

TLOWITSIS FIRST NATION
Consolidated Financial Statements
March 31, 2020

TLOWITSIS FIRST NATION

Consolidated Financial Statements

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Year Ended March 31, 2020

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MANAGEMENT REPORT

March 31, 2020

The Chief and Council of the Tlowitsis First Nation has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Tlowitsis First Nation. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

The Tlowitsis First Nation's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly the Tlowitsis First Nation's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of Tlowitsis First Nation as at March 31, 2020.

A handwritten signature in black ink, appearing to read 'Thomas Smith', is written over a horizontal line.

Thomas Smith, Chief Administrator & Councillor
October 30, 2020



INDEPENDENT AUDITORS' REPORT

To the Members of 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, 2020, 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 other explanatory information (hereinafter referred to as 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, 2020, 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of 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 judgment 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 auditors' 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 consolidated 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.

Chan Nowosad Boates Inc

Chartered Professional Accountants
Campbell River, BC

October 30, 2020

TLOWITSIS FIRST NATION

Consolidated Statement of Financial Position

March 31, 2020

2020

2019

(Note 14)

\$

\$

FINANCIAL ASSETS

Cash	8,201,820	7,529,202
Accounts Receivable (Note 2)	69,471	71,240
Portfolio Investments (Note 3)	110	-
Investment in Government Business Enterprises (Note 4)	4,440,704	4,226,973
Federal Trust Funds (Note 5)	204,210	197,818
	<u>12,916,315</u>	<u>12,025,233</u>

LIABILITIES

Accounts Payable (Note 6)	193,967	100,975
Deferred Revenue (Note 7)	151,569	436,812
Long Term Debt (Note 8)	61,657	5,734,736
	<u>407,193</u>	<u>6,272,523</u>

NET FINANCIAL ASSETS

12,509,122 5,752,710

NON-FINANCIAL ASSETS

Prepaid Expenses	35,037	135,530
Tangible Capital Assets (Note 9)	2,428,002	1,013,892
	<u>2,463,039</u>	<u>1,149,422</u>

ACCUMULATED SURPLUS (Note 14)

14,972,161 6,902,132

Commitments and Contingent Liabilities (Note 10)

Approved by:


Chief


Councilor

TLOWITSIS FIRST NATION

Consolidated Statement of Operations

Year Ended March 31, 2020

	2020		2019
	Actual	Budget	
	\$	\$	\$
		(Note 13)	(Note 14)
Revenue			
Indigenous Services Canada	922,682	-	829,243
Province of British Columbia	196,132	-	235,454
Ottawa Trust	6,392	-	3,235
British Columbia Treaty Commission	278,326	278,326	268,695
Rental Income	58,275	-	52,900
Logging Income	-	-	16,286
Other Revenue	1,474,433	145,000	359,018
Earnings from Government Business Partnerships	794,460	-	897,060
	<u>3,730,700</u>	<u>423,326</u>	<u>2,661,891</u>
Expenditures (Note 11)			
Band Support	382,293	304,436	303,325
Community Services	481,600	126,433	404,670
Economic Development	200,851	-	221,751
Education	136,304	139,253	161,428
Employment Programs	10,369	-	4,557
Housing	45,577	-	13,467
	<u>1,256,994</u>	<u>570,122</u>	<u>1,109,198</u>
Annual Surplus from Operations	2,473,706	<u>(146,796)</u>	1,552,693
Indigenous Services Canada Forgiveness of Treaty Loan (Note 8)	5,663,069		-
Indigenous Services Canada Recoveries	<u>(66,746)</u>		<u>(28,431)</u>
Annual Surplus	<u>8,070,029</u>		<u>1,524,262</u>

TLOWITSIS FIRST NATION

Consolidated Statement of Accumulated Surplus

Year Ended March 31, 2020

	2020		2019
	Actual	Budget	
	\$	\$	\$
		(Note 13)	(Note 14)
Accumulated Surplus - Beginning of Year as Previously Stated	6,902,132	-	5,194,509
Prior Period Adjustment (Note 14)	<u>-</u>	<u>-</u>	<u>183,361</u>
Accumulated Surplus - Beginning of Year as Restated	6,902,132	-	5,377,870
Annual Surplus	<u>8,070,029</u>	<u>-</u>	<u>1,524,262</u>
Accumulated Surplus - End of Year	<u>14,972,161</u>	<u>-</u>	<u>6,902,132</u>

TLOWITSIS FIRST NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2020

2020

2019

(Note 14)

	\$	\$
Annual Surplus	<u>8,070,029</u>	<u>1,524,262</u>
Tangible Capital Assets Purchased	(1,474,950)	(189,422)
Amortization of Tangible Capital Assets	<u>60,840</u>	<u>60,310</u>
	<u>(1,414,110)</u>	<u>(129,112)</u>
Net Use (Acquisition) of Prepaid Asset	<u>100,493</u>	<u>(4,114)</u>
Increase in Net Financial Assets	6,756,412	1,391,036
Net Financial Assets - Beginning of Year	5,752,710	4,178,313
Prior Period Adjustment (Note 14)	<u>-</u>	<u>183,361</u>
Net Financial Assets - End of Year	<u>12,509,122</u>	<u>5,752,710</u>

TLOWITSIS FIRST NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2020

2020

2019

(Note 14)

\$

\$

Cash Flows From Operating Activities:

Cash Received from Indigenous Services Canada and Other	3,166,749	2,264,520
Cash Paid to Suppliers and Employees	<u>(1,002,669)</u>	<u>(1,150,409)</u>
	<u>2,164,080</u>	<u>1,114,111</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt	-	-
Repayment of Long Term Debt	<u>(10,010)</u>	<u>(10,000)</u>
	<u>(10,010)</u>	<u>(10,000)</u>

Cash Flows From Investing Activities:

Purchase of Portfolio Investments	(110)	-
Increase in Ottawa Trust Funds	<u>(6,392)</u>	<u>(3,235)</u>
	<u>(6,502)</u>	<u>(3,235)</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(1,474,950)</u>	<u>(189,422)</u>
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Increase in Cash and Cash Equivalents

672,618

911,454

Cash and Cash Equivalents - Beginning of Year

7,529,202

6,617,748

Cash and Cash Equivalents - End of Year

8,201,820

7,529,202

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2020

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 enterprise 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%)
Nanwakolas Timber Limited Partnership - Investment in Knight Inlet Grizzly Lodge Ltd. (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, 2020

1. Significant Accounting Policies (continued):

f) Portfolio Investments

Portfolio investments are comprised of investments in limited partnerships which the Nation does not control or significantly influence, accounted for using the cost method. Investments will be recorded at cost and any share of income received will be recognized as income when received or receivable.

g) 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.

h) 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.

i) 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, 2020

1. Significant Accounting Policies (continued):

j) 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, 2020.

As at March 31, 2020, no liability for contaminated sites exists.

2. Accounts Receivable:

	<u>2020</u>	<u>2019</u>
	\$	\$
Due from Members:		
Nation Housing	56,264	44,639
Allowance for Doubtful Accounts	<u>(53,234)</u>	<u>(30,859)</u>
	<u>3,030</u>	<u>13,780</u>
Due from Others:		
Other	99,560	78,075
Allowance for Doubtful Accounts	<u>(33,119)</u>	<u>(20,615)</u>
	<u>66,441</u>	<u>57,460</u>
Net Accounts Receivable	<u>69,471</u>	<u>71,240</u>

3. Portfolio Investments:

The Nation's portfolio investment consists of the following:

	<u>2020</u>	<u>2019</u>
	\$	\$
BC FN Gaming Revenue Sharing Limited Partnership	<u>110</u>	<u>-</u>

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2020

4. Investment in Government Business Enterprise and Partnerships:

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

	<u>2020</u> \$	<u>2019</u> \$
Investment in Business Enterprise:		
Nanwakolas Business Corporation	<u>1</u>	<u>1</u>
Investments and Earnings in Business Partnerships:		
A-Tlegay Fisheries Limited Partnership	853,259	740,700
Nanwakolas Carbon Credit Limited Partnership	5,767	55,863
Nanwakolas Offset Limited Partnership	270,990	188,484
Nanwakolas Forestry Limited Partnership	237	73,786
Nanwakolas Timber Limited Partnership	3,146,298	3,112,475
Nanwakolas Timber LP - Investment in Knight Inlet Grizzly Tours Ltd.	<u>164,152</u>	<u>55,664</u>
	<u>4,440,704</u>	<u>4,226,973</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.

Knight Inlet Grizzly Tours Ltd. (the "Lodge") operates the Knight Inlet Lodge that provides Grizzly Tours. It is wholly owned by the Nanwakolas Timber Limited Partnership (the "Timber LP") but its operations are not reflected within the financial statements of the Timber LP as it is not consolidated into the Timber LP financial statements, with the Timber LP reporting under Accounting Standards for Private Enterprises (ASPE) and accounting for the investment in the Lodge at cost. The Lodge has an October 31st year end. For the remainder of this note, its operations are presented as combined with Nanwakolas Timber Limited Partnership.

	Quota Businesses \$	Forestry Businesses \$	Carbon Credit Businesses \$	Total 2020 \$	Total 2019 \$
Total Assets	<u>5,001,728</u>	<u>15,654,742</u>	<u>3,117,880</u>	<u>23,774,350</u>	<u>23,099,027</u>
Total Liabilities	260,927	422,323	210,359	893,609	1,021,017
Total Equity	<u>4,740,801</u>	<u>15,232,419</u>	<u>2,907,521</u>	<u>22,880,741</u>	<u>22,078,010</u>
Total Liabilities and Equity	<u>5,001,728</u>	<u>15,654,742</u>	<u>3,117,880</u>	<u>23,774,350</u>	<u>23,099,027</u>
Revenue	904,635	2,073,753	2,307,195	5,285,583	6,410,134
Expenses	<u>279,249</u>	<u>279,265</u>	<u>169,230</u>	<u>727,744</u>	<u>1,073,828</u>
Net Income	<u>625,386</u>	<u>1,794,488</u>	<u>2,137,965</u>	<u>4,557,839</u>	<u>5,336,306</u>

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2020

5. Trust Funds Held by Federal Government:

	<u>2019</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2020</u>
	\$	\$	\$	\$
Revenue	98,195	6,392	-	104,587
Capital	<u>99,623</u>	<u>-</u>	<u>-</u>	<u>99,623</u>
	<u>197,818</u>	<u>6,392</u>	<u>-</u>	<u>204,210</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*.

6. Accounts Payable:

	<u>2020</u>	<u>2019</u>
	\$	\$
Government Remittances Refundable	(9,887)	(10,186)
Wages Payable	4,786	4,121
Trade Payable	<u>199,068</u>	<u>107,040</u>
	<u>193,967</u>	<u>100,975</u>

7. Deferred Revenue:

	<u>2019</u>	<u>Funding</u>	<u>Revenue</u>	<u>2020</u>
	\$	Received	Recognized	\$
Indigenous Services Canada:				
Band Office	358,000	-	316,718	41,282
New Community Development	78,812	-	78,812	-
Guidance and Counselling	-	3,401	651	2,750
Support	-	4,199	995	3,204
Post Secondary	-	168,397	130,614	37,783
Treaty - Land	-	153,522	130,514	23,008
Treaty - Watershed Assessment	-	53,968	10,426	43,542
	<u>436,812</u>	<u>383,487</u>	<u>668,730</u>	<u>151,569</u>

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2020

8. Long Term Debt:

	<u>2020</u> \$	<u>2019</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	61,657	71,667
Indigenous Services Canada - Treaty Loan	<u>-</u> <u>61,657</u>	<u>5,663,069</u> <u>5,734,736</u>

The amount due to Indigenous Services Canada for the Treaty Loan represented advances made by Canada for negotiations under the First Nation Negotiation Support Agreements. As of March 31, 2020, the total Treaty Loan amount of \$5,663,069 was forgiven by Canada and is no longer repayable.

Interest paid on long term debt for the year ended March 31, 2020 is \$3,321 (2019 - \$3,616).

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

	\$
2021	10,000
2022	10,000
2023	10,000
2024	10,000
2025 and beyond	21,657

9. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2020 \$	2019 \$
Automobiles	105,045	15,698	-	120,743	96,044	4,010	-	100,054	20,689	9,001
Boats	448,070	15,872	-	463,942	267,694	35,900	-	303,594	160,348	180,376
Buildings	797,543	560,243	-	1,357,786	553,603	16,480	-	570,083	787,703	243,940
Computers	32,437	-	-	32,437	31,443	320	-	31,763	674	994
Equipment	281,444	631	-	282,075	227,097	3,720	-	230,817	51,258	54,347
Furniture and Fixtures	5,365	-	-	5,365	1,238	410	-	1,648	3,717	4,127
Land	20,000	628,457	-	648,457	-	-	-	-	648,457	20,000
Reserve under Development	<u>501,107</u>	<u>254,049</u>	<u>-</u>	<u>755,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>755,156</u>	<u>501,107</u>
	<u>2,191,011</u>	<u>1,474,950</u>	<u>-</u>	<u>3,665,961</u>	<u>1,177,119</u>	<u>60,840</u>	<u>-</u>	<u>1,237,959</u>	<u>2,428,002</u>	<u>1,013,892</u>

Amounts classified as Reserve under Development are not amortized as they relate to costs incurred to develop and build a reserve for the Nation on York Road in Campbell River. The reserve is not complete as of March 31, 2020 and no amortization will be taken until the reserve is in use.

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2020

10. Commitments and Contingent Liabilities:

- 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 has entered into a long term agreement for development of the Nenagwas Community Development. As of March 31, 2020, the Nation has entered into the preliminary design and detailed design phase for this project with contract costs budgeted at \$137,904 in this phase. Remaining contract costs will continue through the completion of this project and are budgeted during each phase of the project.
- c) The Nation has an outstanding letter of credit for \$50,000 (2019 - \$0) relating to a license of occupation of land for the purposes of log handling, log storage, dock and wood waste disposal purposes.

11. Schedule of Expenses by Object:

	<u>2020</u>	<u>2019</u>
	\$	\$
Administration Fees	9,189	10,292
Advertising	1,184	1,352
Amortization	60,840	60,310
Bad Debts	40,448	52
Consulting	16,407	16,250
Honoraria	113,532	117,746
Insurance	30,577	24,551
Interest and Bank Charges	14,316	10,203
Material and Supplies	318,059	278,830
Meeting and Workshop Costs	3,792	49,509
Office	35,909	16,091
Professional Fees	168,741	84,925
Rent	12,000	12,000
Repairs and Maintenance	28,008	32,959
Training Costs	7,369	3,890
Travel	71,722	84,195
Telephone and Utilities	9,318	11,059
Wages and Payroll Costs	<u>315,583</u>	<u>294,984</u>
	<u>1,256,994</u>	<u>1,109,198</u>

12. 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.

TLOWITSIS FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2020

13. 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.

14. Prior Period Adjustments:

- i) In the current year, the Nation determined that a payment it received from Nanwakolas Timber Limited Partnership in 2017 was incorrectly recorded as a withdrawal from Partners' Capital when it should have been recorded as an expense in the Partnership and as revenue by the Nation. The net error totalled \$183,361, and the Nation has elected to correct for this amount in the current year.

The Investment in Government Business Partnerships balances as at April 1, 2018 presented in the prior year financial statements and current period comparative financial statements have been adjusted as a result as noted below:

Investment in Government Business Partnerships increased from \$3,987,948 to \$4,171,309
Accumulated Surplus increased from \$5,194,509 to \$5,377,870

- ii) In the current year, the Nation also determined that the earnings from the Lodge were not being reflected in the Nation's financial statements since the cost method is used by the Timber LP to account for its investment in the Lodge. As a result, the Nation's share of income from the Lodge in the year ending March 31, 2019 totalling \$55,664 was not reflected in the Nation's Annual Surplus or Investment in Government Business Partnerships balance.

The Investment in Government Business Partnerships balances as at March 31, 2019 presented in the prior year financial statements and current period comparative financial statements have been adjusted as a result as noted below:

Investment in Government Business Partnerships increased from \$4,171,309 to \$4,226,973
Annual Surplus increased from \$1,468,598 to \$1,524,262

15. Subsequent Event:

The Nation evaluated its March 31, 2020 financial statements for subsequent events to the date the financial statements were issued. As of this date, the global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that are likely to have a material impact on the annual surplus of the Nation. The extent of the impact of COVID-19 on the Nation and its operations for the year ended March 31, 2021 cannot be determined at this time.

TLOWITSIS FIRST NATION

Schedule 1 - Consolidated Segment Disclosure

March 31, 2020

	Band Government \$	Community Services \$	Economic Development \$	Education \$	Employment Programs \$	Housing \$	Consolidated Total \$
Revenue							
ISC	608,974	154,240	25,276	134,192	-	-	922,682
Provincial	278,326	-	196,132	-	-	-	474,458
Other	<u>1,352</u>	<u>139,683</u>	<u>2,127,181</u>	<u>-</u>	<u>7,069</u>	<u>58,275</u>	<u>2,333,560</u>
	<u>888,652</u>	<u>293,923</u>	<u>2,348,589</u>	<u>134,192</u>	<u>7,069</u>	<u>58,275</u>	<u>3,730,700</u>
Expenses							
Materials and Supplies	131,976	63,210	20,653	136,032	-	-	351,871
Professional Fees	100,811	17,905	3,750	-	-	-	122,466
Wages and Benefits	34,984	175,859	49,892	-	10,369	-	271,104
Other	<u>114,522</u>	<u>224,626</u>	<u>126,556</u>	<u>272</u>	<u>-</u>	<u>45,577</u>	<u>511,553</u>
	<u>382,293</u>	<u>481,600</u>	<u>200,851</u>	<u>136,304</u>	<u>10,369</u>	<u>45,577</u>	<u>1,256,994</u>
ISC Recoveries	(59,890)	(4,543)	-	(2,313)	-	-	(66,746)
ISC Forgiveness of Treaty Loan	<u>5,663,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,663,069</u>
Annual Surplus (Deficit)	<u>6,109,538</u>	<u>(192,220)</u>	<u>2,147,738</u>	<u>(4,425)</u>	<u>(3,300)</u>	<u>12,698</u>	<u>8,070,029</u>

March 31, 2019

	Band Government \$	Community Services \$	Economic Development \$	Education \$	Employment Programs \$	Housing \$	Consolidated Total \$
Revenue							
ISC	466,043	159,622	26,588	176,990	-	-	829,243
Provincial	268,695	-	9,500	-	-	-	278,195
Other	<u>413</u>	<u>75,020</u>	<u>1,422,627</u>	<u>-</u>	<u>3,493</u>	<u>52,900</u>	<u>1,554,453</u>
	<u>735,151</u>	<u>234,642</u>	<u>1,458,715</u>	<u>176,990</u>	<u>3,493</u>	<u>52,900</u>	<u>2,661,891</u>
Expenses							
Materials and Supplies	146,904	42,738	31,699	160,828	-	25	382,194
Professional Fees	68,755	5,261	2,858	-	-	-	76,874
Wages and Benefits	-	156,924	57,225	-	4,557	-	218,706
Other	<u>90,573</u>	<u>196,840</u>	<u>129,969</u>	<u>600</u>	<u>-</u>	<u>13,442</u>	<u>431,424</u>
	<u>306,232</u>	<u>401,763</u>	<u>221,751</u>	<u>161,428</u>	<u>4,557</u>	<u>13,467</u>	<u>1,109,198</u>
ISC Recoveries	<u>(23,624)</u>	<u>(4,807)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,431)</u>
Annual Surplus (Deficit)	<u>405,295</u>	<u>(171,928)</u>	<u>1,236,964</u>	<u>15,562</u>	<u>(1,064)</u>	<u>39,433</u>	<u>1,524,262</u>