

TLOWITSIS FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2018

**TLOWITSIS FIRST NATION
FINANCIAL STATEMENTS
MARCH 31, 2018**

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TLOWITSIS FIRST NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2018

The accompanying financial statements of Tlowitsis First Nation are the responsibility of management and have been approved by the 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.

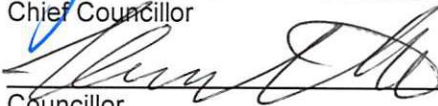
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

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.

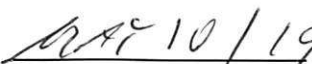
The external auditors, Moeller Matthews, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Tlowitsis First Nation and meet when required.

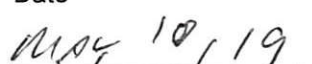
On behalf of Tlowitsis First Nation:



Chief Councillor


Councillor



Date


Date

Independent Auditors' Report

To the Members of Tlowitsis First Nation

We have audited the accompanying financial statements of Tlowitsis First Nation, which comprise the statement of financial position as at March 31, 2018, and the statements of revenue, expenditures and accumulated surplus, change in net financial assets, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tlowitsis First Nation as at March 31, 2018, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Campbell River, British Columbia
May 3, 2019

MOELLER MATTHEWS
Chartered Professional Accountants

**TLOWITSIS FIRST NATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018**

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash | 6,618,056 | 7,682,562 |
| Accounts receivable (Note 2) | 760,224 | 676,524 |
| Loans receivable (Note 3) | 206,059 | 194,894 |
| Investments in government business enterprises (Note 4) | 197,342 | 197,342 |
| Investments in government business partnerships (Note 5) | 3,146,551 | 2,811,915 |
| Federal trust funds (Note 6) | 194,583 | 189,399 |
| | 11,122,815 | 11,752,636 |
| Liabilities | | |
| Accounts payable (Note 7) | 151,597 | 120,027 |
| Deferred revenue (Note 8) | 603,388 | - |
| Long-term debt (Note 9) | 5,744,736 | 5,665,865 |
| | 6,499,721 | 5,785,892 |
| Net financial assets | 4,623,094 | 5,966,744 |
| Non-financial Assets | | |
| Tangible capital assets (Note 10) | 494,922 | 547,348 |
| Prepaid expenses (Note 11) | 127,069 | 142,625 |
| | 621,991 | 689,973 |
| Accumulated Surplus (Deficit) | 5,245,085 | 6,656,717 |

Approved on behalf of the Chief and Council

 Chief Councillor

 Councillor

The accompanying notes are an integral part of these financial statements.

TLOWITSIS FIRST NATION
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2018

| | 2018 Budget | 2018 Actual | 2017 Actual |
|---|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Revenue | | | |
| Federal Government: | | | |
| Indigenous & Northern Affairs Canada | - | 774,225 | 427,055 |
| Ottawa Trust revenue | - | 5,184 | 4,507 |
| Province of British Columbia | - | 809,591 | 561,129 |
| British Columbia Treaty Commission | 166,023 | 76,800 | 76,800 |
| Income from government business partnerships | - | 436,769 | 2,712,609 |
| Logging | - | 1,000,349 | 772,704 |
| Rental | - | 39,613 | 42,000 |
| Other | 95,650 | 431,545 | 317,169 |
| | 261,673 | 3,574,076 | 4,913,973 |
| Expenditures | | | |
| Education | 193,176 | 135,707 | 176,787 |
| Economic Development | - | 188,081 | 309,993 |
| Housing | - | 59,636 | 119,523 |
| Community Services | 177,078 | 456,374 | 392,454 |
| Band Government | 166,023 | 4,142,367 | 214,082 |
| Employment Programs | - | 3,543 | - |
| | 536,277 | 4,985,708 | 1,212,839 |
| Annual surplus (deficit) | (274,604) | (1,411,632) | 3,701,134 |
| Accumulated surplus at beginning of year | 6,656,717 | 6,656,717 | 2,955,583 |
| Accumulated surplus at end of year | 6,382,113 | 5,245,085 | 6,656,717 |

The accompanying notes are an integral part of these financial statements.

TLOWITSIS FIRST NATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2018

| | 2018 Budget (unaudited) | 2018 Actual | 2017 |
|--|--|------------------------|------------------|
| | \$ | \$ | \$ |
| Annual surplus (deficit) | (274,604) | (1,411,632) | 3,701,134 |
| Acquisition of tangible capital assets | - | (4,562) | (41,256) |
| Amortization of tangible capital assets | - | 56,988 | 63,155 |
| Loss on disposal of property and equipment | - | - | 1,808 |
| Proceeds on disposal of property and equipment | - | - | 850 |
| | - | 52,426 | 24,557 |
| Acquisition of prepaid asset | - | (127,069) | (52,692) |
| Use of prepaid asset | - | 142,625 | 13,278 |
| | - | 15,556 | (39,414) |
| (Decrease) increase in net financial assets | (274,604) | (1,343,650) | 3,686,277 |
| Net financial assets at beginning of year | 5,966,744 | 5,966,744 | 2,280,467 |
| Net financial assets at end of year | 5,692,140 | 4,623,094 | 5,966,744 |

The accompanying notes are an integral part of these financial statements.

**TLOWITSIS FIRST NATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018**

| | 2018 | 2017 |
|---|-------------|-------------|
| | \$ | \$ |
| Cash flows from | | |
| Operating activities | | |
| Annual surplus (deficit) | (1,411,632) | 3,701,134 |
| Items not affecting cash | | |
| Amortization of tangible capital assets | 56,988 | 63,155 |
| Income from government business partnerships | (436,769) | (2,712,609) |
| Loss on disposal of property and equipment | - | 1,808 |
| | (1,791,413) | 1,053,488 |
| Change in non-cash operating working capital | | |
| Accounts receivable | (83,700) | (624,951) |
| Loans receivable | (11,165) | 535,421 |
| Prepaid expenses | 15,555 | (39,415) |
| Accounts payable | 31,219 | 75,733 |
| Deferred revenue | 603,388 | - |
| Trust funds held by federal government | (5,184) | (4,507) |
| | (1,241,300) | 995,769 |
| Capital activities | | |
| Purchase of tangible capital assets | (4,562) | (41,256) |
| Proceeds on disposal of property and equipment | - | 850 |
| | (4,562) | (40,406) |
| Financing activities | | |
| Advances of long-term debt | 89,223 | 100,000 |
| Repayment of long-term debt | (10,000) | (8,333) |
| | 79,223 | 91,667 |
| Investing activities | | |
| Contributions to government business partnerships | - | (100) |
| Distributions from government business partnerships | 102,133 | 365,194 |
| | 102,133 | 365,094 |
| Increase (decrease) in cash and cash equivalents | (1,064,506) | 1,412,124 |
| Cash and cash equivalents, beginning of year | 7,682,562 | 6,270,438 |
| Cash and cash equivalents, end of year | 6,618,056 | 7,682,562 |

The accompanying notes are an integral part of these financial statements.

**TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018**

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) Principles of consolidation

The following investments in government business partnerships and government business enterprises are included in the financial statements using the modified equity basis of accounting.

Under the modified equity method of accounting, only the investment in the government business entities and the entity's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entity that are different from those of the Tlowitsis First Nation.

Government business enterprises accounted for on a modified equity basis include:

1. Nanwakolas Business Corporation (20.00%)
2. Chief's Pride Aquaculture Corporation (100.00%)
3. Chief's Pride Seafoods Inc. (100.00%)
4. Happy as a Clam Shellfish Ltd. (100.00%)

Government business partnerships accounted for on a modified equity basis include:

1. A-Tlegay Fisheries Limited Partnership (18.00%)
2. Nanwakolas Carbon Credit Limited Partnership (8.98%)
3. Nanwakolas Forestry Limited Partnership (17.91%)
4. Nanwakolas Offset Limited Partnership (20.65%)
5. Nanwakolas Timber Limited Partnership (20.65%)

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and term deposits having a maturity of one year or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(c) Loans receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

1. Basis of Presentation and Significant Accounting Policies (continued)

(d) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets

Amortization is provided for at the following rates and methods:

| | |
|------------------------|--------------------------|
| Buildings | 4% Declining balance |
| Automotive equipment | 30% Declining balance |
| Computer equipment | 30-55% Declining balance |
| Furniture and Fixtures | 10% Declining balance |
| Equipment | 20% Declining balance |
| Boat | 15% Declining balance |

Tangible capital assets are written down when conditions indicate that they no longer contribute to Tlowitsis 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 net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(e) 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 is performed is deferred and recognized when the fee is earned or service performed.

(f) Measurement uncertainty

In preparing the financial statements for the First Nation, management is required 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 period. Actual results could differ from these estimates.

TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

2. Accounts receivable

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| A & A Trading Ltd. | 730,334 | 600,000 |
| Band members | 1,750 | 2,725 |
| Indigenous and Northern Affairs Canada | - | 35,303 |
| Rent | 8,405 | 3,524 |
| Other | 12,713 | 34,972 |
| | 760,224 | 676,524 |

3. Loans receivable

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| Chief's Pride Seafoods Inc., loan, no specified terms of repayment or stated interest rate. | 39,453 | 39,453 |
| Happy as a Clam Shellfish Ltd., loan, no specified terms of repayment or stated interest rate. | 166,606 | 155,441 |
| | 206,059 | 194,894 |

TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

4. Investments in government business enterprises

| | 2018 \$ | 2017 \$ |
|---------------------------------------|----------------|----------------|
| Nanwakolas Business Corporation | 1 | 1 |
| Chief's Pride Aquaculture Corporation | 1 | 1 |
| Chief's Pride Seafoods Inc. | 1 | 1 |
| Happy as a Clam Shellfish Ltd | 197,339 | 197,339 |
| | 197,342 | 197,342 |

Nanwakolas Business Corporation has no business activities.

Chief's Pride Aquaculture Corporation operates a shellfish farm.

Chief's Pride Seafoods Inc owns rental property.

Happy as a Clam Shellfish Ltd operates a shellfish farm.

| | Nanwakolas Business Corporation \$ | Chief's Pride Aquaculture Corporation \$ | Chief's Pride Seafoods Inc. \$ | Happy as a Clam Shellfish Ltd \$ |
|-------------------------------------|---|---|---|---|
| Total Assets | 46 | 117,604 | 7,231 | 44,576 |
| Total Liabilities | 40 | 593,810 | 40,968 | 269,265 |
| Equity | 6 | (476,206) | (33,737) | (224,789) |
| Total liabilities and equity | 46 | 117,604 | 7,231 | 44,476 |

| | Nanwakolas Business Corporation \$ | Chief's Pride Aquaculture Corporation \$ | Chief's Pride Seafoods Inc. \$ | Happy as a Clam Shellfish Ltd \$ |
|--------------------------|---|---|---|---|
| Revenue | - | 9,222 | 56 | 1,675 |
| Expenses | - | 52,420 | 1,841 | 49,757 |
| Net income (loss) | - | (43,198) | (1,785) | (48,082) |

**TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018**

5. Investments in government business partnerships

| | 2018 | 2017 |
|--|------------------|-------------|
| | \$ | \$ |
| A-Tlegay Fisheries Limited Partnership | 594,714 | 486,314 |
| Nanwakolas Carbon Credit Limited Partnership | 6,929 | 71,904 |
| Nanwakolas Forestry Limited Partnership | 73,096 | 74,422 |
| Nanwakolas Offset Limited Partnership | 39,711 | (1,580) |
| Nanwakolas Timber Limited Partnership | 2,432,101 | 2,180,855 |
| | 3,146,551 | 2,811,915 |

A-Tlegay Fisheries Limited Partnership acquires and manages various fishing licenses and quota made available through negotiations with the federal government under the Pacific Integrated Commercial Fisheries Initiative by the Department of Fisheries and Oceans and acquires and leases fishing vessels and equipment.

Nanwakolas Carbon Credit Limited Partnership verifies and sells carbon credits on the open market.

Nanwakolas Forestry Limited Partnership harvests and manages timber.

Nanwakolas Offset Limited Partnership develops carbon credit and emission offset projects within the Great Bear Rainforest and markets, sells, and distributes such carbon credits and emission offsets.

Nanwakolas Timber Limited Partnership develops forestry based opportunities within the Great Bear Rainforest.

The following table presents condensed financial information for these commercial enterprises:

| | A-Tlegay Fisheries Limited Partnership | Nanwakolas Carbon Credit Limited Partnership | Nanwakolas Forestry Limited Partnership | Nanwakolas Offset Limited Partnership | Nanwakolas Timber Limited Partnership |
|-------------------------------------|---|--|--|--|--|
| | \$ | \$ | \$ | \$ | \$ |
| Total assets | 3,321,254 | 138,096 | 414,011 | 289,750 | 12,702,866 |
| Total Liabilities | \$ 16,953 | \$ 55,819 | \$ 2,799 | \$ 3,005 | \$ 45,697 |
| Equity | 3,304,301 | 82,277 | 411,212 | 286,745 | 12,657,169 |
| Total liabilities and equity | 3,321,254 | 138,096 | 414,011 | 289,750 | 12,702,866 |

TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

5. Investments in government business partnerships, continued

| | \$ | \$ | \$ | \$ | \$ |
|------------|---------|-----------|---------|---------|-----------|
| Revenues | 816,666 | 1,106,886 | 3,653 | - | 1,332,204 |
| Expenses | 214,384 | 237,562 | 11,060 | 5,530 | 115,400 |
| Net income | 602,282 | 869,324 | (7,407) | (5,530) | 1,216,804 |

6. Federal trust funds

| | March 31, 2017 | Additions, 2018 | March 31, 2018 |
|---------|-------------------|--------------------|-------------------|
| | \$ | \$ | \$ |
| Revenue | 89,776 | 5,184 | 94,960 |
| Capital | 99,623 | - | 99,623 |
| | 189,399 | 5,184 | 194,583 |

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.

7. Accounts payable

| | 2018 | 2017 |
|--|----------------|---------|
| | \$ | \$ |
| Government remittances payable | 21,324 | 2,097 |
| Indigenous and Northern Affairs Canada | 7,671 | 47,671 |
| Trade payables | 122,250 | 70,259 |
| | 151,597 | 120,027 |

TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

8. Deferred revenue

| | March 31, 2017 | Funding received, 2018 | Revenue recognized, 2018 | March 31, 2018 |
|---|-------------------|------------------------------|--------------------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| AANDC - Capital | | | | |
| ICMS #9-00126645 Band Office | - | 358,000 | - | 358,000 |
| ICMS #9-0012676C New Community Development | - | 329,083 | (83,695) | 245,388 |
| | - | 687,083 | (83,695) | 603,388 |

9. Long-term debt

| | 2018 \$ | 2017 \$ |
|---|------------------|------------|
| Due to John Smith, unsecured, no specified terms of repayment or stated interest rate | - | 352 |
| Indigenous and Northern Affairs Canada, repayable as outlines in Sections 13.0 and 14.0 of the First Nations Negotiation Support Agreement | 5,663,069 | 5,573,846 |
| TD Canada Trust loan bearing interest at prime plus 1% per annum, repayable in monthly payments of \$833 plus interest. The loan matures on May 1, 2026 and is secured by a general security agreement | 81,667 | 91,667 |
| | 5,744,736 | 5,665,865 |

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

| | |
|---------------------|------------------|
| 2019 | 10,000 |
| 2020 | 10,000 |
| 2021 | 10,000 |
| 2022 | 10,000 |
| 2023 and thereafter | 5,704,736 |
| | 5,744,736 |

TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

10. Tangible Capital Assets

| | Cost | | Accumulated amortization | | |
|------------------------|--|-------------------------------|--|-----------------------------------|------------------------------|
| | Balance, beginning of year \$ | Balance, end of year \$ | Balance, beginning of year \$ | Amortization end of year \$ | 2018 net book value \$ |
| Buildings | 797,543 | - | 532,866 | 10,587 | 254,090 |
| Automotive equipment | 75,379 | - | 58,486 | 5,068 | 11,825 |
| Computer equipment | 32,437 | - | 30,196 | 767 | 1,474 |
| Furniture and Fixtures | 5,365 | - | 268 | 510 | 4,587 |
| Equipment | 75,482 | 4,562 | 58,814 | 3,790 | 17,440 |
| Boat | 410,604 | - | 168,832 | 36,266 | 205,506 |
| | 1,396,810 | 4,562 | 849,462 | 56,988 | 494,922 |

| | Cost | | Accumulated amortization | | |
|------------------------|--|-------------------------------|--|-----------------------------------|------------------------------|
| | Balance, beginning of year \$ | Balance, end of year \$ | Balance, beginning of year \$ | Amortization end of year \$ | 2017 Net book value \$ |
| Buildings | 797,543 | 797,543 | 521,838 | 11,028 | 264,677 |
| Automotive equipment | 75,379 | 75,379 | 51,246 | 7,240 | 16,893 |
| Computer equipment | 32,437 | 32,437 | 28,935 | 1,261 | 2,241 |
| Furniture and Fixtures | - | 5,365 | - | 268 | 5,097 |
| Equipment | 67,110 | 8,372 | 55,693 | 3,121 | 16,668 |
| Boat | 388,590 | 22,014 | 131,442 | 37,390 | 241,772 |
| | 1,361,059 | 35,751 | 789,154 | 60,308 | 547,348 |

**TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018**

11. Prepaid expenses

| | 2018 | 2017 |
|---------------------------|----------------|----------------|
| | \$ | \$ |
| Insurance | 12,155 | 9,732 |
| Land purchase deposit | - | 122,500 |
| Modular deposit | 107,914 | - |
| Post Secondary Allowances | 6,500 | 8,100 |
| Rent | - | 1,326 |
| Vehicle Extended Warranty | - | 967 |
| Other | 500 | - |
| | 127,069 | 142,625 |

12. Commitments

Tlowitsis First Nation has entered into a purchase agreement dated February 8, 2018, to purchase a modular office building for \$359,713, of this amount \$107,914 has been prepaid.

Tlowitsis First Nation has entered into a purchase agreement dated November 21, 2018, to purchase Lot 207, Port Neville, BC for the sum of \$875,000.

13. Contingent Liabilities

Tlowitsis First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

14. Economic Dependence

Tlowitsis First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Northern Affairs Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependant on this source of revenue.

15. Budgeted Figures

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

TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

16. Segmented information

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the year are as follows:

| | 2018 Budget | Education 2018 Actual | 2017 Actual | 2018 Budget | Economic Development 2018 Actual | 2017 Actual |
|---|----------------|-----------------------------|----------------|----------------|--|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | |
| Indigenous & Northern Affairs Canada | - | 199,161 | 188,823 | - | 46,439 | 61,285 |
| Income from government business partnerships | - | - | - | - | 436,769 | 2,712,609 |
| Province of British Columbia | - | - | - | - | 809,591 | 561,129 |
| Ottawa Trust revenue | - | - | - | - | 5,184 | 4,507 |
| Logging revenue | - | - | - | - | 1,000,349 | 772,704 |
| Other revenue | - | - | - | - | 329,687 | 241,828 |
| Total revenue | - | 199,161 | 188,823 | - | 2,628,019 | 4,354,062 |
| Expenses | | | | | | |
| Amortization | - | - | - | - | 47,911 | 55,030 |
| Materials and supplies | 177,576 | 135,207 | 175,843 | - | 21,364 | 36,097 |
| Professional fees | - | - | - | - | 2,659 | 5,135 |
| Repairs and maintenance | - | - | - | - | 35,075 | 95,914 |
| Travel | 15,600 | 500 | - | - | 3,795 | (8) |
| Wages and benefits | - | - | (17,449) | - | 54,963 | 68,045 |
| Other expenses | - | - | 18,393 | - | 22,314 | 49,780 |
| Total expenses | 193,176 | 135,707 | 176,787 | - | 188,081 | 309,993 |
| Annual surplus (deficit) | (193,176) | 63,454 | 12,036 | - | 2,439,938 | 4,044,069 |

| | 2018 Budget | Housing 2018 Actual | 2017 Actual | 2018 Budget | Community Services 2018 Actual | 2017 Actual |
|---|----------------|---------------------------|----------------|----------------|--------------------------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | |
| Indigenous & Northern Affairs Canada | - | - | - | - | 156,374 | 154,004 |
| Rental Income | - | 39,613 | 42,000 | - | - | - |
| Other revenue | - | - | 76 | 95,650 | 98,516 | 75,265 |
| Total revenue | - | 39,613 | 42,076 | 95,650 | 254,890 | 229,269 |
| Expenses | | | | | | |
| Amortization | - | 9,077 | 8,125 | - | - | - |
| Contractors | - | 29,593 | 64,500 | - | - | - |
| Honorariums | - | - | - | - | 92,947 | 88,100 |
| Materials and supplies | - | 5,530 | 586 | 8,985 | 26,801 | 41,771 |
| Professional fees | - | - | 650 | - | 53,914 | 53,639 |
| Repairs and maintenance | - | 5,655 | 27,523 | 2,500 | 8,700 | 7,725 |
| Travel | - | 3,812 | 13,410 | 47,918 | 32,326 | 20,542 |
| Wages and benefits | - | - | - | 115,984 | 175,384 | 161,555 |
| Other expenses | - | 5,969 | 4,729 | 1,691 | 66,302 | 19,122 |
| Total expenses | - | 59,636 | 119,523 | 177,078 | 456,374 | 392,454 |
| Annual surplus (deficit) | - | (20,023) | (77,447) | (81,428) | (201,484) | (163,185) |

TLOWITSIS FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

16. Segmented information, continued

| | Band Government | | | Employment Programs | | |
|---|-----------------|--------------------|------------------|---------------------|----------------|----------------|
| | 2018 Budget | 2018 Actual | 2017 Actual | 2018 Budget | 2018 Actual | 2017 Actual |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | |
| Indigenous & Northern Affairs Canada | - | 372,251 | 22,943 | - | - | - |
| British Columbia Treaty Commission | 166,023 | 76,800 | 76,800 | - | - | - |
| Other revenue | - | - | - | - | 3,342 | - |
| Total revenue | 166,023 | 449,051 | 99,743 | - | 3,342 | - |
| Expenses | | | | | | |
| Honorariums | 20,200 | 92,178 | 136,677 | - | - | - |
| Materials and supplies | - | 6,707 | - | - | - | - |
| Professional fees | 29,988 | 345,404 | 32,713 | - | - | - |
| Travel | 54,000 | 44,084 | 26,408 | - | - | - |
| Wages and benefits | - | - | - | - | 3,543 | - |
| Other expenses | 61,835 | 3,653,994 | 18,284 | - | - | - |
| Total expenses | 166,023 | 4,142,367 | 214,082 | - | 3,543 | - |
| Annual surplus (deficit) | - | (3,693,316) | (114,339) | - | (201) | - |

| | Consolidated totals | | |
|--|---------------------|--------------------|------------------|
| | 2018 Budget | 2018 Actual | 2017 Actual |
| | \$ | \$ | \$ |
| Revenues | | | |
| Indigenous & Northern Affairs Canada | - | 774,225 | 427,055 |
| Income from government business partnerships | - | 436,769 | 2,712,609 |
| Rental Income | - | 39,613 | 42,000 |
| British Columbia Treaty Commission | 166,023 | 76,800 | 76,800 |
| Province of British Columbia | - | 809,591 | 561,129 |
| Ottawa Trust revenue | - | 5,184 | 4,507 |
| Logging revenue | - | 1,000,349 | 772,704 |
| Other revenue | 95,650 | 431,545 | 317,169 |
| Total revenue | 261,673 | 3,574,076 | 4,913,973 |
| Expenses | | | |
| Amortization | - | 56,988 | 63,155 |
| Contractors | - | 29,593 | 64,500 |
| Honorariums | 20,200 | 185,125 | 224,777 |
| Materials and supplies | 186,561 | 195,610 | 254,297 |
| Professional fees | 29,988 | 401,977 | 92,137 |
| Repairs and maintenance | 2,500 | 49,430 | 131,162 |
| Travel | 117,518 | 84,517 | 60,352 |
| Wages and benefits | 115,984 | 233,889 | 212,151 |
| Other expenses | 63,526 | 3,748,579 | 110,308 |
| Total expenses | 536,277 | 4,985,708 | 1,212,839 |
| Annual surplus (deficit) | (274,604) | (1,411,632) | 3,701,134 |

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the membership of Tlowitsis First Nation:

At the request of the Tlowitsis First Nation, we have reviewed the Schedule of Remuneration and Expenses of Chief and Councilors of the Tlowitsis First Nation for the year ended March 31, 2018 prepared in accordance with the provisions of Section 7.3 of the Indigenous and Northern Affairs Canada Reporting Guide - Financial Reporting Requirements. The schedule has been prepared by management of the Tlowitsis First Nation.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this schedule in accordance with the expenses described in Note 16, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying schedule based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and very in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on this schedule.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that this Schedule is not, in all material respects, in accordance with the provisions of Section 7.3 of the Indigenous and Northern Affairs Canada Reporting Guide - Financial Reporting Requirements

Campbell River, BC
May 3, 2019


Chartered Professional Accountants