

TLOWITSIS FIRST NATION
Consolidated Financial Statements

March 31, 2019

TLOWITSIS FIRST NATION

Consolidated Financial Statements

Table of Contents

Year Ended March 31, 2019

Management's Responsibility for Financial Reporting	1
Independent Auditors' Report	2-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9-16
Schedule 1 - Segment Disclosure	17

TLOWITSIS FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2019

The accompanying consolidated financial statements of the Tlowitsis First Nation as at March 31, 2019 and for the year ended are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Management maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately accounted for and adequately safeguarded.

The Tlowitsis First Nation Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Chief and Council reviews the consolidated financial statements and approves them. Chief and Council meets periodically with management, as well as the external auditor, 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 independent auditor's report. Chief and Council consider their findings when approving the financial statements for issuance to the Members.

The consolidated financial statements have been approved by Chief and Council. In addition, these consolidated financial statements have been audited by Chan Nowosad Boates Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Chan Nowosad Boates Inc. has full access to Chief and Council.



Thomas Smith, Chief Administrator & Councilor
September 27, 2019



INDEPENDENT AUDITORS' REPORT

To the Members of the Tlowitsis First Nation

Opinion

We have audited the accompanying consolidated financial statements of the Tlowitsis First Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and notes to the consolidated financial statements.

In our opinion, the Nation's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2019, and of its financial performance and its cash flows for the year then ended. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Basis of 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 Consolidated Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 of our opinion.

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 intends for the Nation to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Nation's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the users taken on the basis of these consolidated financial statements.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 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 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 consolidated 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 Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Other Matters

The unconsolidated financial statements for the year ended March 31, 2018 were audited by another firm of Chartered Professional Accountants who expressed an unqualified opinion on those unconsolidated financial statements on May 3, 2019.



Chartered Professional Accountants
Campbell River, BC

September 27, 2019

TLOWITSIS FIRST NATION

Consolidated Statement of Financial Position

March 31, 2019

2019

2018

(Note 14)

	\$	\$
FINANCIAL ASSETS		
Cash	7,529,202	6,617,748
Accounts Receivable (Note 3)	71,240	765,937
Investments in Government Business Enterprises (Note 4)	1	1
Investment in Government Business Partnerships (Note 4)	3,987,947	3,146,550
Federal Trust Funds (Note 2)	<u>197,818</u>	<u>194,583</u>
	<u>11,786,208</u>	<u>10,724,819</u>
LIABILITIES		
Accounts Payable (Note 5)	100,975	198,382
Deferred Revenue (Note 6)	436,812	603,388
Long Term Debt (Note 7)	<u>5,734,736</u>	<u>5,744,736</u>
	<u>6,272,523</u>	<u>6,546,506</u>
NET FINANCIAL ASSETS	<u>5,513,685</u>	<u>4,178,313</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	135,530	131,417
Tangible Capital Assets (Note 8)	<u>1,013,892</u>	<u>884,779</u>
	<u>1,149,422</u>	<u>1,016,196</u>
ACCUMULATED SURPLUS (Note 14)	<u>6,663,107</u>	<u>5,194,509</u>

Contingent Liabilities (Note 9)

Approved by:



Chief



Councilor

TLOWITSIS FIRST NATION

Consolidated Statement of Operations

Year Ended March 31, 2019

	2019		2018
	Actual	Budget	
	\$	\$	\$
	(Note 12)	(Note 12)	(Note 14)
Revenues			
Indigenous Services Canada	829,243	168,397	774,225
Province of British Columbia	235,454	-	809,591
Ottawa Trust	3,235	-	5,184
British Columbia Treaty Commission	268,695	268,695	76,800
Rental Income	52,900	-	39,613
Logging Income	16,286	-	1,000,349
Other Revenue	359,018	157,558	478,952
Earnings from Government Business Enterprise (Note 4)	<u>841,396</u>	<u>157,558</u>	<u>436,769</u>
	<u>2,606,227</u>	<u>594,650</u>	<u>3,621,483</u>
Expenditures (Note 10)			
Band Support	303,325	295,534	3,843,583
Community Services	404,670	176,889	420,627
Economic Development	161,428	-	322,163
Education	221,751	139,396	135,707
Employment Programs	4,557	-	3,543
Housing	13,467	-	59,636
	<u>1,109,198</u>	<u>611,819</u>	<u>4,785,259</u>
Annual Surplus (Deficit) Prior to Recoveries	1,497,029	(17,169)	(1,163,776)
Indigenous Services Canada Recoveries	<u>(28,431)</u>	<u>-</u>	<u>-</u>
Annual Surplus (Deficit)	<u>1,468,598</u>	<u>(17,169)</u>	<u>(1,163,776)</u>

TLOWITSIS FIRST NATION

Consolidated Statement of Accumulated Surplus

Year Ended March 31, 2019

	2019		2018
	Actual	Budget	\$
	\$	\$	\$
Accumulated Surplus - Beginning of Year as Previously Stated	5,245,085	-	6,656,717
Prior Period Adjustment (Note 14)	(50,576)	-	(298,432)
Accumulated Surplus - Beginning of Year as Restated	5,194,509	-	6,358,285
Annual Surplus (Deficit)	1,468,598	-	(1,163,776)
Accumulated Surplus - End of Year	<u>6,663,107</u>	<u>-</u>	<u>5,194,509</u>

TLOWITSIS FIRST NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2019

2019

2018

(Note 14)

	\$	\$
Annual Surplus (Deficit)	<u>1,468,598</u>	<u>(1,163,776)</u>
Tangible Capital Assets Purchased	(189,422)	(339,093)
Amortization of Tangible Capital Assets	<u>60,309</u>	<u>70,578</u>
	<u>(129,113)</u>	<u>(268,515)</u>
Acquisition of Prepaid Asset	(4,113)	(15,094)
Increase (Decrease) in Net Financial Assets	<u>1,335,372</u>	<u>(1,447,385)</u>
Net Financial Assets - Beginning of Year	<u>4,178,313</u>	<u>5,924,130</u>
Prior Period Adjustment (Note 14)	<u>-</u>	<u>(298,432)</u>
Net Financial Assets - End of Year	<u><u>5,513,685</u></u>	<u><u>4,178,313</u></u>

TLOWITSIS FIRST NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2019

2019

2018

(Note 14)

	\$	\$
Cash Flows From Operating Activities:		
Cash Received from Indigenous Services Canada and Other	2,264,520	3,706,839
Cash Paid to Suppliers and Employees	<u>(1,153,642)</u>	<u>(4,953,368)</u>
	<u>1,110,878</u>	<u>(1,246,529)</u>
Cash Flows From Financing Activities:		
Proceeds from Long Term Debt	-	88,871
Repayment of Long Term Debt	<u>(10,000)</u>	<u>(10,000)</u>
	<u>(10,000)</u>	<u>78,871</u>
Cash Flows From Investing Activities:		
Distributions from First Nation's Limited Partnerships	-	102,133
	<u>-</u>	<u>102,133</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	<u>(189,424)</u>	<u>(4,562)</u>
Increase (Decrease) in Cash and Cash Equivalents	911,454	(1,070,087)
Cash and Cash Equivalents - Beginning of Year	6,617,748	7,687,835
Cash and Cash Equivalents - End of Year	<u>7,529,202</u>	<u>6,617,748</u>

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies:

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

b) Basis of Presentation

The consolidated financial statements include the accounts of Tlowitsis First Nation (the "Nation") and four organizations that are controlled by the Nation, Chief's Pride Aquaculture Corporation, Chief's Pride Seafoods Inc., 0834472 B.C. Ltd. and Happy as a Clam Shellfish Ltd. (the "Controlled Entities").

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises and partnerships which meet the definition of government business enterprises (GBE's). These enterprises are included in the Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Nation's investment in the business enterprise and partnerships and the enterprise's and partnerships's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises and partnerships that are different from those of the Nation, except that any other comprehensive income of the business enterprise and partnerships is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

Investments in the following enterprise and partnerships are accounted for by the modified equity method and, as such, the accounting policies of these enterprises are not adjusted to conform with those of the Nation:

Nanwakolas Business Corporation (20.00%)
A-Tlegay Fisheries Limited Partnership (18.00%)
Nanwakolas Forestry Limited Partnership (17.91%)
Nanwakolas Carbon Credit Limited Partnership (8.98%)
Nanwakolas Offset Limited Partnership (9.48%)
Nanwakolas Timber Limited Partnership (20.65%)

c) 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 provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets and prepaid expenses. Intangible assets, and items inherited by right of the Crown, are not recognized in the financial statements.

d) Cash

Cash includes cash on hand, balances with banks and term deposits. Cash subject to restrictions that prevent its use for current purposes is reflected in restricted cash.

e) Loans Receivable

Loans receivable are initially recorded at cost, and thereafter at the lower of cost and net realizable value. Valuation allowances are made when collection is doubtful as assessed by management. Interest income is recognized in the period earned, and ceases to be earned if the collection of the outstanding principal and interest amounts are not reasonably assured.

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued):

f) 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 using the following rates and methods:

Automobiles	30%	declining balance
Boat	15%	declining balance
Buildings	4%	declining balance
Computers	30-55%	declining balance
Equipment	20%	declining balance
Furniture and Fixtures	10%	declining balance

Tangible Capital Assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net writedowns are accounted for as expenses in the consolidated statement of operations.

g) 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 any 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 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 being performed is deferred and recognized when the fee is earned or service performed.

h) 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 report amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of tangible capital assets, recoverability of investments and advances, accrued liabilities and the possibility of contingent liabilities. Actual results could differ from these estimates.

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued):

i) Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the 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, 2019.

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, 2019, no liability for contaminated sites exists.

2. Trust Funds Held by Federal Government:

	<u>2018</u> \$	<u>Additions</u> \$	<u>Withdrawals</u> \$	<u>2019</u> \$
Revenue	94,960	3,235	-	98,195
Capital	99,623	-	-	99,623
	<u>194,583</u>	<u>3,235</u>	<u>-</u>	<u>197,818</u>

The Trust Funds Held by the Federal Government 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

3. Accounts Receivable:

	<u>2019</u> \$	<u>2018</u> \$
Due from Members:		
Nation Housing	44,639	31,044
Allowance for Doubtful Accounts	(30,859)	(22,639)
	<u>13,780</u>	<u>8,405</u>
Due from Others:		
Other	78,075	778,147
Allowance for Doubtful Accounts	(20,615)	(20,615)
	<u>57,460</u>	<u>757,532</u>
Net Accounts Receivable	<u>71,240</u>	<u>765,937</u>

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2019

4. Investment in Government Business Enterprise and Partnerships:

The Nation's investment in a Government Business Enterprise and Partnerships consists of the following:

	<u>2019</u> \$	<u>2018</u> \$
Nanwakolas Business Corporation	1	1
A-Tlegay Fisheries Limited Partnership	740,700	594,714
Nanwakolas Carbon Credit Limited Partnership	55,863	6,929
Nanwakolas Offset Limited Partnership	188,484	39,711
Nanwakolas Forestry Limited Partnership	73,786	73,095
Nanwakolas Timber Limited Partnership	<u>2,929,114</u>	<u>2,432,101</u>
	<u>3,987,948</u>	<u>3,146,551</u>

Nanwakolas Business Corporation has no business activities.

A-Tlegay Fisheries Limited Partnership acquires and manages various fishing licences and quota. These licences and quota are 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 Forestry Limited Partnership and Nanwakolas Timber Limited Partnership harvest and manage timber. Nanwakolas Carbon Credit Limited Partnership and Nanwakolas Offset Limited Partnership verifies and sells carbon credits on the open market.

	Quota Businesses \$	Forestry Businesses \$	Carbon Credit Businesses \$	Total 2019 \$	Total 2018 \$
Total Assets	<u>4,126,256</u>	<u>15,639,952</u>	<u>3,332,819</u>	<u>23,099,027</u>	<u>16,865,977</u>
Total Liabilities	10,841	160,641	849,535	1,021,017	124,273
Total Equity	<u>4,115,415</u>	<u>15,479,311</u>	<u>2,483,284</u>	<u>22,078,010</u>	<u>16,741,704</u>
Total Liabilities and Equity	<u>4,126,256</u>	<u>15,639,952</u>	<u>3,332,819</u>	<u>23,099,027</u>	<u>16,865,977</u>
Revenue	1,065,992	2,525,721	2,818,421	6,410,134	3,259,409
Expenses	<u>254,878</u>	<u>114,791</u>	<u>704,159</u>	<u>1,073,828</u>	<u>583,936</u>
Net Income	<u>811,114</u>	<u>2,410,930</u>	<u>2,114,262</u>	<u>5,336,306</u>	<u>2,675,473</u>

5. Accounts Payable:

	<u>2019</u> \$	<u>2018</u> \$
Indigenous Services Canada	-	7,671
Government Remittances Payable (Refundable)	(10,186)	21,324
Wages Payable	4,121	3,578
Trade Payable	<u>107,040</u>	<u>165,813</u>
	<u>100,975</u>	<u>198,386</u>

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2019

6. Deferred Revenue:

	<u>2018</u> \$	<u>Funding Received</u> \$	<u>Revenue Recognized</u> \$	<u>2019</u> \$
Indigenous Services Canada:				
Band Office	358,000	-	-	358,000
New Community Development	245,388	-	166,576	78,812
	<u>603,388</u>	<u>-</u>	<u>166,576</u>	<u>436,812</u>

7. Long Term Debt:

	<u>2019</u> \$	<u>2018</u> \$
TD Canada Trust Loan:		
Repayable at \$833 per month plus interest at prime plus 1.00% per annum; due May 1, 2026; secured by a general security agreement	71,667	81,667
Indigenous Services Canada - Treaty Loan	<u>5,663,069</u>	<u>5,663,069</u>
	<u>5,734,736</u>	<u>5,744,736</u>

As part of the 2019 Federal Budget announced on March 19, 2019, the Federal Government (the "Government") stated that all outstanding Treaty loans would be forgiven. As at March 31, 2019, as well as at the date of the audit report on these financial statements, the Government has not yet formally approved and enacted legislation around the forgiveness of outstanding Treaty loans and balances owing.

Interest paid on long term debt for the year ended March 31, 2019 is \$3,616 (2018 - \$3,485).

Principal repayments within each of the next five years and beyond is estimated to be as follows:

	\$
2020	10,000
2021	10,000
2022	10,000
2023	10,000
2024 and beyond	41,667

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2019

8. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Automobiles	105,045	-	-	105,045	92,174	3,870	-	96,044	9,001	12,871
Boats	447,642	428	-	448,070	235,975	31,719	-	267,694	180,376	211,667
Buildings	797,543	-	-	797,543	543,453	10,150	-	553,603	243,940	254,090
Computers	32,437	-	-	32,437	30,963	480	-	31,443	994	1,474
Equipment	279,026	2,418	-	281,444	213,467	13,630	-	227,097	54,347	65,559
Furniture and Fixtures	5,365	-	-	5,365	778	460	-	1,238	4,127	4,587
Reserve under Development	334,531	186,576	-	521,107	-	-	-	-	521,107	334,531
	<u>2,001,589</u>	<u>189,422</u>	<u>-</u>	<u>2,191,011</u>	<u>1,116,810</u>	<u>60,309</u>	<u>-</u>	<u>1,177,119</u>	<u>1,013,892</u>	<u>884,779</u>

Amounts classified as Reserve under Development are not amortized as they relate to cost incurred to develop and build a reserve for the Nation on York Road in Campbell River.

9. Contingent Liabilities and Commitments:

- a) The Nation has entered into contribution agreements with various Federal Government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.
- b) The Nation entered into a purchase agreement dated February 8, 2018 to purchase a modular office building for \$359,713 of which \$107,914 has been advanced.
- c) The Nation entered into a purchase agreement dated November 21, 2018 to purchase Lot 207, Port Neville, BC for \$875,000 plus applicable property transfer tax, of which \$20,000 has been advanced. The purchase closed subsequent to year-end on July 29, 2019 at which time the Property came under the ownership of the Nation.

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2019

10. Schedule of Expenses by Object:

	<u>2019</u> \$	<u>2018</u> \$
Administration Fees	10,292	16,794
Advertising	1,352	4,219
Amortization	60,310	70,578
Bad Debts	52	2,334
Consulting	16,250	30,737
Cost of Goods Sold	-	36,454
Honoraria	120,654	185,125
Insurance	24,551	21,712
Interest and Bank Charges	10,203	6,234
Loss on Disposal of Land	-	3,604,938
Material and Supplies	278,848	230,175
Meeting and Workshop Costs	49,509	13,628
Office	16,092	20,031
Professional Fees	84,925	73,959
Rent	12,000	11,986
Repairs and Maintenance	32,959	55,074
Subcontractors	-	34,048
Training Costs	3,890	11,998
Travel	81,287	84,569
Telephone and Utilities	11,059	11,245
Wages and Payroll Costs	<u>294,965</u>	<u>259,421</u>
	<u>1,109,198</u>	<u>4,785,259</u>

11. Economic Dependence:

The Nation receives a significant portion of its revenues from Indigenous Services Canada (ISC) as a result of agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependant upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

12. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council and have not been audited.

13. Comparative Figures:

Certain 2018 comparative figures, reported on by another firm of Chartered Professional Accountants, have been reclassified to conform with the financial statement presentation adopted for the current year.

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2019

14. Prior Period Adjustments:

In the current year, the Nation determined that its corporate entities, Chief's Pride Aquaculture Corporation, Chief's Pride Seafoods Inc., 0834472 B.C. Ltd., and Happy as a Clam Shellfish Ltd. (the "corporate entities"), do not and have not in prior years met the definition of Government Business Enterprises as defined within the Public Sector Accounting Standards for Government entities. As a result, the Nation has elected to consolidate the entities by making the following prior period adjustments:

a) To consolidate the corporate entities' balance sheet accounts and adjust Accumulated Surplus for the year ended March 31, 2017, the Nation has adjusted the Accumulated Surplus as at April 1, 2017 as well as Cash, Accounts Receivable, Loans Receivable, Inventory, Prepaid Expenses, Tangible Capital Assets, Investments in Government Business Enterprises and Accounts Payable. The Nation also eliminated allowances made for the loans to the entities. Accordingly, the changes to the following balances are noted below:

Accumulated Surplus has decreased by \$298,432, from \$6,656,717 to \$6,358,285
Cash increased from \$7,682,562 to \$7,687,835
Accounts Receivable increased from \$676,524 to \$684,674
Loans Receivable decreased from \$194,894 to \$0
Inventory increased from \$0 to \$52,350
Prepaid Expenses increased from \$142,625 to \$146,511
Tangible Capital Assets increased from \$547,348 to \$616,265
Investments in Government Business Enterprises decreased from \$197,342 to \$1
Accounts Payable increased from \$120,027 to \$164,701

b) To consolidate the corporate entities' balance sheet accounts and operating account balances for the year ended March 31, 2018, the Nation has adjusted the Cash, Accounts Receivable, Loans Receivable, Inventory, Prepaid Expenses, Tangible Capital Assets, Investments in Government Business Enterprises and Accounts Payable balance sheet accounts. The Nation has also adjusted various revenue and expense accounts. Accordingly, the changes to the following balances are noted below:

Cash decreased from \$6,618,056 to \$3,843,583
Accounts Receivable decreased from \$760,224 to \$334,531
Loans Receivable decreased from \$206,059 to \$0
Inventory decreased \$52,350 to \$0
Prepaid Expenses increased from \$127,069 to \$131,417
Tangible Capital Assets increased from \$494,922 to \$884,779
Investments in Government Business Enterprises decreased from \$197,342 to \$1
Accounts Payable increased from \$151,597 to \$198,382.
Other revenues increased from \$431,545 to \$478,952
Economic Development expenditures increased from \$188,081 to \$322,163.

In the current year, the Nation also determined that the costs incurred in the March 31, 2018 fiscal year associated with the development of the York Road Reserve should be capitalized rather than expensed as they are thought to have future benefit to the Nation. The expenditures and tangible capital assets presented in the prior year have been adjusted as noted below:

Reserve under Development increased from \$0 to \$334,531
Band Support expenditures decreased from \$4,142,367 to \$3,843,583
Community Services expenditures decreased from \$456,374 to \$334,531

TLOWITSIS FIRST NATION

Schedule 1 - Consolidated Segment Disclosure

March 31, 2019

	Band Government \$	Community Services \$	Economic Development \$	Education \$	Employment Programs \$	Housing \$	Consolidated Total \$
Revenue							
ISC	471,043	154,622	26,588	176,990	-	-	829,243
Provincial	268,695	-	9,500	-	-	-	278,195
Other	413	75,020	1,366,963	-	3,493	52,900	1,498,789
	<u>740,151</u>	<u>229,642</u>	<u>1,403,051</u>	<u>176,990</u>	<u>3,493</u>	<u>52,900</u>	<u>2,606,227</u>
Expenses							
Materials and Supplies	146,904	42,738	31,699	160,828	-	25	382,194
Professional Fees	47,357	5,261	1,372	-	-	-	53,990
Wages and Benefits	21,398	156,924	57,225	-	4,557	-	240,104
Other	87,666	199,747	131,455	600	-	13,442	432,910
	<u>303,325</u>	<u>404,670</u>	<u>221,751</u>	<u>161,428</u>	<u>4,557</u>	<u>13,467</u>	<u>1,109,198</u>
ISC Recoveries	(23,624)	(4,807)	-	-	-	-	(28,431)
Annual Surplus (Deficit)	<u>413,202</u>	<u>(179,835)</u>	<u>1,181,300</u>	<u>15,562</u>	<u>(1,064)</u>	<u>39,433</u>	<u>1,468,598</u>

March 31, 2018

	Band Government \$	Community Services \$	Economic Development \$	Education \$	Employment Programs \$	Housing \$	Consolidated Total \$
Revenue							
ISC	372,251	156,374	46,439	199,161	-	-	774,225
Provincial	76,800	-	809,591	-	-	-	886,391
Other	-	98,516	1,819,396	-	3,342	39,613	1,960,867
	<u>449,051</u>	<u>254,890</u>	<u>2,675,426</u>	<u>199,161</u>	<u>3,342</u>	<u>39,613</u>	<u>3,621,483</u>
Expenses							
Materials and Supplies	55,933	26,801	5,350	135,207	-	5,530	228,821
Professional Fees	1,466	18,167	55,573	-	-	-	75,206
Wages and Benefits	-	175,383	(389)	-	3,543	-	178,537
Other	3,786,184	200,276	261,629	500	-	54,106	4,302,695
	<u>3,843,583</u>	<u>420,627</u>	<u>322,163</u>	<u>135,707</u>	<u>3,543</u>	<u>59,636</u>	<u>4,785,259</u>
Transfers	3,604,938	-	(3,604,938)	-	-	-	-
Annual Surplus (Deficit)	<u>210,406</u>	<u>(165,737)</u>	<u>(1,251,675)</u>	<u>63,454</u>	<u>(201)</u>	<u>(20,023)</u>	<u>(1,163,776)</u>