056	11,350	8,589	2,420
Other expenses	238,728	149,498	165,420	158,386	100,044	82,008	7,059	1,764	1,287
Total expenses	1,070,158	886,221	911,311	265,065	(5,028)	177,912	63,130	43,723	4,134
Annual surplus (deficit)	\$ 197,174	\$ (39,626)	\$ (101,621)	\$ (91,122)	\$ (75,871)	\$ (6,075)	\$ 13,332	\$ 25,050	

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS March 31, 2021

18. SEGMENTED INFORMATION, continued

	Natural Resources			Health			Education		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ 485,000	\$ 528,910	\$ 305,741	\$ -	\$ -	\$ 500,000	\$ 1,188,874	\$ 1,188,874	\$ 950,953
Administration fee	-	(582)	12,852	-	-	-	-	-	-
Province of BC	140,264	145,991	196,193	-	-	-	-	199,125	-
Deferred revenue - current	-	-	-	-	-	-	-	(199,125)	-
Other revenue	25,000	98,771	593,811	615,291	693,317	663,992	163,154	217,067	178,730
Total revenue	650,264	773,090	1,108,597	615,291	693,317	1,163,992	1,352,028	1,405,941	1,129,683
Expenses									
Administration fees	52,998	-	57,714	-	-	74,947	-	-	-
Wages and benefits	188,108	262,839	558,825	222,398	195,960	133,688	165,926	101,329	142,664
Professional fees	91,974	41,563	125,084	10,500	10,239	17,234	7,500	4,750	-
Honoraria	11,600	1,900	3,537	-	-	-	36,003	2,860	2,800
Travel	33,348	11,004	33,129	91,424	59,453	85,234	13,166	931	(219)
Contractors	62,436	47,890	2,454	50,346	7,450	-	5,000	-	-
Equipment leases	600	-	-	-	-	-	-	-	-
Utilities and telephone	1,700	949	1,432	42,980	30,794	39,688	23,506	13,983	1,854
Other expenses	283,346	203,573	75,671	353,247	41,466	438,133	1,161,977	887,785	932,524
Total expenses	736,110	569,718	800,132	828,609	345,362	713,977	1,488,025	1,011,638	1,079,623
Annual surplus (deficit)	\$ (85,846)	\$ 203,372	\$ 308,465	\$ (213,318)	\$ 347,955	\$ 450,015	\$ (135,997)	\$ 394,303	\$ 50,060

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS March 31, 2021

18. SEGMENTED INFORMATION, continued

	Social Development			Capital Programs			Housing		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ 727,455	\$ 776,505	\$ 535,714	\$ -	\$ -	\$ -	\$ 136,982	\$ 136,982	\$ 100,455
Administration fee	- 30,000	- 30,000	- 60,000	-	-	-	- 7,300	- 7,300	-
Province of BC	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	- 61,485	- 64,844	- 39,051
Total revenue	757,455	806,505	595,714	-	-	-	198,467	209,126	139,506
Expenses									
Administration fees	34,739	-	-	-	-	-	2,372	-	-
Wages and benefits	109,804	91,909	88,709	-	-	-	51,244	53,178	39,427
Travel	5,796	1,089	2,668	-	-	-	1,300	1,240	2,174
Contractors	-	-	-	-	(59,692)	-	450	-	1,063
Utilities and telephone	1,200	-	-	-	-	-	4,370	1,864	4,939
Other expenses	745,318	550,802	442,604	-	(8,636)	33,222	175,228	75,679	57,250
Total expenses	896,857	643,800	533,981	-	(68,328)	33,222	234,964	131,961	104,853
Annual surplus (deficit)	\$ (139,402)	\$ 162,705	\$ 61,733	-	\$ 68,328	\$ (33,222)	(36,497)	\$ 77,165	\$ 34,653
Revenues									
Other revenue	\$ -	\$ 127,526	\$ 137,563	\$ -	\$ -	\$ -	\$ -	\$ 1,483	\$ 1,739
Total revenue	-	127,526	137,563	-	-	-	-	1,483	1,739
Expenses									
Professional fees	-	4,300	4,300	-	-	-	-	-	-
Other expenses	-	126,464	135,634	-	981,795	556,810	-	1,535	1,689
Total expenses	-	130,764	139,934	-	981,795	556,810	-	1,535	1,689
Annual surplus (deficit)	\$ -	\$ (3,238)	\$ (2,371)	-	\$ (981,795)	\$ (556,810)	-	\$ (72)	\$ 50

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

18. SEGMENTED INFORMATION, continued

TS'KW'AYLAXW FIRST NATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

19. COMPARATIVE AMOUNTS

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

20. 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.