

TSARTLIP FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended MARCH 31, 2019

**TSARTLIP FIRST NATION
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MARCH 31, 2019**

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TSARTLIP FIRST NATION
P.O. Box 70
Brentwood Bay, B.C.
V8M 1R3

Management's Statement of Responsibility

The accompanying consolidated financial statements of Tsartlip First Nation are the responsibility of management and have been approved by Chief and 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 CPA 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.

Chief and Council are 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.

Chief and Council meet 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 consolidated financial statements and the external auditor's report.

The external auditors, Brynjolfson & Company, 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 Tsartlip First Nation and meet when required.

On behalf of Tsartlip First Nation:

Date: Nov 3, 19



D. J. B.
Band Administrator



Brynjolfson & Co. Chartered Professional Accountant

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Victoria, B.C. V8X 4N9
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INDEPENDENT AUDITOR'S REPORT

To the Members of Tsartlip First Nation:

Opinion

I have audited the financial statements of Tsartlip First Nation (the Entity), which comprise the statement of financial position as at March 31, 2019, and the statement of operations, the statement of changes in net financial assets (net debt), and the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019 and its results of operations, its changes in its net debt, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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.

INDEPENDENT AUDITOR'S REPORT Cont'd

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit.

I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Entity's audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

Brynjolfson & Co.

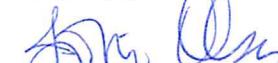
Brynjolfson & Company
Victoria, B.C.
October 23, 2019

TSARTLIP FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2019

	2019 Actual \$	2018 Actual \$
Financial assets		
Cash	296,274	120,622
Restricted Cash, Note 3	400,667	321,873
Trust funds held by federal government, Note 4	189,106	182,607
Accounts Receivable, Note 6	<u>698,077</u>	<u>1,058,785</u>
	<u>1,584,124</u>	<u>1,683,887</u>
Liabilities		
Accounts payable and accrued liabilities	569,248	568,091
Reserves	797,031	750,551
Debt, Note 8	<u>7,603,192</u>	<u>5,243,191</u>
	<u>8,969,471</u>	<u>6,561,833</u>
Net financial assets (net debt)	(7,385,347)	(4,877,946)
Non-financial assets		
Tangible capital assets - Note 7	11,020,235	8,613,847
Prepaid Expenses	85,294	58,662
Inventory	<u>175,340</u>	<u>133,085</u>
	<u>11,280,869</u>	<u>8,805,594</u>
Accumulated surplus	<u>3,895,522</u>	<u>3,927,648</u>

Approved by:

 Chief
 Councillor
 Councillor

 Councillor
 Councillor
 Councillor

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

TSARTLIP FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2019

	<u>Budget</u>	<u>2019</u>	<u>2018</u>
REVENUES			
Indigenous Services Canada (ISC)	\$ 15,279,377	\$ 15,279,377	12,155,253
ISC - recoveries	-	(75,548)	(76,548)
FNHA	1,177,602	1,177,602	1,125,109
Canada Mortgage and Housing Corp.	120,906	128,506	101,219
CSETS	245,438	257,988	201,095
Ottawa Trust – interest/grants	6,500	6,499	6,253
Rental income	421,500	421,274	368,811
Other	1,031,599	1,393,204	2,212,844
Store revenue	<u>3,572,000</u>	<u>3,610,878</u>	<u>3,386,583</u>
	<u>21,854,922</u>	<u>22,199,780</u>	<u>19,480,619</u>
EXPENSES			
Administration	1,365,557	1,547,021	1,052,640
Operations and Maintenance	847,325	1,053,595	700,604
Health	1,314,801	1,353,238	1,223,168
Social Development	1,949,984	1,937,725	1,743,960
Capital Operations	1,505,351	1,620,971	1,235,751
Education	9,623,801	9,790,841	8,335,482
Economic Development and Jobs	381,087	338,918	274,043
Housing	479,847	395,571	369,898
Band Generated	<u>3,886,738</u>	<u>4,194,026</u>	<u>3,905,365</u>
	<u>21,354,491</u>	<u>22,231,906</u>	<u>18,840,911</u>
ANNUAL SURPLUS (DEFICIT)	<u>500,431</u>	(32,126)	639,708
ACCUMULATED SURPLUS, BEGINNING		<u>3,927,648</u>	<u>3,287,940</u>
ACCUMULATED SURPLUS, ENDING		<u>\$ 3,895,522</u>	<u>\$ 3,927,648</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

TSARTLIP FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
For the year ended March 31, 2019

	2019 Actual \$	2018 Actual \$
Annual surplus (deficit)	(32,126)	639,708
Acquisition of tangible capital assets	(2,869,008)	-
Amortization of tangible capital assets	<u>462,620</u>	<u>464,634</u>
	<u>(2,438,514)</u>	<u>1,104,342</u>
Net consumption (acquisition) of supplies inventory	(42,255)	58,454
Net use of (acquisition) prepaid expenses	<u>(26,632)</u>	<u>92,698</u>
	<u>(68,887)</u>	<u>151,152</u>
Increase (decrease) in net financial assets	(2,507,401)	1,255,494
Net financial assets (net debt), beginning of year	<u>(4,877,946)</u>	<u>(6,133,440)</u>
Net financial assets (net debt), end of year	<u>(7,385,347)</u>	<u>(4,877,946)</u>

Note: 2019 budget figures are not available.

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

TSARTLIP FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended March 31, 2019

	2019 Actual \$	2018 Actual \$
Operating Activities		
Annual surplus (deficit)	(32,126)	639,708
Changes in non-cash items:		
Amortization	462,620	464,634
Accounts receivable	360,708	(390,284)
Prepaid expenses	(26,632)	92,698
Accounts payable	1,156	205,059
Inventory	(42,255)	58,454
Reserve	46,480	63,578
Ottawa Trust	<u>(6,499)</u>	<u>(6,253)</u>
Cash provided by (applied to) operating activities	<u>763,452</u>	<u>1,127,594</u>
Capital Activities		
Purchase of tangible capital assets	<u>(2,869,007)</u>	—
Financing Activities		
First Nations debt increase	2,780,090	—
First Nations debt retirement	<u>(420,089)</u>	<u>(377,219)</u>
Cash provided by (applied to) financing activities	<u>2,360,001</u>	<u>(377,219)</u>
Increase in cash and cash equivalents	254,446	750,375
Cash and equivalents – Beginning of year	<u>442,495</u>	<u>(307,880)</u>
Cash and equivalents – End of year	<u>696,941</u>	<u>442,495</u>
REPRESENTED BY:		
Cash	296,274	120,622
Cash – Restricted	<u>400,667</u>	<u>321,873</u>
	<u>696,941</u>	<u>442,495</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

1. NATURE OF OPERATIONS

Tsartlip First Nation (the “First Nation”) is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Indigenous Services Canada (ISC) and other funding agents to benefit its members. The First Nation also represents its members in the negotiation of treaty settlement and specific lands claims.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Consolidated Financial Statements have been prepared in accordance with Canadian public sector accounting standards for government entities as recommended by the CPA Canada Public Sector Accounting Board.

a) Reporting Entity

The reporting entity includes the Tsartlip First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

b) Principles of Consolidation

These financial statements consolidate the assets, liabilities and results of operations for entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises (GBE), and government business partnerships (GBP), which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The First Nation records its investments in GBE and GBP on the modified equity basis. Under this basis, the GBE and GBP accounting policies are not adjusted to conform with those of the First Nation and inter-entity transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE and GBP in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE and GBP will be reflected as deductions in the investment asset account.

The commercial enterprises and business partnerships accounted for on a modified equity basis include:

1. T.F.N. Holdings Ltd – currently inactive

c) 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.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

d) Inventory

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

e) Trust Funds

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's 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 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.

f) Debt

Loan proceeds related to the financing of tangible capital assets are recorded as revenue in the appropriate fund. The loan amount is also recorded as a liability on the Statement of Financial Position and as a reduction in the Tangible Capital Asset Fund.

Debt payments, including principal and interest, are charged to the fund to which they relate. Principal reductions are reflected as a reduction in the liability with an offsetting increase in the Tangible Capital Asset Fund.

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. 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.

Amortization is provided for over their estimated useful lives using the diminishing balance method, at the following rates:

Housing	5%
Buildings and improvements	4%
General equipment	20%
Infrastructure	4%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the 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.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

Contributed tangible 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 tangible 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.

h) Revenue Recognition

Government Funding:

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

First Nation Capital and Revenue Trust Fund:

The First Nation recognizes revenues of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Housing Rental Income:

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Own Source Revenue:

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.

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

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

i) Financial Instruments

Financial instruments are initially classified upon initial recognition as a fair value or amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the First Nation to be recorded at fair value. All other financial instruments, including financial instruments with related parties for which fair value cannot be estimated, are recorded at an amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at an amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss, calculated as the excess of the net recoverable amount of the asset and its carrying value, is reported in the statement of operations and any unrealized gain is adjusted through the statement of re-measurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement gains and losses are reversed and recognized in the statement of operations.

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and debt. It is management's opinion that the First Nation is not exposed to significant interest rate, market, currency, credit, or liquidity risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.

j) 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, 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 and amortization. Actual results could differ from these estimates.

k) Employee Future Benefits

Tsartlip First Nation and its employees make contributions to a group Registered Retirement Savings Plan (RRSP). This plan is a defined contribution plan and contributions by Tsartlip First Nation to the plan are expensed as incurred.

Sick leave benefits also accrue to Tsartlip First Nation employees. Unused benefits are carried forward into the following year.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

I) Segmented disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard.

3. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Externally restricted		
Mayne Island logging funds	319,829	316,984
Reserve accounts – CMHC Housing	<u>80,838</u>	<u>4,889</u>
	<u>400,667</u>	<u>321,873</u>
Unrestricted		
Cash and banks	<u>296,274</u>	<u>120,622</u>
Total Cash and Cash Equivalents	<u>696,941</u>	<u>442,495</u>

Externally restricted – Operating Reserve:

Under the terms of the agreements with CMHC, excess revenues over expenditures for the Post 1996 phases may be retained in an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds may be used to offset future deficits. Withdrawals are credited to interest first and the principal. At the year end, the reserve was under funded by \$388,677 (2018 under funded by \$388,419).

Externally restricted – Replacement Reserve:

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$46,217 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the reserve was under funded by \$327,516 (2018 under funded by \$357,247).

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Trust fund accounts arise from moneys 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 are primarily governed by Sections 63 to 69 of the Indian Act.

	Opening Balance	Additions	Withdraws	2019 Total	2018 Total
	\$	\$	\$	\$	\$
Revenue	19,458	6,499	-	25,957	19,458
Capital	<u>163,149</u>	<u>-</u>	<u>-</u>	<u>163,149</u>	<u>163,149</u>
	<u><u>182,607</u></u>	<u><u>6,499</u></u>	<u><u>-</u></u>	<u><u>189,106</u></u>	<u><u>182,607</u></u>

5. ECONOMIC DEPENDENCE

The government of Tsartlip First Nation receives a major portion of its revenue from Indigenous Services Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

6. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
• Development fees & expense recovery	\$ 91,455	\$ 102,629
• Development – PH1 Land Lease	-	134,418
• Funding agencies	118,796	168,056
• Housing loan	78,252	80,160
• Other	119,824	65,963
• GST refund	85,894	296,528
• Rents - housing	<u>203,856</u>	<u>211,031</u>
	<u><u>\$ 698,077</u></u>	<u><u>\$ 1,058,785</u></u>

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

7. CAPITAL ASSETS

	C O S T		A M O R T I Z A T I O N					
	Opening Balance	Additions	Closing Balance	Opening Balance	Amorti- zation	Closing Balance	2019 Balance	2018 Balance
Land	739,367	-	739,367	-	-	-	739,367	739,367
Land Development	268,596	1,938,000	2,206,596	-	-	-	2,206,596	268,596
Housing - CMHC	4,239,889	842,090	5,081,979	1,320,713	194,095	1,514,808	3,567,171	2,919,175
Housing - Band	872,624	-	872,624	425,056	22,922	447,978	424,646	447,568
Building - Admin	1,200,000	-	1,200,000	511,241	27,550	538,791	661,209	688,759
Equipment - Health	49,092	60,709	109,801	45,936	6,702	52,638	57,163	3,156
Building - Health	2,671,362	-	2,671,362	647,375	101,199	748,574	1,922,788	2,023,987
Equipment	447,213	28,208	475,421	299,477	32,368	331,845	143,576	147,736
Building - Store	1,422,340	-	1,422,340	189,112	49,329	238,441	1,183,899	1,233,228
Equipment - Store	<u>252,970</u>	<u>—</u>	<u>252,970</u>	<u>110,695</u>	<u>28,455</u>	<u>139,150</u>	<u>113,820</u>	<u>142,275</u>
TOTALS	<u>\$12,163,453</u>	<u>2,869,007</u>	<u>15,032,460</u>	<u>3,549,605</u>	<u>462,620</u>	<u>4,012,225</u>	<u>11,020,235</u>	<u>8,613,847</u>

* There were no disposals during the year.

8. DEBT

All Nations Trust loan repayable at \$1,495 per month including interest at 4.74%. Secured by a mortgage on buildings, matures Mar. 1, 2022

2019 2018

118,013 130,176

Bank of Montreal loan for the building of a new house to replace member's home destroyed by fire. Due on demand but is being amortized over 25 years. Repayable at \$542 per month including interest at prime plus 1.75%

73,341 75,748

Bank of Montreal demand loan used for building innovative housing, being amortized over 20 years repayable at \$1,645 per month including interest at prime plus 1.5%

179,902 189,943

Bank of Montreal demand loan non-revolving for the building of the community health centre, repayable at 2,353 per month plus interest at prime plus 1%

279,997 308,233

Bank of Montreal demand loan non-revolving to assist with the construction of the gas bar and convenience store, repayable at \$13,014 principal and interest at prime plus 1.25%

1,376,579 1,466,724

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

8. Debt (continued)	<u>2019</u>	<u>2018</u>
Bank of Montreal demand loan non-revolving to assist with Phase 1 of the land development project, repayable at \$5,497 per month principal and interest, at prime plus 1.25%	948,694	-
Bank of Montreal demand loan non-revolving to assist with Phase 2 of the land development project, repayable at \$5,497 per month principal and interest, at prime plus 1.25%	956,466	-
Tale'awtxw Aboriginal Capital Corporation, loan to assist with construction of gas bar and convenience store, repayable at \$1,092 per month, repayment over 80 months, interest at 12%, subject to a 40% grant if the borrower meets the terms of the commitment letter and has repaid sixty per cent (60%) of the principal and required interest	52,017	58,455
CAT Financial, loan to assist with purchase of Excavator to be used for capital projects, repayable at \$3,726 per month, repayment over 60 months, interest a 5.45%	51,013	94,738
Canada Mortgage and Housing Corporation Mortgages, secured by ministerial guarantees from INAC and first mortgages on social housing units.		
- Loan #220-95475001 repayable at \$2,344 per month, including interest at 1.12%, matures Feb. 1/25	161,001	187,179
- Loan #220-95475002 repayable at \$2,378 per month, including interest at 1.01%, matures Jan. 1/26	188,355	214,850
- Loan #220-95475003 repayable at \$2,713 per month, including interest at 1.97%, matures Oct. 1/28	284,198	310,893
- Loan #220-95475004 repayable at \$5,822 per month, including interest at 0.98%, matures Mar. 1/35	1,034,506	1,093,944
- Loan #220-96475001 repayable at \$2,393 per month, including interest at 1.67%, matures Jan. 1/40	505,334	525,462
- Loan #220-95475001 repayable at \$2,391 per month, including interest at 1.01%, matures Feb. 1/41	563,964	586,846
- Loan #220-954-75008 repayable at \$3,781 per month, including interest at 2.52%, matures Sept 1/43	<u>829,812</u>	-
Total	<u>\$ 7,603,192</u>	<u>\$ 5,243,191</u>

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

Estimated principal repayments required over the next five years:

2020	\$ 529,200	2023	\$ 517,700
2021	\$ 504,900	2024	\$ 528,500
2022	\$ 507,200		

9. SOCIAL HOUSING RESERVES

a) Replacement Reserve

Under the terms of the agreement with CMHC, a replacement reserve is maintained to provide for future asset replacement. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to expenditures approved by CMHC.

b) Operating Reserve

Under the terms of the agreement with CMHC (Section 95, Post 1997 on Reserve Program), any surplus revenue will be retained within an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to ongoing operating costs of housing projects committed under the Post 1997 On Reserve Program.

10. EXPENSES BY OBJECT

	<u>2019</u>	<u>2018</u>
Wages	\$ 1,283,623	\$ 1,115,871
Benefits	196,465	159,748
Amortization	462,620	464,634
Contracts	1,440,309	1,545,990
Cost of sales	3,189,486	3,013,465
Government transfers to school	9,368,496	8,307,941
Materials and supplies	286,420	353,597
Other	3,342,266	2,117,850
Professional fees	848,257	150,547
Social Assistance	<u>1,813,964</u>	<u>1,611,268</u>
	<u>\$ 22,231,906</u>	<u>\$ 18,840,911</u>

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

11. CONTINGENT LIABILITIES

- a) Restricted unexpended surpluses can be recovered by the funding agency.
- b) The First Nation has Ministerial Guarantees for loan balances outstanding. The contingent liability as at year-end amounts to \$3,851,577 (2018 - \$3,965,007) as per confirmation provided by Indigenous Services Canada.

12. GOVERNMENT TRANSFERS

	2019			2018		
	Operating	Capital	Total	Operating	Capital	Total
Federal Govt Transfers:						
Indigenous Services Canada	13,028,705	2,250,672	15,279,377	11,716,899	438,354	12,155,253
FNHA	1,177,602	-	1,177,602	1,125,109	-	1,125,109
CMHC	<u>128,506</u>	<u>-</u>	<u>128,506</u>	<u>101,219</u>	<u>-</u>	<u>101,219</u>
Total	<u>14,334,813</u>	<u>2,250,672</u>	<u>16,585,485</u>	<u>12,943,227</u>	<u>438,354</u>	<u>13,381,581</u>
Provincial Govt	<u>161,201</u>	<u>-</u>	<u>161,201</u>	<u>44,208</u>	<u>-</u>	<u>44,208</u>

13. SEGMENTED INFORMATION

Tsartlip First Nation provides a wide range of services to its membership. For management reporting purpose, Tsartlip First Nation's operations and activities are organized and reported by department. These departments have been separately disclosed in the segmented information, along with the services they provide, as follows:

- (a) Administration – this function pertains to all the general and administrative functions of Tsartip First Nation, including management, reception, accounting, human resource management, staff training, information technology and records.
- (b) Operations and Maintenance – responsibilities include the care and maintenance of Tsartlip First Nation infrastructure including government buildings, roads, water and sewer, and materials management.
- (c) Health – this department delivers health and prevention services to the community including community nursing services, in home care, drug and alcohol counseling, diabetes counseling, head start programs and patient travel.
- (d) Social Development and Training – this department delivers social assistance programs including basic needs, adult in home care and prevention programs.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

- (e) Capital - this department is responsible for the planning and construction of new capital facilities and infrastructure, as well as overseeing new housing projects.
- (f) Education Support Services - the education department supports various education and parental / community engagement programs as well as providing for the flow-through of ISC education funds to the School Board.
- (g) Economic Development – this department assists the community in identifying and developing economic development initiatives, links training opportunities and job creation with community labour needs, and undertakes research and planning.
- (h) Housing – this department is engaged with the administration of band housing for members including the CMHC housing program.
- (i) Band Generated Programs – this department operates programs that normally have no specific outside funding sources; activities include band store operations, office building rentals and property taxation.

14. SEGMENTED DISCLOSURE

Tsartlip First Nation
Schedule of Segmented Operations
For the Year Ended March 31, 2019

											2019	2018
	Operations			Social			Economic Dev			Band	Ottawa	
	Admin.	& Maintc.	Health	Develop.	Capital	Education	& Employment	Housing	Generated	Trust	TOTAL	TOTAL
Revenue												
ISC	967,287	472,680	-	2,065,797	2,520,672	9,141,342	111,599	-	-	-	15,279,377	12,155,253
ISC - recoveries	9,033	-	-	(84,327)	-	-	-	-	-	-	(75,294)	(76,548)
Health Canada / FNHA	-	-	1,177,602	-	-	-	-	-	-	-	1,177,602	1,125,109
CMHC	-	-	-	-	-	-	-	120,906	7,600	-	128,506	101,219
CSETS	28,500	-	-	-	-	-	229,488	-	-	-	257,988	201,095
Other	604,494	74,412	106,908	12,990	153,408	131,000	32,803	274,115	4,034,972	6,499	5,431,601	5,974,491
	1,609,314	547,092	1,284,510	1,994,460	2,674,080	9,272,342	373,890	395,021	4,042,572	6,499	22,199,780	19,480,619
Expenses												
Salaries and Benefits	333,674	35,437	521,188	111,184	73,119	-	189,851	36,491	179,144	-	1,480,088	1,275,619
Amortization	-	-	-	-	-	-	-	204,136	258,484	-	462,620	464,634
Direct Assistance	-	-	-	1,813,964	-	-	-	-	-	-	1,813,964	1,611,268
Education Flow-through	-	-	-	-	-	9,368,496	-	-	-	-	9,368,496	8,307,941
Program and Other Costs	1,213,347	1,018,158	832,050	12,577	1,547,852	422,345	149,067	154,944	3,756,398	-	9,106,738	7,181,449
	1,547,021	1,053,595	1,353,238	1,937,725	1,620,971	9,790,841	338,918	395,571	4,194,026	-	22,231,906	18,840,911
Annual surplus (deficit)	62,293	(506,503)	(68,728)	56,735	1,053,109	(518,499)	34,972	(550)	(151,454)	6,499	(32,126)	639,708