

**Tlatlasikwala First Nation
Financial Statements**
March 31, 2018

Tlatlasikwala First Nation
Contents
For the year ended March 31, 2018

	Page
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Accumulated Surplus.....	2
Statement of Change in Net Debt.....	3
Statement of Cash Flows	4
Notes to the Financial Statements.....	5
Schedule 1 - Schedule of Tangible Capital Assets.....	11
Schedule 2 - Segmented Information.....	12

To the Members of Tlatlasikwala First Nation:

Qualified Opinion

We have audited the financial statements of Tlatlasikwala First Nation (the "First Nation"), which comprise the statement of financial position as at March 31, 2018, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2018, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Beginning January 1, 2009, Canadian public sector accounting standards require that the Tlatlasikwala First Nation record the net value of tangible capital assets in its financial statements. The Nation has not applied these new financial reporting standards. As the Nation did not provide us with a completed tangible capital asset register reflecting the total cost of tangible capital assets owned by the Nation and appropriate accumulated amortization and any impairment attributable to each of those, we were unable to determine the net value of the tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior year.

In addition to the above, the financial statements do not include completed budgeted information. The exclusion of such information is a departure from Canadian Public Sector Accounting Standards as the comparison of budgeted to actual results is a significant measurement of performance.

Finally, we were not able to obtain sufficient and appropriate audit evidence over other revenue of \$153,426. Consequently, we were unable to determine whether any further adjustments might be necessary to revenue, surplus (deficit), and cash flows from operations for the year ended March 31, 2018.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's 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 qualified 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 Canadian public sector accounting standards, 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

Chilliwack, British Columbia

October 17, 2024

MNP LLP

Chartered Professional Accountants

Tlatlasikwala First Nation
Statement of Financial Position
As at March 31, 2018

	2018	2017
Financial assets		
Cash and cash equivalents	981,590	1,366,512
Accounts receivable (Note 3)	96,640	23,928
Funds held in trust (Note 4)	102,091	99,727
Investment in Nation business entities (Note 5)	652,869	383,067
Total of financial assets	1,833,190	1,873,234
Liabilities		
Accounts payable and accruals	35,857	114,844
Long-term debt (Note 6)	3,161,100	3,161,100
Total of financial liabilities	3,196,957	3,275,944
Net debt	(1,363,767)	(1,402,710)
Non-financial assets		
Tangible capital assets (Schedule 1)	2,263,847	2,554,864
Accumulated surplus (Note 7)	900,080	1,152,154

Approved on behalf of the Council

Original Signed by Tom Wallace

Chief

Original signed by Tiffany Wallace

Councillor

Tlatlasikwala First Nation
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	440,779	667,190
First Nations Health Authority	90,565	101,064
British Columbia Treaty Commission	24,550	2,063
Wind energy development	308,493	240,380
Earnings from investment in Nation business entities	269,183	197,127
Other revenue	153,426	4,583
Province of British Columbia	35,000	35,000
Environment Canada	18,750	18,750
Rental income	13,800	20,228
Interest income	2,363	2,017
Aquaculture revenue	-	50,000
Department of Fisheries and Oceans	-	6,000
	1,356,909	1,344,402
Expenses		
Administration	861,431	546,553
Economic Development and Employment	84,214	163,304
Health	90,565	101,064
Rights and Title	281,756	302,148
Capital	291,017	292,140
	1,608,983	1,405,209
Annual deficit	(252,074)	(60,807)
Accumulated surplus, beginning of year	1,152,154	1,212,961
Accumulated surplus, end of year	900,080	1,152,154

Tlatlasikwala First Nation
Statement of Change in Net Debt
For the year ended March 31, 2018

	2018	2017
Annual deficit	(252,074)	(60,807)
Purchases of tangible capital assets	-	(32,000)
Amortization of tangible capital assets	291,017	292,140
Use of prepaid expenses	-	909
Decrease in net debt	38,943	200,242
Net debt, beginning of year	(1,402,710)	(1,602,952)
Net debt, end of year	(1,363,767)	(1,402,710)

Tlatlasikwala First Nation
Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Annual deficit	(252,074)	(60,807)
Non-cash items		
Amortization	291,017	292,140
Earnings from investment in Nation business	(269,183)	(197,127)
Loss on disposal of investment in Nation business	(618)	-
	(230,858)	34,206
Changes in working capital accounts		
Accounts receivable	(72,712)	35,270
Prepaid expenses	-	909
Funds held in trust	(2,364)	(2,018)
Accounts payable and accruals	(78,988)	30,083
	(384,922)	98,450
Capital activities		
Purchases of tangible capital assets	-	(32,000)
Increase (decrease) in cash resources	(384,922)	66,450
Cash resources, beginning of year	1,366,512	1,300,062
Cash resources, end of year	981,590	1,366,512

Tlatlasikwala First Nation
Notes to the Financial Statements
For the year ended March 31, 2018

1. Operations

The Tlatlasikwala First Nation (the "Nation") is located in the province of British Columbia, and provides various services to its members. Tlatlasikwala First Nation includes the Nation's government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities.

Government business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Gilakasla Kwa Holdings Ltd.
- Gwabalis Fisheries Society

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Asset classification

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

Net debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprise a second indicator of financial position, accumulated annual deficit.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Tlatlasikwala First Nation
Notes to the Financial Statements
For the year ended March 31, 2018

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Building	straight-line	20 years
Housing	straight-line	20 years
Equipment	straight-line	5 years
Infrastructure	straight-line	25 years
Computers	straight-line	1 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the First Nation determines that a long-lived asset no longer has any long-term service potential to the First Nation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2018.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2018, management has determined that no such liability is required to be recorded.

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Tlatlasikwala First Nation
Notes to the Financial Statements
For the year ended March 31, 2018

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition *(Continued from previous page)*

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Income from Investments

The Nation uses the modified equity method to account for its investments in various business partnerships and corporations whereby the acquisition cost is increased by the Nation's proportionate share of earnings.

Other revenue

Other revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

Segments

The First Nation conducts its business through five of reportable segments: Administration, Economic Development and Employment, Health, Treaty Negotiations, and Capital. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.

3. Accounts receivable

Accounts receivable includes \$33,335 (2017 - \$18,368) in member loans with \$14,711 (2017 - \$14,711) recorded as an allowance for doubtful accounts.

Tlatlasikwala First Nation
Notes to the Financial Statements
For the year ended March 31, 2018

4. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	<i>2018</i>	<i>2017</i>
Capital Trust		
Balance, beginning and end of year	45,198	45,198
Revenue Trust		
Balance, beginning of year	54,529	52,512
Interest	2,213	1,866
BC Special Distribution	151	151
Balance, end of year	56,893	54,529
	102,091	99,727

5. Investments in Nation business entities

The First Nation has investments in the following entities:

	<i>2018</i>			
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
Not for Profit:				
Gwabalis Fisheries Society - 25%	-	-	652,868	652,868
First Nation Government Business Enterprises				
Gilakasla Kwa Holdings Ltd. - 33%	1	-	-	1
	1	-	652,868	652,869
				<i>2017</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
Not for Profit:				
Gwabalis Fisheries Society - 25%	-	-	383,232	383,232
First Nation Government Business Enterprises				
Gilakasla Kwa Holdings Ltd. - 33%	1	-	-	1
First Nation Business Partnerships				
3 Nation's Construction LP - 25%	2	-	(168)	(166)
	3	-	383,064	383,067

Tlatlasikwala First Nation
Notes to the Financial Statements
For the year ended March 31, 2018

5. Investments in Nation business entities (Continued from previous page)

Summary financial information for each major line of business, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>Gilakasla Kwa Holdings Ltd. As at December 31, 2017</i>	<i>Gwabalis Fisheries Society As at March 31, 2018</i>
Assets		
Cash	151,989	303,294
Accounts receivable	73,590	630,848
Prepaid expenses	6,000	5,616
Intangible assets	-	1,690,000
Investments	51	-
Total assets	231,630	2,629,758
Liabilities		
Accounts payable and accruals	183,818	18,288
Due to related party	47,811	-
Total liabilities	231,629	18,288
Equity	1	2,611,470
Total revenue	11,190	1,294,333
Total expenses	11,190	215,790
Net income	-	1,078,543

6. Loan payable

The Tlatlasikwala First Nation has signed promissory notes and First Nation Negotiation Support Agreements and as at March 31, 2018, a total of \$3,161,100 (2017 - \$3,161,100) represents advances made by Canada for negotiations. Repayment provisions of these loans are outlined in Sections 13.0 and 14.0 of the First Nation Negotiation Support Agreement. The loan was forgiven effective March 31, 2020.

7. Accumulated surplus

Accumulated surplus consists of the following:

	2018	2017
Operating surplus	1,153,420	1,249,503
Treaty Negotiation deficit	(3,272,147)	(3,140,009)
Equity in Funds Held in Trust	102,091	99,727
Equity in Nation business entities	652,869	383,067
Equity in Tangible Capital Assets	2,263,847	2,559,866
	900,080	1,152,154

8. Economic dependence

Tlatlasikwala First Nation receives a significant portion of its revenue from various government agreements. The ability of the First Nation to continue operations is dependent upon the continued financial commitments as guaranteed by these agreements.

Tlatlasikwala First Nation
Notes to the Financial Statements
For the year ended March 31, 2018

9. Segments

The First Nation conducts its business through five reportable segments, which are differentiated by major activities, accountability and control relationship. The reportable segments and their activities are as follows:

Administration

Includes general operations, IT support and financial management of the Nation and governance activities.

Economic Development and Employment

Includes activities related to the growth of the revenue producing projects within the Nation, along with employment programs for members of the Nation.

Health

Includes activities related to the provision of health services within the Nation.

Treaty Negotiations

Includes activities related to treaty negotiations.

Capital

Includes revenue and expenditures for capital projects.

Tlatlasikwala First Nation
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Building</i>	<i>Housing</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Computers</i>	<i>2018</i>	<i>2017</i>
Cost							
Balance, beginning of year	266,518	385,950	161,541	6,094,627	1,852	6,910,488	6,878,488
Acquisition of tangible capital assets	-	-	-	-	-	-	32,000
Balance, end of year	266,518	385,950	161,541	6,094,627	1,852	6,910,488	6,910,488
Accumulated amortization							
Balance, beginning of year	33,315	327,411	114,242	3,878,804	1,852	4,355,624	4,063,484
Annual amortization	13,326	19,167	14,739	243,785	-	291,017	292,140
Balance, end of year	46,641	346,578	128,981	4,122,589	1,852	4,646,641	4,355,624
Net book value of tangible capital assets	219,877	39,372	32,560	1,972,038	-	2,263,847	2,554,864
2017 Net book value of tangible capital assets	233,203	58,539	47,299	2,215,823	-	2,554,864	

Tlatlasikwala First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2018

	Administration	Capital	Economic Development and Employment	Health	Treaty Negotiations	2018
Revenue						
Indigenous Services Canada	\$ 262,665	\$ -	\$ 28,523	\$ -	\$ 149,591	\$ 440,779
Other government	21,113	-	35,000	90,565	-	146,678
Economic activities and other	769,452	-	-	-	-	769,452
	1,053,230	-	63,523	90,565	149,591	1,356,909
Expenses						
Amortization	-	291,017	-	-	-	291,017
Operating expenses	516,178	-	57,136	64,594	134,524	772,432
Salaries, wages and benefits	83,521	-	-	2,080	13,909	99,510
Program and services delivery expenses	261,732	-	27,078	23,891	133,323	446,024
	861,431	291,017	84,214	90,565	281,756	1,608,983
Surplus (deficit) before transfers	191,799	(291,017)	(20,691)	-	(132,165)	(252,074)
Transfers between programs	-	-	-	-	-	-
Annual surplus (deficit)	\$ 191,799	\$ (291,017)	\$ (20,691)	\$ -	\$ (132,165)	\$ (252,074)

	Administration	Capital	Economic Development and Employment	Health	Treaty Negotiations	2017
Revenue						
Indigenous Services Canada	\$ 255,862	\$ -	\$ 88,089	\$ -	\$ 323,239	\$ 667,190
Other government	25,767	-	43,414	101,064	-	170,245
Economic activities and other	506,967	-	-	-	-	506,967
	788,596	-	131,503	101,064	323,239	1,344,402
Expenses						
Amortization	-	292,140	-	-	-	292,140
Operating expenses	272,358	-	78,975	46,417	226,717	624,466
Salaries, wages and benefits	40,882	-	18,785	10,933	53,426	124,025
Program and services delivery expenses	233,312	-	65,545	43,714	22,006	364,577
	546,552	292,140	163,304	101,064	302,148	1,405,209
Surplus (deficit) before transfers	242,045	(292,140)	(31,801)	-	21,091	(60,807)
Transfers between programs	-	38,661	(32,000)	(6,661)	-	-
Annual surplus (deficit)	\$ 203,384	\$ (260,140)	\$ (25,140)	\$ -	\$ 21,091	\$ (60,807)