

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

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## **FINANCIAL STATEMENTS**

**March 31, 2022**

# TS'KW'AYLAXW FIRST NATION

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## FINANCIAL STATEMENTS

March 31, 2022

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# TS'KW'AYLAXW FIRST NATION

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2022

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

Oct 28, 2023  
Date  
Oct 23 2023  
Date

ACCOUNTANTS AND BUSINESS ADVISORS

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## 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, 2022, and the statements of operations and accumulated surplus, change in net financial assets (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, 2022, and the results of its operations, its changes in its net financial assets (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.*

REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

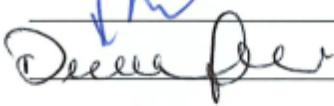
KELOWNA, B.C.  
OCTOBER 23, 2023

# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF FINANCIAL POSITION As at March 31, 2022

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash	\$ 2,362,020	\$ 2,162,161
Restricted cash (Note 3)	2,727,155	1,644,872
Portfolio investments (Note 5)	2,567,848	2,422,891
Accounts receivable (Note 6)	396,129	677,108
Due from related parties (Note 12)	83,354	84,004
<u>Long-term Investments (Note 7)</u>	<u>24,868</u>	<u>24,868</u>
	<u>8,161,374</u>	<u>7,015,904</u>
<b>LIABILITIES</b>		
Accounts payable (Note 9)	653,661	596,003
Replacement reserve fund (Note 11)	68,288	51,183
Deferred revenue (Note 10)	1,364,019	1,013,236
<u>Long-term debt (Note 13)</u>	<u>5,980,511</u>	<u>6,164,360</u>
	<u>8,066,479</u>	<u>7,824,782</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>94,895</b>	<b>(808,878)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	13,855,677	14,607,005
<u>Prepaid expenses</u>	<u>28,901</u>	<u>-</u>
	<u>13,884,578</u>	<u>14,607,005</u>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 13,979,473</b>	<b>\$ 13,798,127</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 FINANCIAL ASSETS (DEBT) For the year ended March 31, 2022

	2022 Budget	2022 Actual	2021
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ (1,948,807)	\$ 181,346	\$ 457,783
Acquisition of tangible capital assets	-	(16,798)	(792,504)
Amortization of tangible capital assets	-	768,126	1,033,587
	-	751,328	241,083
Acquisition of prepaid expense		(28,901)	-
<b>INCREASE IN NET FINANCIAL DEBT</b>	(1,948,807)	<b>903,773</b>	698,866
<b>NET FINANCIAL ASSETS (DEBT) AT BEGINNING OF YEAR</b>	-	<b>(808,878)</b>	(1,507,744)
<b>NET DEBT AT END OF YEAR</b>	\$ -	<b>\$ 94,895</b>	\$ (808,878)

# TS'KW'AYLAXW FIRST NATION

## SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the year ended March 31, 2022

	2022 Budget	2022 Actual	2021 Actual
<b>REVENUE</b>			
Indigenous Services Canada	\$ 3,170,195	\$ 4,059,039	\$ 3,369,598
Province of BC	544,991	467,689	784,053
Canada Mortgage and Housing Corporation	-	81,128	76,352
BC Hydro	77,467	93,167	77,467
Property tax assessed	-	26,620	24,635
Rental	89,500	121,555	118,166
Graymont	-	37,200	180,102
First Nations Education Steering Committee	85,537	45,449	66,537
First Nations Health Authority	591,655	632,648	770,338
Forestry contracts	-	-	16,570
Other	641,611	424,403	270,344
	5,200,956	5,988,898	5,748,945
<b>EXPENSES</b>			
Band Programs	1,589,068	944,576	886,221
Operations and Maintenance (recovery)	459,676	177,428	(5,028)
Economic Development	32,344	35,547	43,723
Natural Resources	1,036,093	475,660	569,717
Health	896,916	899,793	345,362
Education	1,886,046	1,263,503	1,011,637
Social Development	1,029,650	643,827	643,801
Capital Programs (recovery)	-	-	(68,328)
Housing	219,970	131,787	131,961
Social Housing	-	146,722	130,764
Capital Fund	-	690,330	981,794
Ottawa Trust Fund	-	1,483	1,555
Enterprise Fund	-	16,113	14,789
	7,149,763	5,426,769	4,687,968
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER</b>	(1,948,807)	<b>562,129</b>	1,066,194
<b>OTHER</b>			
Transfer from deferred revenue	-	608,411	-
Transfer to deferred revenue	-	(989,194)	(608,411)
	-	<b>(380,783)</b>	(608,411)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	(1,948,807)	<b>181,346</b>	457,783
<b>EQUITY AT BEGINNING OF YEAR</b>	-	<b>13,798,127</b>	13,340,344
<b>EQUITY AT END OF YEAR</b>	\$ (1,948,807)	<b>\$ 13,979,473</b>	\$ 13,798,127

# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF CASH FLOWS For the year ended March 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
EXCESS OF REVENUE OVER EXPENSES	\$ 181,346	\$ 457,783
Items not affecting cash		
Amortization	768,126	1,033,587
Gain (loss) on portfolio investments	(123,449)	101,793
	<u>826,023</u>	<u>1,593,163</u>
Change in non-cash operating working capital		
Accounts receivable	280,979	(27,767)
Deferred revenue	350,783	638,411
Accounts payable	57,658	(270,554)
Replacement reserve fund	17,105	11,172
Prepaid expenses	(28,901)	-
	<u>1,503,647</u>	<u>1,944,425</u>
<b>CAPITAL ACTIVITIES</b>		
Purchases of tangible capital assets	(16,798)	(792,504)
<b>FINANCING ACTIVITIES</b>		
Advances of long-term debt	-	15,000
Repayment of long-term debt	(183,849)	(178,284)
Advances from related parties	650	-
	<u>(183,199)</u>	<u>(163,284)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of portfolio investments	(597,038)	(1,180,903)
Proceeds of portfolio investments	575,530	1,077,124
Change in restricted cash	(1,082,283)	(608,575)
	<u>(1,103,791)</u>	<u>(712,354)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>199,859</b>	<b>276,283</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,162,161</b>	<b>1,885,878</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,362,020</b>	<b>\$ 2,162,161</b>

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 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.

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

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 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. An entry is made to eliminate the revenue and expense on the consolidated basis. 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

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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.

### 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, 2022

### 2. BUDGET

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

### 3. 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 underfunded by \$16,804 (2021 - overfunded \$2,296).

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 overfunded by \$12,933 (2021 - underfunded \$3,239).

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.

	2022	2021
Restricted cash		
GIC's - Graveyard Trust Fund, Revenue Trust Fund, Gaming Trust Fund, Cultural Reclamation Fund	\$ 1,549,041	\$ -
Ottawa Trust	16,707	16,584
Gaming Fund - bank balance	609,051	784,111
Graveyard Trust Fund	-	119,857
Revenue Trust Fund - bank balance	442,623	442,473
Cultural Reclamation Fund	-	195,715
Replacement Reserve Fund	51,485	56,379
Operating Reserve Fund	58,248	29,753
	<hr/> \$ 2,727,155	<hr/> \$ 1,644,872

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 4. 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 \$210,000.

### 5. PORTFOLIO INVESTMENTS

	2022	2021
Measured at cost:		
Marketable Securities	\$ 2,567,848	\$ 2,422,891

Market value of securities \$2,702,557 (2021 - \$2,629,178).

### 6. ACCOUNTS RECEIVABLE

	2022	2021
Trade receivables		
Indigenous Services Canada	\$ 331,935	\$ 309,941
Canada Mortgage & Housing Corporation	219,025	102,544
Province of BC	11,441	8,501
GST rebate	-	357,377
First Nations Education Steering Committee	-	4,520
First Nations Health Authority	84,000	40,088
	646,401	89,453
Allowance for doubtful accounts	(250,272)	(235,316)
	\$ 396,129	\$ 677,108

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS March 31, 2022

### 7. LONG-TERM INVESTMENTS

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

	2022	2021
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
	<b>\$ 24,868</b>	<b>\$ 24,868</b>

	Marble Canyon Forestry Ltd.	0436158 B.C. Ltd.	Ts'kw'aylaxw Forestry Co. Ltd.	2022 Total	2021 Total
Cash	\$ 69,464	\$ 96	\$ -	\$ 69,560	\$ 71,954
Tangible capital assets	707	570,193	-	570,900	577,160
Other assets	-	-	52	52	52
<b>Total assets</b>	<b>\$ 70,171</b>	<b>\$ 570,289</b>	<b>\$ 52</b>	<b>\$ 640,512</b>	<b>\$ 649,166</b>
Accounts payable	\$ 3,917	\$ 3,470	\$ -	\$ 7,387	\$ 6,242
Other liabilities	83,312	499,995	183,284	766,591	389,343
<b>Total liabilities</b>	<b>87,229</b>	<b>503,465</b>	<b>183,284</b>	<b>773,978</b>	<b>395,585</b>
Share capital	100	8	10	118	118
Equity	(17,158)	66,816	(183,242)	(133,584)	253,463
<b>Total equity</b>	<b>(17,058)</b>	<b>66,824</b>	<b>(183,232)</b>	<b>(133,466)</b>	<b>253,581</b>
<b>Total liabilities and equity</b>	<b>\$ 70,171</b>	<b>\$ 570,289</b>	<b>\$ 52</b>	<b>\$ 640,512</b>	<b>\$ 649,166</b>

	Marble Canyon Forestry Ltd.	0436158 B.C. Ltd.	Ts'kw'aylaxw Forestry Co. Ltd.	2022 Total	2021 Total
Revenue	\$ -	\$ 51	\$ -	\$ 51	\$ -
	-	51	-	51	-
Other expenses	4,417	16,065	-	20,482	21,273
Net income	\$ (4,417)	\$ (16,014)	\$ -	\$ (20,431)	\$ (21,273)

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 8. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2022 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	beginning of year	Amortization	Balance, end of year	
Land	\$ 876,452	\$ -	\$ -	\$ 876,452	\$ -	\$ -	\$ -	\$ 876,452
Buildings	16,761,755	-	-	16,761,755	3,347,607	684,608	4,032,215	12,729,540
Automotive equipment	667,464	-	-	667,464	483,835	55,089	538,924	128,540
TV satellite system	30,709	-	-	30,709	30,709	-	30,709	-
Furniture and equipment	381,532	-	-	381,532	313,024	13,701	326,725	54,807
Machinery and equipment	208,468	-	-	208,468	167,767	10,014	177,781	30,687
Playground equipment	70,395	16,798	-	87,193	46,846	4,710	51,556	35,637
Irrigation equipment	3,873	-	-	3,873	3,855	4	3,859	14
Boats	5,323	-	-	5,323	5,323	-	5,323	-
	<b>\$ 19,005,971</b>	<b>\$ 16,798</b>	<b>\$ -</b>	<b>\$ 19,022,769</b>	<b>\$ 4,398,966</b>	<b>\$ 768,126</b>	<b>\$ 5,167,092</b>	<b>\$ 13,855,677</b>

	Cost			Accumulated amortization				2021 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	beginning of year	Amortization	Balance, end of year	
Land	\$ 876,452	\$ -	\$ -	\$ 876,452	\$ -	\$ -	\$ -	\$ 876,452
Buildings	12,278,962	4,482,793	-	16,761,755	2,409,642	937,965	3,347,607	13,414,148
Automotive equipment	625,113	42,351	-	667,464	422,145	61,690	483,835	183,629
TV satellite system	30,709	-	-	30,709	30,709	-	30,709	-
Furniture and equipment	362,526	19,006	-	381,532	297,373	15,651	313,024	68,508
Machinery and equipment	197,203	11,265	-	208,468	155,728	12,039	167,767	40,701
Playground equipment	43,758	26,637	-	70,395	40,609	6,237	46,846	23,549
Irrigation equipment	3,873	-	-	3,873	3,850	5	3,855	18
Boats	5,323	-	-	5,323	5,323	-	5,323	-
Assets under construction	3,789,548	205,325	(3,994,873)	-	-	-	-	-
	<b>\$ 18,213,467</b>	<b>\$ 4,787,377</b>	<b>\$ (3,994,873)</b>	<b>\$ 19,005,971</b>	<b>\$ 3,365,379</b>	<b>\$ 1,033,587</b>	<b>\$ 4,398,966</b>	<b>\$ 14,607,005</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS March 31, 2022

### 9. ACCOUNTS PAYABLE

	2022	2021
Accounts payable - trade	\$ 295,681	\$ 152,348
School District #74	297,822	333,973
Natural Resources Canada	-	44,999
Government source deductions payable	5,903	12,865
Wages and benefits payable	54,255	51,818
	<b>\$ 653,661</b>	<b>\$ 596,003</b>

### 10. DEFERRED REVENUE

	March 31, 2021	Funding received, 2022	Revenue recognized, 2022	March 31, 2022
BC First Nations Gaming Revenue	\$ 784,111	\$ 228,992	\$ 6,333	\$ 1,019,436
Indigenous Services Canada	-	279,131	-	279,131
Province of BC - Ministry of Child & Family Development	30,000	-	(30,000)	-
Province of BC - Ministry of Advanced Education & Skills Training	199,125	-	(133,673)	65,452
	<b>\$ 1,013,236</b>	<b>\$ 508,123</b>	<b>\$ (157,340)</b>	<b>\$ 1,364,019</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.

	2022	2021
Balance, beginning of year	\$ 51,183	\$ 40,011
Interest	105	78
Appropriations from the Operating Fund	14,100	14,100
Expenditures	-	(3,006)
CMHC Adjustment	2,900	-
	<b>\$ 68,288</b>	<b>\$ 51,183</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS March 31, 2022

### 12. DUE FROM/TO RELATED PARTIES

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

	2022	2021
Due from Marble Canyon	\$ 83,354	\$ 84,004

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.

### 13. LONG-TERM DEBT

	2022	2021
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	\$ 4,638,161	\$ 4,767,029
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	216,406	225,854
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	426,521	447,113
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	684,423	709,364
Indigenous Services Canada loan repayable at the earlier of March 31, 2025 or the date on which the IR4 Claim is settled. No interest is charged on this loan	15,000	15,000
	<hr/> <b>\$ 5,980,511</b>	<hr/> <b>\$ 6,164,360</b>

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

2023	\$ 190,084
2024	394,138
2025	4,428,194
2026	49,904
2027 and thereafter	918,191
	<hr/> <b>\$ 5,980,511</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 14. ACCUMULATED SURPLUS

	2022	2021
Restricted		
Social Housing	\$ 10,462	\$ 27,220
Ottawa Trust Fund	<u>16,707</u>	<u>16,584</u>
	<u>27,169</u>	<u>43,804</u>
Unrestricted		
Operating Fund	6,600,094	6,821,624
Capital Fund	<u>7,443,916</u>	<u>7,008,342</u>
Enterprise Fund	<u>(91,706)</u>	<u>(75,643)</u>
	<u>13,952,304</u>	<u>13,754,323</u>
	<u><u>\$ 13,979,473</u></u>	<u><u>\$ 13,798,127</u></u>

### 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) Legal action

One legal action was ongoing with the Nation as of March 31, 2022, 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 \$13,217.

### 16. ECONOMIC DEPENDENCE

Ts'kw'aylaxw First Nation receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by the Ts'kw'aylaxw First Nation and Indigenous Services Canada. It is expected that the agreement will be renewed on an annual basis.

The Nation also receives major funding pursuant to an arrangement with the First Nations Health Authority and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS March 31, 2022

### 17. 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 3 years are as follows:

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

### 18. CONTAMINATED SITES

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) Ts'kw'aylaxw First Nation is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2021 and 2022, no liability for contaminated sites has been recorded.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 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, 2022

### 19. SEGMENTED INFORMATION, continued

	Band Programs			Operations and Maintenance			Economic Development		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 344,071	\$ 325,236	\$ 466,659	\$ 107,843	\$ 339,803	\$ 214,613	\$ 29,184	\$ 57,639	\$ 57,055
BC Hydro	77,467	77,467	77,467	-	-	-	-	-	-
Administration fee	275,268	(2,728)	2,693	-	-	-	-	-	-
Province of BC	95,000	234,294	408,937	-	-	-	-	-	-
Other revenue	323,255	337,600	300,125	2,500	8,030	10,502	-	-	-
<b>Total revenue</b>	<b>1,115,061</b>	<b>971,869</b>	<b>1,255,881</b>	<b>110,343</b>	<b>347,833</b>	<b>225,115</b>	<b>29,184</b>	<b>57,639</b>	<b>57,055</b>
<b>Expenses</b>									
Administration fees	4,305	-	-	-	-	-	2,918	-	-
Wages and benefits	393,000	375,930	365,107	80,354	65,456	78,955	-	6,103	-
Professional fees	214,414	180,903	129,569	-	-	-	-	-	-
Honoraria	166,750	152,235	134,250	-	-	-	-	-	-
Travel	48,160	13,581	15,046	2,000	505	994	1,630	791	1,485
Contractors	-	-	31,452	-	-	(205,325)	26,266	26,174	31,885
Equipment leases	15,000	29,058	33,311	-	-	-	-	-	-
Utilities and telephone	22,556	17,866	27,988	22,877	12,341	20,304	-	-	8,589
Other expenses	724,883	175,003	149,498	141,154	99,126	100,044	1,530	2,479	1,764
<b>Total expenses</b>	<b>1,589,068</b>	<b>944,576</b>	<b>886,221</b>	<b>246,385</b>	<b>177,428</b>	<b>(5,028)</b>	<b>32,344</b>	<b>35,547</b>	<b>43,723</b>
<b>Other income</b>	<b>(474,007)</b>	<b>27,293</b>	<b>369,660</b>	<b>(136,042)</b>	<b>170,405</b>	<b>230,143</b>	<b>(3,160)</b>	<b>22,092</b>	<b>13,332</b>
<b>Annual surplus (deficit)</b>	<b>\$ (474,007)</b>	<b>\$ (201,799)</b>	<b>\$ (39,626)</b>	<b>\$ (136,042)</b>	<b>\$ 123,916</b>	<b>\$ 230,143</b>	<b>\$ (3,160)</b>	<b>\$ 22,092</b>	<b>\$ 13,332</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 19. SEGMENTED INFORMATION, continued

	Natural Resources		2021 Actual	2022 Budget	Health		2021 Actual	2022 Budget	Education		2021 Actual
	2022 Budget	2022 Actual			2022 Budget	2022 Actual			2022 Budget	2022 Actual	
<b>Revenues</b>											
Indigenous Services Canada	\$ 437,084	\$ 628,333	\$ 528,910	-	\$ -	\$ -	-	\$ 913,889	\$ 1,137,616	\$ 1,188,874	
BC Hydro	-	15,700	-	-	-	-	-	-	-	-	-
Administration fee	-	-	(582)	-	823	-	-	-	-	-	-
Province of BC	198,741	181,270	145,991	-	-	-	-	221,250	22,125	199,125	
Other revenue	13,312	75,232	98,771	490,881	533,467	693,317	693,317	210,367	170,753	217,067	
<b>Total revenue</b>	<b>649,137</b>	<b>900,535</b>	<b>773,090</b>	<b>490,881</b>	<b>534,290</b>	<b>693,317</b>	<b>693,317</b>	<b>1,345,506</b>	<b>1,330,494</b>	<b>1,605,066</b>	
<b>Expenses</b>											
Administration fees	67,501	-	-	49,626	-	-	-	70,207	-	-	-
Wages and benefits	437,844	236,180	262,839	400,926	283,476	195,960	195,960	120,097	85,706	101,329	
Professional fees	129,710	16,821	41,563	19,182	27,434	10,239	10,239	2,000	11,989	4,750	
Honoraria	38,500	28,650	1,900	13,222	17,153	-	-	51,600	5,857	2,860	
Travel	22,450	5,085	11,004	98,318	104,709	61,465	61,465	23,800	3,036	931	
Contractors	99,185	66,753	47,890	-	-	7,450	7,450	-	-	-	
Utilities and telephone	1,800	1,327	949	39,965	49,568	30,794	30,794	25,160	10,210	13,983	
Other expenses	239,103	120,844	203,573	275,677	417,453	39,454	39,454	1,593,182	1,146,705	887,785	
<b>Total expenses</b>	<b>1,036,093</b>	<b>475,660</b>	<b>569,718</b>	<b>896,916</b>	<b>899,793</b>	<b>345,362</b>	<b>345,362</b>	<b>1,886,046</b>	<b>1,263,503</b>	<b>1,011,638</b>	
<b>Other income</b>	<b>(386,956)</b>	<b>424,875</b>	<b>203,372</b>	<b>(406,035)</b>	<b>(365,503)</b>	<b>347,955</b>	<b>347,955</b>	<b>(540,540)</b>	<b>66,991</b>	<b>593,428</b>	<b>(199,125)</b>
<b>Annual surplus (deficit)</b>	<b>\$ (386,956)</b>	<b>\$ 424,875</b>	<b>\$ 203,372</b>	<b>\$ (406,035)</b>	<b>\$ (365,503)</b>	<b>\$ 347,955</b>	<b>\$ 347,955</b>	<b>\$ (540,540)</b>	<b>\$ 194,431</b>	<b>\$ 394,303</b>	

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 19. SEGMENTED INFORMATION, continued

	Social Development		Capital Programs		Housing		2022 Budget	2022 Actual	2021 Actual
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2021 Actual	2022 Budget			
<b>Revenues</b>									
Indigenous Services Canada	\$ 917,769	\$ 1,122,292	\$ 776,505	-	\$ -	\$ 420,355	\$ 448,120	\$ 7,800	\$ 136,982
Administration fee	-	-	-	-	-	-	-	-	7,300
Province of BC	30,000	30,000	30,000	-	-	-	-	-	-
Other revenue	35,000	34,884	-	-	-	57,720	71,521	64,844	
<b>Total revenue</b>	<b>982,769</b>	<b>1,187,176</b>	<b>806,505</b>	<b>-</b>	<b>-</b>	<b>478,075</b>	<b>527,441</b>	<b>209,126</b>	
<b>Expenses</b>									
Administration fees	70,204	-	-	-	-	-	10,045	-	-
Wages and benefits	86,628	50,048	91,909	-	-	-	46,079	58,275	53,178
Professional fees	4,250	1,500	-	-	-	-	500	-	-
Honoraria	81,800	4,500	-	-	-	-	-	-	-
Travel	10,200	4,956	1,089	-	-	-	900	812	1,240
Contractors	-	-	-	-	-	(59,692)	1,000	-	-
Utilities and telephone	1,200	80	-	-	-	-	5,320	3,611	1,864
Other expenses	775,368	582,743	550,802	-	-	(8,636)	369,417	69,089	75,679
<b>Total expenses</b>	<b>1,029,650</b>	<b>643,827</b>	<b>643,800</b>	<b>-</b>	<b>-</b>	<b>(68,328)</b>	<b>433,261</b>	<b>131,787</b>	<b>131,961</b>
<b>Other income</b>	<b>(46,881)</b>	<b>543,349</b>	<b>162,705</b>	<b>-</b>	<b>-</b>	<b>68,328</b>	<b>44,814</b>	<b>395,654</b>	<b>77,165</b>
<b>Annual surplus (deficit)</b>	<b>\$ (46,881)</b>	<b>\$ 543,349</b>	<b>\$ 162,705</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 68,328</b>	<b>\$ 44,814</b>	<b>\$ 163,012</b>	<b>\$ 77,165</b>

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 19. SEGMENTED INFORMATION, continued

	2022 Budget	Social Housing		2021 Actual	2022 Budget	Capital Fund		2021 Actual	2022 Budget	Ottawa Trust Fund	
		2022 Actual	2021 Actual			2022 Actual	2021 Actual			2022 Actual	2021 Actual
<b>Revenues</b>											
Other revenue	\$ -	\$ 129,964	\$ 127,526			\$ -	\$ -			\$ 1,606	\$ 1,483
<b>Total revenue</b>	<b>-</b>	<b>129,964</b>	<b>127,526</b>			<b>-</b>	<b>-</b>			<b>1,606</b>	<b>1,483</b>
<b>Expenses</b>											
Professional fees	-	5,050	4,300			-	-			-	-
Other expenses	-	141,672	126,464			690,330	981,795			1,483	1,555
<b>Total expenses</b>	<b>-</b>	<b>146,722</b>	<b>130,764</b>			<b>690,330</b>	<b>981,795</b>			<b>1,483</b>	<b>1,555</b>
<b>Other income</b>	<b>-</b>	<b>(16,758)</b>	<b>(3,238)</b>			<b>(690,330)</b>	<b>(981,795)</b>			<b>123</b>	<b>(72)</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (16,758)</b>	<b>\$ (3,238)</b>			<b>\$ (690,330)</b>	<b>\$ (981,795)</b>			<b>\$ 123</b>	<b>\$ (72)</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 19. SEGMENTED INFORMATION, continued

	Enterprise Fund			Consolidated totals		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
<b>Revenues</b>						
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 3,170,195	\$ 4,059,039	\$ 3,369,598
BC Hydro	-	-	-	77,467	93,167	77,467
Administration fee	-	-	-	275,268	5,895	9,411
Province of BC	-	-	-	544,991	467,689	784,053
Other revenue	-	51	-	1,133,035	1,363,108	1,513,635
<b>Total revenue</b>	<b>-</b>	<b>51</b>	<b>-</b>	<b>5,200,956</b>	<b>5,988,898</b>	<b>5,754,164</b>
<b>Expenses</b>						
Administration fees	-	-	-	274,806	-	-
Wages and benefits	-	81	-	1,564,928	1,161,255	1,149,277
Professional fees	-	1,671	2,321	370,056	245,368	192,742
Honoraria	-	-	-	351,872	208,395	139,010
Travel	-	-	-	207,458	133,475	93,254
Contractors	-	-	-	126,451	92,927	(146,340)
Equipment leases	-	-	-	15,000	29,058	33,311
Utilities and telephone	-	-	-	118,878	95,003	104,471
Other expenses	-	14,361	12,468	4,120,314	3,461,288	3,122,245
<b>Total expenses</b>	<b>-</b>	<b>16,113</b>	<b>14,789</b>	<b>7,149,763</b>	<b>5,426,769</b>	<b>4,687,970</b>
<b>Other income</b>	<b>-</b>	<b>(16,062)</b>	<b>(14,789)</b>	<b>(1,948,807)</b>	<b>562,129</b>	<b>1,066,194</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (16,062)</b>	<b>\$ (14,789)</b>	<b>\$ (1,948,807)</b>	<b>\$ 181,346</b>	<b>\$ 457,783</b>

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

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## **NOTES TO FINANCIAL STATEMENTS**

### **March 31, 2022**

#### **20. COMPARATIVE AMOUNTS**

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