

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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CONSOLIDATED FINANCIAL STATEMENTS

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TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2021

The accompanying consolidated financial statements of Ts'uubaa-asatx (Lake Cowichan First Nation) are the responsibility of management and have been approved by the Council.

The consolidated 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 consolidated 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 consolidated financial statements and the external auditor's report.

The external auditors, Reid Hurst Nagy Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Ts'uubaa-asatx (Lake Cowichan First Nation) and meet when required.

On behalf of Ts'uubaa-asatx (Lake Cowichan First Nation):


Acting Chief

Administrator

June 15/2022
Date
June 15/2022
Date

Independent Auditors' Report

To the Members of
Ts'uubaa-asatx (Lake Cowichan First Nation)

Qualified Opinion

We have audited the consolidated financial statements of Ts'uubaa-asatx (Lake Cowichan First Nation), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards ("PSAS").

Basis for Qualified Opinion

The financial information for related government business enterprises and partnerships were not available and have not been accounted for in the consolidated financial statements for the current year. In this respect, the financial statements are not in accordance with Canadian public sector accounting standards. We were not able to determine the adjustments that might have been necessary to investment in government business enterprises, liability in government enterprises, investment in government business partnerships, liability in government business partnerships, income (loss) from the government business enterprises, income (loss) from the government business partnerships, due to and from government business enterprises, due to and from government business partnerships, and the enterprises fund balance.

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 First 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 for our qualified opinion.

Other Matter

The consolidated financial statements of the First Nation for the year ended March 31, 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on January 19, 2021.

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 PSAS, 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 First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the 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 First Nation's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 First 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.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



REID HURST NAGY INC.
 CHARTERED PROFESSIONAL ACCOUNTANTS

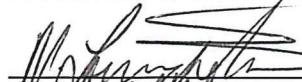
RICHMOND, B.C.
 JUNE 15, 2022

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash (Note 4)	\$ 514,205	\$ 841,874
Short-term Investments	-	1,007,996
Restricted cash (Note 8)	1,934	2,060
Accounts receivable (Note 6)	114,227	159,608
Rents receivable	-	1,500
Due from related party (Note 7)	1,005,385	-
<u>Long-term investments (Note 9)</u>	<u>626,629</u>	<u>626,629</u>
	<u>2,262,380</u>	<u>2,639,667</u>
LIABILITIES		
Accounts payable (Note 10)	330,122	165,218
Replacement reserve fund (Note 11)	6,000	3,000
Deferred revenue (Note 12)	907,158	871,696
<u>Long-term debt (Note 13)</u>	<u>381,121</u>	<u>369,927</u>
	<u>1,624,401</u>	<u>1,409,841</u>
NET FINANCIAL ASSETS	637,979	1,229,826
NON-FINANCIAL ASSETS		
Prepaid expenses	13,104	291,431
<u>Capital assets (Note 16)</u>	<u>4,611,565</u>	<u>2,456,782</u>
	<u>4,624,669</u>	<u>2,748,213</u>
ACCUMULATED SURPLUS (Note 14)	\$ 5,262,648	\$ 3,978,039

APPROVED ON BEHALF OF TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

, Acting Chief
, Administrator

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the year ended March 31, 2021

	2021 Budget	2021 Actual	2020
Excess of Revenue over Expenditures	\$ 231,422	\$ 1,284,609	\$ 796,012
Acquisition of tangible capital assets	-	(192,254)	(262,270)
Amortization of tangible capital assets	-	192,254	174,040
Loss on disposal of assets	-	-	3,650
Proceeds on disposal of tangible capital assets	-	-	23,000
	-	-	(61,580)
Acquisition of prepaid asset	278,327	(13,104)	(291,431)
Use of prepaid asset	-	291,431	16,014
	278,327	278,327	(275,417)
Acquisition of capital assets	(2,154,783)	(2,347,037)	(258,620)
Use of capital assets	-	192,254	174,040
Proceeds on disposal of tangible capital assets	-	-	23,000
	(2,154,783)	(2,154,783)	(61,580)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(1,645,034)	(591,847)	459,015
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	1,229,826	770,811
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 637,979	\$ 1,229,826

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
REVENUE			
Indigenous Services Canada	\$ 338,753	\$ 1,120,197	\$ 736,190
New Relationship Trust	32,500	44,100	53,352
BC Aboriginal Child Care Society	-	71,500	20,000
BC First Nation Gaming Limited Partnership	-	252,077	235,108
First Nations Health Authority	77,000	379,853	545,779
Province of BC	-	244,440	179,152
First Peoples' Heritage	15,000	117,358	-
Treaty negotiation support agreement	150,000	150,000	110,009
Kwumut Lelum Child and Family Services	-	57,000	-
Rental	-	50,016	50,316
Share of income from controlled entities	-	-	103,321
Other revenue	141,619	202,015	750,906
Allocation from deferred revenue - prior	-	871,696	816,274
Allocation to deferred revenue	-	(907,158)	(871,696)
	754,872	2,653,094	2,728,711
EXPENDITURES			
Governance and administration	358,450	590,897	366,927
Social development	10,000	68,586	41,332
Health services	5,000	161,663	131,660
Education and training	-	93,723	78,409
Public works	-	51,110	59,850
Lands and treaty	-	102,126	468,121
Economic development	-	(200,555)	337,431
Capital project	-	30,695	14,629
Band housing	-	38,652	26,569
Social housing	-	67,125	129,261
First Nation Negotiation Support Agreement	150,000	125,395	135,171
Ottawa trust fund	-	195	-
Capital fund	-	238,873	143,339
	523,450	1,368,485	1,932,699
EXCESS OF REVENUE OVER EXPENDITURES	\$ 231,422	\$ 1,284,609	\$ 796,012

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the year ended March 31, 2021

	2021	2020
EQUITY AT BEGINNING OF YEAR	\$ 3,978,039	\$ 3,183,027
ANNUAL SURPLUS	1,284,609	796,012
ACCUMULATED SURPLUS AT END OF YEAR	\$ 5,262,648	\$ 3,978,039

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 1,284,609	\$ 796,012
Items not affecting cash		
Amortization of tangible capital assets	238,873	174,040
Loss on disposal of tangible capital assets	-	3,650
Share of income from controlled entities	-	(98,290)
	1,523,482	875,412
Change in non-cash operating working capital	528,570	(149,246)
	2,052,052	726,166
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,440,673)	(262,270)
Proceeds on disposal of tangible capital assets	47,021	23,000
	(2,393,652)	(239,270)
FINANCING ACTIVITIES		
Repayment of long term debt	(77,805)	(48,608)
Repayment of obligations under capital lease	-	(6,061)
Proceeds from long term debt	88,999	-
Advances to related party	(1,005,385)	-
	(994,191)	(54,669)
INVESTING ACTIVITIES		
Redemption (purchase) of short-term Investments	1,007,996	(607,996)
Acquisition of shares in BCFN GRS GP Inc.	-	(10)
Acquisition of interest in BC First Nation Gaming Revenue Sharing LP	-	(100)
Acquisition of investment in Hul'q'umi'num Fisheries LP	-	(20)
Acquisition of investment in Tsu Holdings LP	-	(10)
	1,007,996	(608,136)
INCREASE IN CASH	(327,795)	(175,909)
CASH, BEGINNING OF YEAR	843,934	1,019,843
CASH, END OF YEAR	\$ 516,139	\$ 843,934
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 514,205	\$ 841,874
Restricted cash	1,934	2,060
	\$ 516,139	\$ 843,934

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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 the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The Ts'uubaa-asatx First Nation reporting entity includes the Ts'uubaa-asatx (Lake Cowichan First Nation) government and all related entities that are controlled by the First Nation.

(b) Fund Accounting

The Ts'uubaa-asatx (Lake Cowichan First Nation) maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration. The Operating Fund comprises of the Governance and Administration Department, Social Development Department, Health Services Department, Education and Training Department, Public Works Department, Lands and Treaty Department, Economic Development Department, Capital Project Department, and Band Housing Department.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Treaty Fund reports activities of the treaty negotiating team.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

(c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Ts'uubaa-asatx (Lake Cowichan First Nation)'s investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Ts'uubaa-asatx (Lake Cowichan First Nation).

Organizations consolidated in Ts'uubaa-asatx (Lake Cowichan First Nation)'s financial statements include:

1. Ts'uubaa-asatx (Lake Cowichan First Nation) Operating Fund
2. Ts'uubaa-asatx (Lake Cowichan First Nation) Treaty Negotiation Agreement Fund
3. Ts'uubaa-asatx (Lake Cowichan First Nation) Trust Fund
4. Ts'uubaa-asatx (Lake Cowichan First Nation) Capital Fund
5. Ts'uubaa-asatx (Lake Cowichan First Nation) CMHC Social Housing Fund
6. Ts'uubaa-asatx (Lake Cowichan First Nation) Enterprise Fund

Organizations accounted for on a modified equity basis include:

7. Hul'q'umi'num Fisheries Limited Partnership
8. BC First Nations Gaming General Partner Inc.
9. BC First Nations Gaming Limited Partnership

(d) Cash and Cash Equivalents

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

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Short-term investment

Short-term investments include guaranteed investment certificates maturing at various times during the next fiscal year. These investments are recorded at cost.

(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. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Ts'uubaa-asatx (Lake Cowichan First Nation)'s incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings	10-20 years Straight line
Automotive equipment	5 years Straight line
Computer equipment	5 years Straight line
Equipment	5 years Straight line
Dock	10 years Straight line
Boat	5 years Straight line
Infrastructure	20 years Straight line
Walkway	40 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Ts'uubaa-asatx (Lake Cowichan 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.

(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 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.

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

(i) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

(j) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

(k) Measurement Uncertainty

In preparing the consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include allowance for doubtful accounts receivable, the useful lives of tangible capital assets and its related depreciation and accounts payable and accrued liabilities. Actual results could differ from these estimates.

(l) Asset classification

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

(m) Liability for contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standards;
- (iii) First Nation is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post- remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2021, no liability for contaminated sites have been recorded.

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

2. CHANGES IN ACCOUNTING POLICIES

Long-term investments

The First Nation adopted Public Sector Accounting Standards (PSAS) 3070 - investments in Government Business Enterprises. This requires the First Nation to account for government business entities using modified equity method which were previously recorded at cost. As a result, the prior year surplus has been increased by \$98,300. This consists of \$103,321 of net income, less a \$5,000 distribution made to the First Nation, and \$20 of the partnership units at cost.

See Note 18 for further information.

3. FINANCIAL INSTRUMENTS

Ts'uubaa-asatx's (Lake Cowichan First Nation) financial instruments consist of cash, accounts receivable, accounts payable and accruals, and long-term debt. It is management's opinion that the First Nation is not exposed to significant currency or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities.

4. CASH

	2021	2020
Unrestricted - operating	\$ 449,521	\$ 777,315
Internally restricted	64,684	64,559
	\$ 514,205	\$ 841,874

Ts'uubaa-asatx (Lake Cowichan First Nation) Administration, in prior years decided to distribute funds to its membership. For those members who were under the age of 18 at the date of the distribution, these monies are held in trust until such time as the member reaches the age of 18. These monies will be distributed to the members as they achieve the age of 18 at the principal amount plus interest calculated at the bank rate. The commitment is estimated to be \$64,684 for 2021 (\$64,559 for 2020).

5. SHORT-TERM INVESTMENTS

	2021	2020
Island Savings Guaranteed Investment Certificate - Interest paid at maturity 0.35%, maturing on March 22, 2021.	\$ -	\$ 407,996
Island Savings Guaranteed Investment Certificate - Interest paid at maturity 3.20%, maturing on May 8, 2020.	-	600,000
	\$ -	\$ 1,007,996

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

6. ACCOUNTS RECEIVABLE

	2021	2020
Accounts receivable	\$ 10,742	\$ 80,410
Indigenous Services Canada	10,447	9,213
First People's Heritage	14,894	-
Fisheries and Oceans Canada	14,856	-
Province of BC	20,600	-
Hul'qumi'num Treaty Group	37,500	-
Other	-	64,797
Rent - members	3,650	3,650
Canada Mortgage and Housing Corporation	1,538	1,538
	\$ 114,227	\$ 159,608

7. Due from related party

	2021	2020
Due from Tsu Holdings LP	\$ 1,005,385	\$ -

8. RESTRICTED CASH

	2021	2020
Ottawa Trust Fund	\$ 1,934	\$ 2,060

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the year end date, the Fund is underfunded by \$6,000 (2020 - underfunded \$3,000).

Ottawa Trust Funds:

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Operating Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

9. LONG-TERM INVESTMENTS

	2021	2020
Investment in Hul'qumi'num Fisheries Limited Partnership		
Partnership units, at cost	\$ 20	\$ 20
Accumulated partner's capital	<u>626,489</u>	<u>523,168</u>
Net income	-	103,321
	<u>626,509</u>	626,509
Investment in Tsu Holdings Limited Partnership		
Partnership unit, at cost	10	10
	10	10
Investment in BC First Nations Gaming Revenue Limited Partnership		
Shares	10	10
Partnership unit, at cost	<u>100</u>	<u>100</u>
	<u>110</u>	110
	<u><u>\$ 626,629</u></u>	<u><u>\$ 626,629</u></u>

10. ACCOUNTS PAYABLE

	2021	2020
Accounts payable and accrued liabilities	\$ 318,687	\$ 153,189
Accrued salaries and employee benefits payable	7,830	7,403
Government remittance payable	2,067	3,053
Other accrued liabilities	<u>1,538</u>	<u>1,573</u>
	<u><u>\$ 330,122</u></u>	<u><u>\$ 165,218</u></u>

11. REPLACEMENT RESERVE FUND

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the homes.

	2021	2020
Balance, beginning of year	\$ 3,000	\$ 3,000
Appropriations from the Operating Fund	<u>3,000</u>	-
	<u><u>\$ 6,000</u></u>	<u><u>\$ 3,000</u></u>

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

12. DEFERRED REVENUE

	March 31, 2020	Funding received, 2021	Revenue recognized, 2021	March 31, 2021
Federal government				
Indigenous Services Canada	\$ 393,533	\$ 277,730	\$ (182,577)	\$ 488,686
Provincial Government				
First Nations Health Authority	178,163	381,853	(193,787)	366,229
Province of BC	300,000	80,000	(327,757)	52,243
	478,163	461,853	(521,544)	418,472
	\$ 871,696	\$ 739,583	\$ (704,121)	\$ 907,158

13. LONG-TERM DEBT

	2021	2020
Ford Credit Canada Ltd., the vehicle was traded in during the year, and the loan is transferred to the new vehicle.	\$ -	\$ 29,455
All Nations Trust - mortgage repayable at \$2,138 per month including interest at 2.21%, maturing February 1, 2024. Secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on three housing units.	288,235	307,339
Tale'awtxw Aboriginal Capital Corporation loan, payments of \$701 per month including interest at 8.0% per annum, matures February 15, 2022, secured by a general security agreement.	7,472	14,953
Tale'awtxw Aboriginal Capital Corporation loan was fully repaid during the year.	-	7,138
Tale'awtxw Aboriginal Capital Corporation loan, payments of \$395 per month including interest at 8.0% per annum, matures September 20, 2022, secured by a general security agreement.	7,091	11,042
Tale'awtxw Aboriginal Capital Corporation Covid emergency loan. The amount of \$30,000 represents the unforgivable balance of the \$40,000 interest-free loan received under the Government of Canada COVID response programs. 25% of the loan will be eligible for loan forgiveness. Payment of \$833.33 commencing one year from disbursement of the loan.	30,000	-
Bank of Nova Scotia - auto loan repayable at \$663 biweekly including interest at 7.89% per annum. Secured by vehicle, maturing June 22, 2024.	48,323	-
	\$ 381,121	\$ 369,927

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2021

13. LONG-TERM DEBT, continued

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

2022	\$ 45,269
2023	35,034
2024	36,717
2025	23,759
2026 and thereafter	240,342
	<hr/>
	\$ 381,121
	<hr/>

14. ACCUMULATED SURPLUS

	2021	2020
Restricted		
Ottawa Trust Fund	\$ 1,934	\$ 2,060
First Nation Negotiation Support Agreement	22,489	(2,116)
Social Housing	(160,266)	(160,266)
	<hr/> (135,843)	<hr/> (160,322)
Unrestricted		
Operating Fund	501,538	1,120,162
Capital Fund	4,270,444	2,391,690
Enterprise Fund	626,509	626,509
	<hr/> 5,398,491	<hr/> 4,138,361
	<hr/> <hr/> \$ 5,262,648	<hr/> <hr/> \$ 3,978,039

15. CONTINGENT LIABILITIES

Ts'uubaa-asatx (Lake Cowichan 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.

TS'UBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

16. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				2021 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Buildings	\$ 366,022	\$ -	\$ -	\$ 366,022	\$ 213,230	\$ 18,422	\$ -	\$ 231,652	\$ 134,370
Automotive equipment	204,514	259,050	(39,879)	423,685	48,648	54,714	(11,963)	91,399	332,286
Computer equipment	20,334	-	-	20,334	14,234	4,066	-	18,300	2,034
Equipment	91,877	-	-	91,877	52,610	17,775	-	70,385	21,492
Construction in progress	-	1,951,532	-	1,951,532	-	-	-	-	1,951,532
CMHC Housing	527,097	-	-	527,097	259,023	35,610	-	294,633	232,464
Boat	18,212	-	-	18,212	18,212	-	-	18,212	-
Infrastructure	1,946,955	230,091	-	2,177,047	112,272	127,388	-	239,660	1,937,387
	\$ 3,175,011	\$ 2,440,673	\$ (39,879)	\$ 5,575,806	\$ 718,229	\$ 257,975	\$ (11,963)	\$ 964,241	\$ 4,611,565
Cost									
	Cost				Accumulated amortization				2020 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Buildings	\$ 840,226	\$ 52,893	\$ -	\$ 893,119	\$ 428,365	\$ 43,888	\$ -	\$ 472,253	\$ 420,866
Automotive equipment	137,365	120,448	(53,300)	204,513	46,438	28,858	(26,650)	48,646	155,867
Computer equipment	7,483	20,334	(7,483)	20,334	7,483	4,067	(7,483)	14,234	6,100
Equipment	91,877	-	-	91,877	34,835	17,775	-	52,610	39,267
Boat	18,212	-	-	18,212	18,212	-	-	18,212	-
Infrastructure	1,034,900	912,056	-	1,946,956	32,822	79,452	-	112,274	1,834,682
	\$ 2,130,063	\$ 1,105,731	\$ (60,783)	\$ 3,175,011	\$ 568,155	\$ 174,040	\$ (34,133)	\$ 718,229	\$ 2,456,782

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

17. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

18. PRIOR PERIOD RESTATEMENT

	As previously stated in 2020	Adjustments Increase (Decrease)	Restated 2020
Consolidated Statement of Financial Position			
Financial assets			
Investment	\$ 5,130	\$ 621,499	\$ 626,629
Accumulated surplus	3,359,540	618,499	3,978,039
Consolidated Statement of Operations			
Current year surplus (deficit)	700,712	95,300	796,012
Opening accumulated surplus	2,658,828	523,199	3,182,027
Ending accumulated surplus	\$ 3,359,540	\$ 618,499	\$ 3,978,039

See Note 2 for further information.

19. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period. The March 31, 2020 comparative amounts were reported on by another firm of Professional Chartered Accountants.

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

20. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2021 Budget	2021 Actual	2020 Actual
Amortization	\$ -	\$ 257,977	\$ 174,040
Contractors	30,000	26,760	3,758
Donations	500	(1,309)	1,248
Honoraria	30,000	21,590	74,050
Insurance	11,200	55,946	32,665
Interest and bank charges	1,000	12,664	11,868
Materials and supplies	28,500	297,572	246,945
Meeting expenses	6,500	-	-
Office and administrative	31,750	18,395	24,429
Other expense	-	195	-
Other expense	-	3,000	24,564
Professional fees	155,500	237,863	872,798
Repairs and maintenance	6,000	36,276	112,663
Research & operations	25,000	5,500	-
Social assistance	10,000	44,800	22,290
Supplies	5,000	-	-
Training	-	4,872	14,963
Travel	23,500	8,294	33,145
Utilities and telephone	13,000	28,003	30,331
Wages and benefits	146,000	310,087	252,942
	\$ 523,450	\$ 1,368,485	\$ 1,932,699

21. ECONOMIC DEPENDENCE

Ts'uubaa-asatx (Lake Cowichan First Nation) receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Agreement". This agreement has been entered into by the Ts'uubaa-asatx First Nation and Indigenous Services Canada. It is expected that the agreement will be renewed on an annual basis.

The First Nation also receives major funding pursuant to an agreement with First Nations Health Authority, and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

22. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the company's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non- essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the company's operations.

The extent of the impact of this outbreak and related containment measures on the company's operations cannot be reliably estimated at this time.

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

23. SEGMENTED INFORMATION

As previously discussed in note 1 (j) the First Nation conducts its business through reportable segments as follows:

The Government Development and Administration department is responsible for administering projects the First Nation is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs, it also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Public Works Operations and Maintenance manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Lands and treaty is responsible for/provides oversight on treaty negotiations and lands, resource and consultation.

Economic Development Programs department provides for the development of economic opportunities to the Members.

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Band housing is responsible for the administration and management of Social Housing units that have been paid up and transferred to the band.

Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Ottawa Trust Fund, First nation negotiation support agreement, and Enterprise Fund transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

TS'UBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

23. SEGMENTED INFORMATION, continued

	Governance and Administration			Social Development			Health Services		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ 237,800	\$ 354,802	\$ 177,947	\$ 29,482	\$ 66,980	\$ 46,878	-	\$ -	\$ -
New Relationship Trust	25,000	40,100	48,352	-	-	-	2,500	2,000	2,500
First Nations Health Authority	-	-	-	-	-	-	77,000	379,853	545,779
Other revenue	89,102	(20,911)	132,751	-	-	-	-	-	-
Province of BC	-	209,100	139,576	-	-	-	-	-	-
Allocation from deferred revenue - prior	-	300,000	59,040	-	-	-	-	178,164	-
Other revenue	-	128,500	20,000	-	-	-	-	(366,229)	-
Total revenue	351,902	1,011,591	577,666	29,482	66,980	46,878	79,500	193,788	548,279
Expenses									
Wages and benefits	90,000	120,007	35,538	-	16,381	6,000	1,000	28,959	38,590
Professional fees	134,000	209,112	192,833	-	-	-	-	38,721	26,450
Materials and supplies	26,000	182,206	(7,393)	-	7,406	13,042	2,500	88,748	56,469
Social assistance	-	-	-	10,000	44,800	22,290	-	-	-
Insurance	11,200	28,051	18,921	-	-	-	-	-	-
Office and administrative	26,750	13,318	13,014	-	-	-	-	-	-
Equipment	6,000	5,629	20,224	-	-	-	-	-	-
Other expenses	64,500	32,574	93,790	-	-	-	1,500	5,235	10,151
Total expenses	358,450	590,897	366,927	10,000	68,586	41,332	5,000	161,663	131,660
Annual surplus (deficit)	\$ (6,548)	\$ 420,694	\$ 210,739	\$ 19,482	\$ (1,606)	\$ 5,546	\$ 74,500	\$ 32,125	\$ 416,619

TS'UBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

23. SEGMENTED INFORMATION, continued

	Education and Training			Public Works			Lands and Treaty		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ 58,421	\$ 13,047	\$ 20,495	\$ 13,050	\$ 65,638	\$ 47,389	-	\$ 277,730	\$ 274,981
New Relationship Trust	5,000	2,000	2,500	-	-	-	-	-	-
Other revenue	52,517	29,029	50,087	-	-	-	-	118,242	353,220
Province of BC	-	-	-	-	-	-	-	35,340	39,576
Allocation from deferred revenue - prior	-	-	-	-	-	-	-	240,032	39,038
First Peoples' Heritage	15,000	117,358	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	(418,124)	-
Total revenue	130,938	161,434	73,082	13,050	65,638	47,389	-	253,220	706,815
Expenses									
Wages and benefits	-	-	8,098	-	-	-	-	57,451	53,032
Professional fees	-	69,129	42,988	-	38,774	35,347	-	53,500	245,893
Materials and supplies	-	19,722	10,619	-	7,069	17,178	-	(17,027)	122,774
Insurance	-	-	-	-	-	-	-	7,587	3,734
Office and administrative	-	-	-	-	-	-	-	300	300
Equipment	-	-	-	-	860	487	-	140	-
Other expenses	-	4,872	16,704	-	4,407	6,838	-	175	42,388
Total expenses	-	93,723	78,409	-	51,110	59,850	-	102,126	468,121
Annual surplus (deficit)	\$ 130,938	\$ 67,711	(\$ 5,327)	\$ 13,050	\$ 14,528	(\$ 12,461)	-	\$ 151,094	\$ 238,694

TS'UBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

23. SEGMENTED INFORMATION, continued

	Economic Development			Capital Project			Band Housing		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 342,000	\$ 15,000	-	\$ -	\$ 153,500	-	\$ -	\$ -
Other revenue	-	57,126	196,309	-	-	-	-	-	-
Allocation from deferred revenue - prior	-	-	-	-	153,500	-	-	-	-
Other revenue	-	-	-	-	(122,805)	(153,500)	-	17,400	17,700
Total revenue	-	399,126	211,309	-	30,695	-	-	17,400	17,700
Expenses									
Wages and benefits	-	20,177	32,175	-	-	-	-	8,515	6,394
Professional fees	-	(234,904)	263,634	-	30,695	14,629	-	1,379	-
Materials and supplies	-	5,069	30,357	-	-	-	-	4,379	3,899
Insurance	-	-	-	-	-	-	-	12,491	4,239
Office and administrative	-	-	834	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	7,619	8,121
Other expenses	-	9,103	10,431	-	-	-	-	4,269	3,916
Total expenses	-	(200,555)	337,431	-	30,695	14,629	-	38,652	26,569
Annual surplus (deficit)	\$ -	\$ 599,681	\$ (126,122)	-	\$ -	\$ (14,629)	-	\$ (21,252)	\$ (8,869)

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

23. SEGMENTED INFORMATION, continued

	2021 Budget	Social Housing		2020 Actual	2021 Budget	BC Gaming		2020 Actual	First Nation Negotiation Support Agreement		
	2021 Budget	2021 Actual	2020 Actual	2020 Actual	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual		
Revenues											
BCFN Gaming	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,077	\$ 235,108	\$ -	\$ -	\$ -	\$ -
Other revenue	-	18,460	18,460	-	-	-	-	-	-	-	-
Other revenue	-	32,616	32,616	-	-	-	-	150,000	150,000	110,009	
Total revenue	-	51,076	51,076	-	252,077	235,108	150,000	150,000	110,009		
Expenses											
Wages and benefits	-	-	3,400	-	-	-	-	55,000	58,597	69,715	
Professional fees	-	1,115	1,000	-	-	-	-	21,500	30,342	50,024	
Insurance	-	7,817	5,771	-	-	-	-	-	-	-	
Office and administrative	-	-	-	-	-	-	-	5,000	4,776	10,281	
Repairs and maintenance	-	22,028	83,831	-	-	-	-	-	-	-	
Other expenses	-	36,165	35,259	-	-	-	-	68,500	31,680	5,151	
Total expenses	-	67,125	129,261	-	-	-	-	150,000	125,395	135,171	
Annual surplus (deficit)	\$ -	\$ (16,049)	\$ (78,185)	-	\$ 252,077	\$ 235,108	-	\$ 24,605	\$ (25,162)		
		Ottawa Trust Fund		2020 Actual	2021 Budget	Capital Fund		2020 Actual	Enterprise Fund		
		2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	
Revenues											
Share of income (loss) from controlled entities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,321
Other revenue	-	69	79	-	-	-	-	-	-	-	-
Total revenue	-	69	79	-	-	-	-	-	-	-	103,321
Expenses											
Other expenses	-	195	-	-	238,873	143,339	-	-	-	-	-
Total expenses	-	195	-	-	238,873	143,339	-	-	-	-	-
Annual surplus (deficit)	\$ -	\$ (126)	\$ 79	-	\$ (238,873)	\$ (143,339)	-	\$ -	\$ -	\$ -	\$ 103,321

TS'UUBAA-ASATX (LAKE COWICHAN FIRST NATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

23. SEGMENTED INFORMATION, continued

		Consolidated totals		
		2021 Budget	2021 Actual	2020 Actual
Revenues				
Indigenous Services Canada		\$ 338,753	\$ 1,120,197	\$ 736,190
Share of income (loss) from controlled entities		32,500	44,100	156,673
BCFN Gaming		-	252,077	235,108
First Nations Health Authority		77,000	379,853	545,779
Other revenue		141,619	202,015	750,906
Province of BC		-	244,440	179,152
Allocation from deferred revenue - prior		-	871,696	98,078
First Peoples' Heritage		15,000	117,358	-
Other revenue		150,000	(578,642)	26,825
Total revenue		754,872	2,653,094	2,728,711
Expenses				
Wages and benefits		146,000	310,087	252,942
Professional fees		155,500	237,863	872,798
Materials and supplies		28,500	297,572	246,945
Social assistance		10,000	44,800	22,290
Insurance		11,200	55,946	32,665
Office and administrative		31,750	18,394	24,429
Repairs and maintenance		-	22,028	83,831
Equipment		6,000	14,248	28,832
Other expenses		134,500	367,548	367,967
Total expenses		523,450	1,368,485	1,932,699
Annual surplus (deficit)		\$ 231,422	\$ 1,284,609	\$ 796,012