

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

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## **FINANCIAL STATEMENTS**

**March 31, 2023**

# TS'KW'AYLAXW FIRST NATION

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## FINANCIAL STATEMENTS

March 31, 2023

Page

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

### INDEPENDENT AUDITORS' REPORT

### FINANCIAL STATEMENTS

Statement of Financial Position	1
Statement of Remeasurement Gains and Losses	2
Statement of Change in Net Financial Assets	3
Statement of Operations and Accumulated Surplus	4
Statement of Cash Flows	5
Notes to Financial Statements	6

# TS'KW'AYLAXW FIRST NATION

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2023

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

April 15, 2025  
Date

April 15, 2025  
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, 2023, and the statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets 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, 2023, and the results of its operations, its remeasurement gains and losses, its changes in its net financial assets, 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.

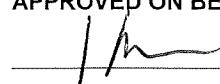


REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.  
APRIL 15, 2025

# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF FINANCIAL POSITION

As at March 31	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash	\$ 7,695,496	\$ 2,362,020
Restricted cash (Note 3)	1,244,843	2,727,155
Portfolio investments (Note 4)	2,524,761	2,567,848
Accounts receivable (Note 5)	680,857	396,129
Due from related parties (Note 11)	83,354	83,354
Long-term Investments (Note 6)	24,868	24,868
	<hr/> 12,254,179	<hr/> 8,161,374
<b>LIABILITIES</b>		
Accounts payable (Note 8)	687,730	653,661
Replacement reserve fund (Note 10)	82,904	68,288
Deferred revenue (Note 9)	1,665,171	1,364,019
Long-term debt (Note 12)	5,881,346	5,980,511
	<hr/> 8,317,151	<hr/> 8,066,479
<b>NET FINANCIAL ASSETS</b>	<b>3,937,028</b>	<b>94,895</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7)	13,283,142	13,855,677
Prepaid expenses	19,450	28,901
	<hr/> 13,302,592	<hr/> 13,884,578
<b>ACCUMULATED SURPLUS</b>	<b>\$ 17,239,620</b>	<b>\$ 13,979,473</b>
<b>ACCUMULATED SURPLUS CONSISTS OF</b>		
Accumulated operating surplus (Note 13)	17,269,924	13,979,473
Accumulated remeasurement losses at end of year	(30,304)	-
	<hr/> 17,239,620	<hr/> 13,979,473
<b>APPROVED ON BEHALF OF THE TS'KW'AYLAXW FIRST NATION</b>		
 , Chief		
 , Administrator		

# TS'KW'AYLAXW FIRST NATION

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## STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the year ended March 31	2023	2022
<b>ACCUMULATED REMEASUREMENT GAINS AT BEGINNING OF YEAR</b>	\$ -	\$ -
<b>UNREALIZED LOSSES ATTRIBUTABLE TO:</b>		
Change in market value of portfolio investments	(165,014)	-
<b>Other</b>		
Opening balance adjustment	134,710	-
<b>NET REMEASUREMENT LOSSES</b>	<b>(30,304)</b>	-
<b>ACCUMULATED REMEASUREMENT LOSSES AT END OF YEAR</b>	<b>\$ (30,304)</b>	\$ -

# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31	2023 Budget	2023 Actual	2022
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ (1,553,037)	\$ 3,290,451	\$ 181,346
Acquisition of tangible capital assets	-	(123,750)	(16,798)
Amortization of tangible capital assets	-	696,285	768,126
	-	572,535	751,328
Acquisition of prepaid asset	9,451	(19,450)	(28,901)
Use of prepaid asset	-	28,901	-
	9,451	9,451	(28,901)
Remeasurement loss	-	(30,304)	-
<b>INCREASE IN NET FINANCIAL DEBT</b>	(1,543,586)	<b>3,842,133</b>	903,773
<b>NET FINANCIAL ASSETS (DEBT) AT BEGINNING OF YEAR</b>	-	<b>94,895</b>	(808,878)
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	\$ -	\$ 3,937,028	\$ 94,895

# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
<b>REVENUE</b>			
Indigenous Services Canada	\$ 3,026,100	\$ 5,507,653	\$ 4,059,039
Province of BC	103,628	943,798	437,689
Other	975,387	785,024	424,403
First Nations Health Authority	617,631	703,356	632,648
St'at'imc Trust	-	640,000	-
Drinking water settlement	-	500,000	-
Canada Mortgage and Housing Corporation	-	260,840	81,128
Natural Resources Canada	200,000	180,000	-
Rental	82,925	113,573	121,555
Graymont	25,361	106,484	37,200
BC Hydro	87,467	92,467	93,167
First Nations Education Steering Committee	67,893	71,831	45,449
Property tax assessed	630	655	26,620
	5,187,022	9,905,681	5,958,898
<b>EXPENSES</b>			
Band Programs	971,777	985,821	944,576
Operations and Maintenance	311,737	206,873	177,428
Economic Development	395,172	93,920	35,547
Natural Resources	969,570	638,131	475,660
Health	861,696	847,835	899,793
Education	1,922,137	1,438,015	1,263,503
Social Development	1,174,095	914,166	643,827
Capital Programs	-	64,000	-
Housing	599,567	332,976	131,787
Social Housing	-	130,690	146,722
Capital Fund	-	644,537	690,330
Ottawa Trust Fund	-	1,606	1,483
Enterprise Fund	-	15,508	16,113
	7,205,751	6,314,078	5,426,769
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER</b>	(1,873,434)	3,591,604	562,129
<b>OTHER</b>			
Transfer from deferred revenue	320,397	1,364,019	1,013,236
Transfer to deferred revenue	-	(1,665,171)	(1,364,019)
	320,397	(301,152)	(350,783)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	(1,553,037)	3,290,451	181,346
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	-	13,979,473	13,798,127
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	\$ (1,553,037)	\$ 17,269,924	\$ 13,979,473

# TS'KW'AYLAXW FIRST NATION

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2023	2023	2022
<b>OPERATING ACTIVITIES</b>		
EXCESS OF REVENUE OVER EXPENSES	\$ 3,290,451	\$ 181,346
Items not affecting cash		
Amortization	696,285	768,126
Gain (loss) on portfolio investments	(34,989)	(123,449)
	<b>3,951,747</b>	826,023
Change in non-cash operating working capital		
Accounts receivable	(284,728)	280,979
Prepaid expenses	9,451	(28,901)
Deferred revenue	301,152	350,783
Accounts payable	34,071	57,658
Replacement reserve fund	14,616	17,105
	<b>4,026,309</b>	1,503,647
<b>CAPITAL ACTIVITIES</b>		
Purchases of tangible capital assets	(123,750)	(16,798)
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(99,166)	(183,849)
Advances from related parties	-	650
	<b>(99,166)</b>	(183,199)
<b>INVESTING ACTIVITIES</b>		
Purchase of portfolio investments	(592,646)	(597,038)
Proceeds of portfolio investments	640,417	575,530
Change in restricted cash	1,482,312	(1,082,283)
	<b>1,530,083</b>	(1,103,791)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,333,476</b>	199,859
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,362,020</b>	2,162,161
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 7,695,496</b>	\$ 2,362,020

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

### 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

Organizations accounted for on a modified equity basis include:

6. 0436158 B.C. Ltd.
7. Ts'kw'aylaxw Forest Co. Ltd
8. 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, 2023

### 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) Portfolio Investments

Portfolio investments consist of entities that are not owned, controlled or influenced by the First Nation reporting entity and are recorded at fair value with adjustments to fair value recognized in the statement of remeasurement gains (losses) annually.

### 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, 2023

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. Estimates in these financial statements include the collectibility of accounts receivable, accrued liabilities and related expenses and the useful lives of tangible capital assets.

### p) Financial instruments

#### *Measurement of financial instruments*

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, accounts receivable and advances to related parties.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, notes payable, government remittances payable, amounts due to/from related parties.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

Financial assets measured at fair value include portfolio investments.

### *Impairment*

For financial assets measured at cost or amortized cost, the First Nation determines whether there are indications of possible impairment. When there is an indication of impairment, and the partnership 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 net income. 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 net income.

### *Transaction costs*

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method

## 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 \$30,904 (2022 - underfunded \$16,804).

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 \$5,789 (2022 - underfunded \$8,148).

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.

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

### RESTRICTED CASH, continued

	2023	2022
Restricted cash		
GIC's - Graveyard Trust Fund, Revenue Trust Fund, Gaming Trust Fund, Cultural Reclamation Fund	\$ -	\$ 1,549,041
Ottawa Trust	16,614	16,707
Gaming Fund - bank balance	615,719	609,051
Revenue Trust Fund - bank balance	509,543	442,623
Replacement Reserve Fund	44,045	51,485
Operating Reserve Fund	58,922	58,248
	<hr/> <b>\$ 1,244,843</b>	<hr/> <b>\$ 2,727,155</b>

### 4. PORTFOLIO INVESTMENTS

Portfolio investments are recorded at fair market value. The market value was \$2,524,063 (\$2,702,557 at March 31, 2022).

### 5. ACCOUNTS RECEIVABLE

	2023	2022
Trade receivables	\$ 277,894	\$ 287,327
Indigenous Services Canada	171,082	219,025
Canada Mortgage & Housing Corporation	13,851	11,441
Province of BC	323,549	-
GST rebate	-	4,520
First Nations Education Steering Committee	-	40,088
First Nations Health Authority	-	84,000
Lillooet Tribal Council	175,839	-
	<hr/> <b>962,215</b>	<hr/> <b>646,401</b>
Allowance for doubtful accounts	(281,358)	(250,272)
	<hr/> <b>\$ 680,857</b>	<hr/> <b>\$ 396,129</b>

### 6. GOVERNMENT BUSINESS ENTERPRISES AND PARTNERSHIPS

Commercial enterprises are those organizations that meet the definition of government business enterprises and partnerships as described by the Public Sector Accounting Board of the CPA Canada. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

Below is a summary of government business enterprises and partnerships and a summary of the financial information for the year ended March 31, 2023:

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

### 6. GOVERNMENT BUSINESS ENTERPRISES AND PARTNERSHIPS, continued

				2023	2022
Investments subject to control:					
- Marble Canyon Forestry Ltd.				\$ (112)	\$ (112)
- 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
				\$ -	\$ -

	Marble Canyon Forestry Ltd.	0436158 B.C. Ltd.	Ts'kw'aylawx Forestry Co. Ltd.	2023 Total	2022 Total
Cash	\$ 67,173	\$ 96	\$ -	\$ 67,269	\$ 69,560
Tangible capital assets	565	565,057	-	565,622	570,900
Other assets	-	-	52	52	52
<b>Total assets</b>	<b>\$ 67,738</b>	<b>\$ 565,153</b>	<b>\$ 52</b>	<b>\$ 632,943</b>	<b>\$ 640,512</b>
Accounts payable	\$ 4,247	\$ 3,900	\$ -	\$ 8,147	\$ 7,387
Other liabilities	83,311	509,939	183,284	776,534	766,591
<b>Total liabilities</b>	<b>87,558</b>	<b>513,839</b>	<b>183,284</b>	<b>784,681</b>	<b>773,978</b>
Share capital	100	8	10	118	118
Equity	(19,920)	51,306	(183,242)	(151,856)	(133,584)
<b>Total equity</b>	<b>(19,820)</b>	<b>51,314</b>	<b>(183,232)</b>	<b>(151,738)</b>	<b>(133,466)</b>
<b>Total liabilities and equity</b>	<b>\$ 67,738</b>	<b>\$ 565,153</b>	<b>\$ 52</b>	<b>\$ 632,943</b>	<b>\$ 640,512</b>

	Marble Canyon Forestry Ltd.	0436158 B.C. Ltd.	Ts'kw'aylawx Forestry Co. Ltd.	2023 Total	2022 Total
Revenue	\$ -	\$ -	\$ -	\$ -	\$ 51
	-	-	-	-	51
Other expenses	\$ 2,763	\$ 15,509	\$ -	\$ 18,272	\$ 20,482

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

### 7. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2023 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
Land	\$ 876,452	\$ -	\$ 876,452	\$ -	\$ -	\$ -	\$ -	\$ 876,452
Buildings	16,761,755	69,750	16,831,505	4,032,215	630,621	4,662,836		12,168,669
Automotive equipment	667,464	-	667,464	538,924	38,562	577,486		89,978
TV satellite system	30,709	-	30,709	30,709	-	30,709		-
Furniture and equipment	381,532	13,000	394,532	326,725	12,522	339,247		55,285
Machinery and equipment	208,468	41,000	249,468	177,781	7,449	185,230		64,238
Playground equipment	87,193	-	87,193	51,556	7,128	58,684		28,509
Irrigation equipment	3,873	-	3,873	3,859	3	3,862		11
Boats	5,323	-	5,323	5,323	-	5,323		-
	<b>\$ 19,022,769</b>	<b>\$ 123,750</b>	<b>\$ 19,146,519</b>	<b>\$ 5,167,092</b>	<b>\$ 696,285</b>	<b>\$ 5,863,377</b>		<b>\$ 13,283,142</b>

	Cost			Accumulated amortization				2022 Net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, 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>\$ 19,022,769</b>	<b>\$ 4,398,966</b>	<b>\$ 768,126</b>	<b>\$ 5,167,092</b>		<b>\$ 13,855,677</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS March 31, 2023

### 8. ACCOUNTS PAYABLE

	2023	2022
Accounts payable - trade	\$ 339,444	\$ 295,681
School District #74	239,660	297,822
Government source deductions payable	13,340	5,903
Wages and benefits payable	58,861	54,255
Indigenous Services Canada	36,425	-
	<b>\$ 687,730</b>	<b>\$ 653,661</b>

### 9. DEFERRED REVENUE

	March 31, 2022	Funding received, 2023	Revenue recognized, 2023	March 31, 2023
BC First Nations Gaming Revenue	\$ 1,013,203	\$ 398,260	\$ (62,920)	\$ 1,348,543
Indigenous Services Canada	279,131	-	(181,511)	97,620
Province of BC - Family Support Funding	-	30,000	-	30,000
Province of BC - Ministry of Advanced Education & Skills Training	71,685	-	(39,025)	32,660
Natural Resources Canada	-	180,000	(23,652)	156,348
	<b>\$ 1,364,019</b>	<b>\$ 608,260</b>	<b>\$ (307,108)</b>	<b>\$ 1,665,171</b>

### 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.

	2023	2022
Balance, beginning of year	\$ 68,288	\$ 51,183
Interest	516	105
Appropriations from the Operating Fund	14,100	14,100
CMHC Adjustment	-	2,900
	<b>\$ 82,904</b>	<b>\$ 68,288</b>

### 11. DUE FROM/TO RELATED PARTIES

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

	2023	2022
Due from Marble Canyon	\$ 83,354	\$ 83,354

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, 2023

### 12. LONG-TERM DEBT

	2023	2022
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	\$ 4,504,086	\$ 4,638,161
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	207,386	216,406
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	405,472	426,521
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	658,861	684,423
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	105,541	15,000
	<hr/> <b>\$ 5,881,346</b>	<hr/> <b>\$ 5,980,511</b>

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

2024	\$ 4,759,079
2025	63,742
2026	145,445
2027	51,094
2028 and thereafter	861,986
	<hr/> <b>\$ 5,881,346</b>

### 13. ACCUMULATED SURPLUS

	2023	2022
Restricted		
Social Housing	\$ 12,114	\$ 10,463
Ottawa Trust Fund	16,613	16,707
	<hr/> 28,727	<hr/> 27,170
Unrestricted		
Operating Fund	10,282,184	6,600,090
Capital Fund	7,066,225	7,443,917
Enterprise Fund	(107,212)	(91,704)
	<hr/> 17,241,197	<hr/> 13,952,303
	<hr/> <b>\$ 17,269,924</b>	<hr/> <b>\$ 13,979,473</b>

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS March 31, 2023

### 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, 2023, 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.

### 15. 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.

### 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 2 years are as follows:

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

### 17. LIABILITY FOR 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, 2022 and 2023, no liability for contaminated sites has been recorded.

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION

As previously discussed in note 2 (e) 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, 2023

### 18. SEGMENTED INFORMATION, continued

	Band Programs			Operations and Maintenance			Economic Development		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 343,438	\$ 358,070	\$ 325,236	\$ 108,921	\$ 352,985	\$ 339,803	-	\$ 70,364	\$ 57,639
BC Hydro	77,467	77,467	77,467	-	-	-	-	-	-
Administration fee	273,568	-	(2,728)	-	-	-	-	-	-
Province of BC	71,028	605,833	234,294	-	-	-	-	-	-
Other revenue	95,087	349,135	337,600	2,525	440	8,030	320,680	225,675	-
<b>Total revenue</b>	<b>860,588</b>	<b>1,390,505</b>	<b>971,869</b>	<b>111,446</b>	<b>353,425</b>	<b>347,833</b>	<b>320,680</b>	<b>296,039</b>	<b>57,639</b>
<b>Expenses</b>									
Administration fees	-	-	-	-	-	-	39,630	-	-
Wages and benefits	383,722	368,571	375,930	82,558	89,461	65,456	220,132	80,576	6,103
Professional fees	132,543	177,526	180,903	-	-	-	5,000	-	-
Honoraria	192,480	168,075	152,235	-	-	-	24,000	-	-
Travel	53,117	37,879	13,581	4,020	2,416	505	7,950	2,436	791
Contractors	35,243	35,237	-	1,700	682	-	24,200	5,650	26,174
Equipment leases	23,466	26,299	29,058	-	-	-	21,600	-	-
Utilities and telephone	19,236	12,832	17,866	13,125	7,855	12,341	18,360	890	-
Other expenses	131,970	159,402	175,003	210,334	106,459	99,126	34,300	4,368	2,479
<b>Total expenses</b>	<b>971,777</b>	<b>985,821</b>	<b>944,576</b>	<b>311,737</b>	<b>206,873</b>	<b>177,428</b>	<b>395,172</b>	<b>93,920</b>	<b>35,547</b>
Other income	(111,189)	404,684	27,293	(200,291)	146,552	170,405	(74,492)	202,119	22,092
Other income	-	(335,340)	(229,092)	-	-	(46,489)	-	(156,348)	-
<b>Annual surplus (deficit)</b>	<b>\$ (111,189)</b>	<b>\$ 69,344</b>	<b>\$ (201,799)</b>	<b>\$ (200,291)</b>	<b>\$ 146,552</b>	<b>\$ 123,916</b>	<b>\$ (74,492)</b>	<b>\$ 45,771</b>	<b>\$ 22,092</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	Natural Resources		Health		Education				
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 302,313	\$ 355,036	\$ 628,333	-	\$ -	\$ -	\$ 1,039,015	\$ 1,456,165	\$ 1,137,616
BC Hydro	10,000	15,000	15,700	-	-	-	-	-	-
Administration fee	6,150	514	-	-	-	823	-	-	-
Province of BC	2,600	277,965	181,270	-	-	-	-	-	22,125
Other revenue	233,171	620,374	75,232	516,857	1,405,304	533,467	259,275	185,929	170,753
<b>Total revenue</b>	<b>554,234</b>	<b>1,268,889</b>	<b>900,535</b>	<b>516,857</b>	<b>1,405,304</b>	<b>534,290</b>	<b>1,298,290</b>	<b>1,642,094</b>	<b>1,330,494</b>
<b>Expenses</b>									
Administration fees	28,331	-	-	44,195	-	-	84,518	-	-
Wages and benefits	402,424	224,485	236,180	308,718	266,407	283,476	174,112	143,548	85,706
Professional fees	101,865	75,409	16,821	9,182	8,765	27,434	-	-	11,989
Honoraria	10,000	-	28,650	8,064	8,064	17,153	86,170	30,105	5,857
Travel	22,400	14,907	5,085	152,236	160,031	104,709	20,554	11,548	3,036
Contractors	73,726	45,225	66,753	1,050	1,050	-	-	-	-
Utilities and telephone	3,020	1,779	1,327	50,702	51,464	49,568	9,095	8,835	10,210
Other expenses	302,804	276,326	120,844	287,549	352,054	417,453	1,427,393	1,243,979	1,146,705
<b>Total expenses</b>	<b>944,570</b>	<b>638,131</b>	<b>475,660</b>	<b>861,696</b>	<b>847,835</b>	<b>899,793</b>	<b>1,801,842</b>	<b>1,438,015</b>	<b>1,263,503</b>
<b>Other income</b>	<b>(390,336)</b>	<b>630,758</b>	<b>424,875</b>	<b>(344,839)</b>	<b>557,469</b>	<b>(365,503)</b>	<b>(503,552)</b>	<b>204,079</b>	<b>66,991</b>
<b>Annual surplus (deficit)</b>	<b>\$ (390,336)</b>	<b>\$ 630,758</b>	<b>\$ 424,875</b>	<b>\$ (344,839)</b>	<b>\$ 557,469</b>	<b>\$ (365,503)</b>	<b>\$ (183,155)</b>	<b>\$ 243,104</b>	<b>\$ 194,431</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	Social Development		Capital Programs		Housing		2023 Budget	2023 Actual	2022 Actual
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual			
<b>Revenues</b>									
Indigenous Services Canada	\$ 821,517	\$ 2,434,140	\$ 1,122,292	-	\$ 191,580	-	\$ 410,896	\$ 289,313	\$ 448,120
Administration fee	-	-	-	-	-	-	-	7,300	7,800
Province of BC	30,000	60,000	-	-	-	-	-	-	-
Other revenue	204,074	180,110	34,884	-	190,503	-	58,440	62,626	71,521
<b>Total revenue</b>	<b>1,055,591</b>	<b>2,674,250</b>	<b>1,157,176</b>	<b>-</b>	<b>382,083</b>	<b>-</b>	<b>469,336</b>	<b>359,239</b>	<b>527,441</b>
<b>Expenses</b>									
Administration fees	43,135	-	-	-	-	-	10,105	-	-
Wages and benefits	142,785	106,483	50,048	-	-	-	46,393	37,103	58,275
Professional fees	61,800	28,051	1,500	-	-	-	500	-	-
Honoraria	61,359	33,851	4,500	-	-	-	-	-	-
Travel	69,547	36,155	4,956	-	-	-	1,700	1,535	812
Contractors	-	-	-	-	64,000	-	500	-	-
Utilities and telephone	2,160	1,565	80	-	-	-	5,440	3,884	3,611
Other expenses	793,309	708,061	582,743	-	-	-	534,929	290,454	69,089
<b>Total expenses</b>	<b>1,174,095</b>	<b>914,166</b>	<b>643,827</b>	<b>-</b>	<b>64,000</b>	<b>-</b>	<b>599,567</b>	<b>332,976</b>	<b>131,787</b>
<b>Other income</b>	<b>(118,504)</b>	<b>1,760,084</b>	<b>513,349</b>	<b>-</b>	<b>318,083</b>	<b>-</b>	<b>(130,231)</b>	<b>26,263</b>	<b>395,654</b>
<b>Annual surplus (deficit)</b>	<b>\$ (118,504)</b>	<b>\$ 1,730,084</b>	<b>\$ 543,349</b>	<b>-</b>	<b>\$ 318,083</b>	<b>-</b>	<b>\$ (130,231)</b>	<b>\$ 207,774</b>	<b>\$ 163,012</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	2023 Budget	Social Housing		2022 Actual	2023 Budget	Capital Fund		2022 Actual	2023 Budget	Ottawa Trust Fund	
		2023 Actual	2022 Budget			2023 Actual	2022 Budget			2023 Actual	2022 Actual
<b>Revenues</b>											
Other revenue	\$ -	\$ 132,341	\$ 129,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,512	\$ 1,606
<b>Total revenue</b>	<b>-</b>	<b>132,341</b>	<b>129,964</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,512</b>	<b>1,606</b>
<b>Expenses</b>											
Professional fees	-	10,550	5,050	-	-	-	-	-	-	-	-
Other expenses	-	120,140	141,672	-	644,537	690,330	-	-	-	1,606	1,483
<b>Total expenses</b>	<b>-</b>	<b>130,690</b>	<b>146,722</b>	<b>-</b>	<b>644,537</b>	<b>690,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,606</b>	<b>1,483</b>
Other income	-	1,651	(16,758)	-	(644,537)	(690,330)	-	-	-	(94)	123
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 1,651</b>	<b>\$ (16,758)</b>	<b>\$ -</b>	<b>\$ (644,537)</b>	<b>\$ (690,330)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (94)</b>	<b>123</b>

# TS'KW'AYLAXW FIRST NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	Enterprise Fund			Consolidated totals		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
<b>Revenues</b>						
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 3,026,100	\$ 5,507,653	\$ 4,059,039
BC Hydro	-	-	-	87,467	92,467	93,167
Administration fee	-	-	-	279,718	7,814	5,895
Province of BC	-	-	-	103,628	943,798	437,689
Other revenue	-	-	51	1,690,109	3,353,949	1,363,108
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>5,187,022</b>	<b>9,905,681</b>	<b>5,958,898</b>
<b>Expenses</b>						
Administration fees	-	-	-	249,914	-	-
Wages and benefits	-	-	81	1,760,844	1,316,634	1,161,255
Professional fees	-	2,100	1,671	310,890	302,401	245,368
Honoraria	-	-	-	382,073	240,095	208,395
Travel	-	-	-	331,524	266,907	133,475
Contractors	-	-	-	136,419	151,844	92,927
Equipment leases	-	-	-	45,066	26,299	29,058
Utilities and telephone	-	74	-	121,138	89,178	95,003
Other expenses	-	13,334	14,361	3,722,588	3,920,720	3,461,288
<b>Total expenses</b>	<b>-</b>	<b>15,508</b>	<b>16,113</b>	<b>7,060,456</b>	<b>6,314,078</b>	<b>5,426,769</b>
<b>Other income</b>	<b>-</b>	<b>(15,508)</b>	<b>(16,062)</b>	<b>(1,873,434)</b>	<b>3,591,603</b>	<b>532,129</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (15,508)</b>	<b>\$ (16,062)</b>	<b>\$ (1,553,037)</b>	<b>\$ 3,290,451</b>	<b>\$ 181,346</b>

# TS'KW'AYLAXW FIRST NATION

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

### 19. COMPARATIVE AMOUNTS

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

### 20. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

#### *Liquidity risk*

The First Nation does have liquidity risk in the accounts payable and accruals of \$687,730. Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the First Nation is low and is not material.

#### *Credit risk*

The First Nation does have credit risk in accounts receivable of \$680,857. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The First Nation maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the First Nation is low and is not material.

#### *Interest rate risk*

The First Nation is exposed to interest rate risk due to the variable rate interest on their loans payable. Changes in the lending rates may cause fluctuations in cash flows and interest expense.