

TSARTLIP FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended MARCH 31, 2021

**Brynjolfson & Company
Chartered Professional Accountant**

**TSARTLIP FIRST NATION
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MARCH 31, 2021**

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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.

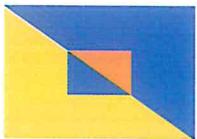
Chief and Council meet periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review 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:

Band Administrator

November 25, 2021



Brynjolfson & Co. Chartered Professional Accountant

797 Kona Crescent
Victoria, B.C. V8X 4N9
(Tel: 250-727-7169)
(E-mail: pbrynjolfson@aol.com)

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, 2021, 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, 2021 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.

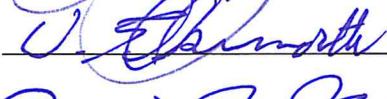


Brynjolfson & Company
Victoria, B.C.
November 25, 2021

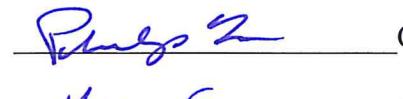
TSARTLIP FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2021

	2021 Actual \$	2020 Actual \$
Financial assets		
Cash, Note 3	336,690	1,713,630
Restricted Cash, Note 3	10,534,544	344,352
Trust funds held by federal government, Note 4	198,992	194,445
Accounts Receivable, Note 6	<u>1,813,631</u>	<u>2,822,406</u>
	<u>12,883,857</u>	<u>5,074,833</u>
Liabilities		
Accounts payable and accrued liabilities	1,200,729	1,395,987
Reserves	510,457	458,396
Deferred revenue	6,523,486	-
Debt, Note 8	<u>7,756,631</u>	<u>7,145,517</u>
	<u>15,991,303</u>	<u>8,999,900</u>
Net financial assets (net debt)	(3,107,446)	(3,925,067)
Non-financial assets		
Tangible capital assets, Note 7	29,000,379	17,250,070
Prepaid Expenses	106,118	107,013
Inventory	<u>268,013</u>	<u>200,842</u>
	<u>29,374,510</u>	<u>17,557,925</u>
Accumulated surplus, Note 15	<u>26,267,064</u>	<u>13,632,858</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, 2021

	<u>Budget</u>	<u>2021</u>	<u>2020</u>
Revenues			
Indigenous Services Canada (ISC)	\$ 26,750,088	\$ 26,750,088	\$ 19,915,786
ISC - recoveries	-	-	(30,181)
FNHA	1,179,446	1,179,446	1,475,556
Canada Mortgage and Housing Corp.	137,175	137,175	159,383
CSETS	254,548	254,548	197,608
Ottawa Trust – interest/grants	4,500	4,546	5,340
Rental income	496,069	468,604	450,241
Other revenue	14,070,835	15,643,869	6,787,535
Deferred revenue (ISC)	<u>(7,093,865)</u>	<u>(6,523,486)</u>	-
	<u>35,798,796</u>	<u>37,914,790</u>	<u>28,961,268</u>
Program expenses			
Administration	1,810,867	1,675,554	1,404,498
Operations and Maintenance	1,083,427	1,020,812	926,266
Health	1,150,103	1,021,906	1,336,781
Social Development	2,948,412	3,102,841	2,008,796
Capital Operations	4,299,926	5,676,763	4,838,978
Education	11,220,079	11,220,079	9,717,895
Economic Development and Jobs	8,112,979	7,205,529	196,870
Housing	482,408	471,912	439,233
Band Generated	<u>4,690,595</u>	<u>4,789,233</u>	<u>5,049,169</u>
	<u>35,798,796</u>	<u>36,184,629</u>	<u>25,918,486</u>
Annual surplus before adjustment	<u>_____</u>	1,730,161	3,042,782
Adjustment for capital acquisitions, Note 13	<u>10,904,045</u>	<u>4,688,890</u>	
Annual surplus (deficit)	<u>12,634,206</u>	<u>7,731,672</u>	
Accumulated surplus, beginning of year	<u>13,632,858</u>	<u>5,901,186</u>	
Accumulated surplus, end of year	<u>\$ 26,267,064</u>	<u>\$ 13,632,858</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, 2021

	2021 Actual §	2020 Actual §
Annual surplus (deficit)	12,634,206	7,731,672
Acquisition of tangible capital assets	(12,198,471)	(4,688,893)
Amortization of tangible capital assets	<u>448,162</u>	<u>464,722</u>
	<u>883,897</u>	<u>3,507,501</u>
Net consumption (acquisition) of supplies inventory	(67,171)	(25,502)
Net use of (acquisition) prepaid expenses	<u>895</u>	<u>(21,719)</u>
	<u>(66,276)</u>	<u>(47,221)</u>
Increase (decrease) in net financial assets	817,621	3,460,280
Net financial assets (net debt), beginning of year	<u>(3,925,067)</u>	<u>(7,385,347)</u>
Net financial assets (net debt), end of year	<u>(3,107,446)</u>	<u>(3,925,067)</u>

Note: 2021 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, 2021

	2021 Actual \$	2020 Actual \$
Operating Activities		
Annual surplus (deficit)	12,634,206	7,731,672
Changes in non-cash items:		
Amortization	448,162	464,722
Accounts receivable	1,008,775	(2,124,329)
Prepaid expenses	895	(21,719)
Accounts payable and accrued liabilities	(195,258)	826,739
Inventory	(67,171)	(25,502)
Reserve	52,061	(338,635)
Deferred revenue	6,523,486	-
Ottawa Trust	<u>(4,547)</u>	<u>(5,339)</u>
Cash provided by (applied to) operating activities	<u>20,400,609</u>	<u>6,507,609</u>
Capital Activities		
Purchase of tangible capital assets	<u>(12,198,471)</u>	<u>(4,688,893)</u>
Financing Activities		
First Nations debt increase	1,135,000	-
First Nations debt retirement	<u>(523,886)</u>	<u>(457,675)</u>
Cash provided by (applied to) financing activities	<u>611,114</u>	<u>(457,675)</u>
Increase in cash and cash equivalents	8,813,252	1,361,041
Cash and equivalents – Beginning of year	<u>2,057,982</u>	<u>696,941</u>
Cash and equivalents – End of year	<u>10,871,234</u>	<u>2,057,982</u>
REPRESENTED BY:		
Cash	336,690	1,713,630
Cash – Restricted	<u>10,534,544</u>	<u>344,352</u>
	<u>10,871,234</u>	<u>2,057,982</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, 2021

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. The Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Operating Fund
- Trust Fund
- Social Housing Fund
- Capital Fund

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. TFN Holdings Ltd – inactive
2. TFN Meadows Development Limited Partnership - inactive

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

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.

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%

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

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.

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.

All intangible assets and items inherited by the right of the Nation, such as reserve land, forests, water and mineral resources, are not recognized in the Nation's consolidated financial statements.

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

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

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.

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.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

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.

l) 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.

m) Deferred revenue

Under the terms of the contribution agreement between the First Nation, Indigenous Services Canada and certain other agencies, the First Nation may be liable to repay any contributed funds either not expended or not expended in accordance with the agreement. Also, any deficit, supported by claims eligible for reimbursement under the terms and conditions of the funding agreements, may be reimbursed by the contributor subject to the program's terms and conditions. The First Nation has recorded all known unexpended contribution funds as deferred revenue and/or accounts payable.

3. CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Externally restricted		
Mayne Island logging funds	324,623	323,016
Trust funds (Woodwynn Property)	1,088,049	-
Capital project school expansion	9,100,696	-
Reserve accounts – CMHC Housing	<u>21,176</u>	<u>21,336</u>
	<u>10,534,544</u>	<u>344,352</u>
Unrestricted		
Cash	<u>336,690</u>	<u>1,713,630</u>
Total Cash and Cash Equivalents	<u>10,871,234</u>	<u>2,057,982</u>

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

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 \$475,232 (2020 under funded by \$383,947).

Externally restricted – Replacement Reserve:

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$49,030 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 \$356,966 (2020 under funded by \$439,444).

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	2021 Total	2020 Total
	\$	\$	\$	\$	\$
Revenue	31,296	4,547	-	35,843	31,296
Capital	<u>163,149</u>	<u>-</u>	<u>-</u>	<u>163,149</u>	<u>163,149</u>
	<u>194,445</u>	<u>4,547</u>	<u>-</u>	<u>198,992</u>	<u>194,445</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.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

6. ACCOUNTS RECEIVABLE	<u>2021</u>	<u>2020</u>
• Property taxation	\$357,166	178,569
• Funding agencies	682,944	2,194,923
• Housing loan receivable	-	76,336
• Other	404,813	63,809
• GST refund	167,677	107,738
• Rents - housing	<u>201,031</u>	<u>201,031</u>
	 <u>\$ 1,813,631</u>	 <u>\$2,822,406</u>

7. CAPITAL ASSETS

	C O S T			A M O R T I Z A T I O N				2021	2020
	<u>Opening Balance</u>	<u>Additions</u>	<u>Closing Balance</u>	<u>Opening Balance</u>	<u>Amortization</u>	<u>Closing Balance</u>			
Land	739,367	-	739,367	-	-	-	739,367	739,367	
Land Development	2,206,596	6,595,633	8,802,229	-	-	-	8,802,229	2,206,596	
Drainage Upgrade	5,076,762	1,065,970	6,142,732	-	-	-	6,142,732	5,076,762	
School Expansion	1,348,082	3,671,581	5,019,663	-	-	-	5,019,663	1,348,082	
Housing - CMHC	5,351,692	865,287	6,216,979	1,724,135	207,731	1,931,866	4,285,113	3,627,557	
Housing - Band	872,624	-	872,624	470,489	24,918	495,407	377,217	402,135	
Building - Admin	1,200,000	-	1,200,000	565,239	25,390	590,629	609,371	634,761	
Equipment - Health	109,801	-	109,801	64,070	9,146	73,216	36,585	45,731	
Building - Health	2,671,362	-	2,671,362	844,743	91,331	936,074	1,735,288	1,826,619	
Equipment	475,421	-	475,421	360,560	25,972	386,532	88,889	114,861	
Building - Store	1,422,340	-	1,422,340	285,797	45,462	331,259	1,091,081	1,136,543	
Equipment - Store	252,970	-	252,970	161,914	18,212	180,126	72,844	91,056	
TOTALS	\$21,727,017	12,198,471	33,925,488	4,476,947	448,162	4,925,109	29,000,379	17,250,070	

* *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

2021 **2020**

91,910 105,277

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%

67,328 70,925

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

8. Debt (continued)	<u>2021</u>	<u>2020</u>
Bank of Montreal demand loan used for building innovative housing, being amortized over 20 years repayable at \$1,642 per month including interest at prime plus 1.5%	156,337	169,630
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%	223,525	251,761
Bank of Montreal demand loan non-revolving to assist with the construction of the gas bar and convenience store, repayable at \$14,281 per month principal and interest at prime plus 1.25%	1,147,240	1,273,724
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%	892,667	928,042
Bank of Montreal demand loan non-revolving to assist with Phase 2 of the land development project, repayable at \$5,749 per month principal and interest, at prime plus 1.25%	901,238	936,264
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; balance paid in full during year through grant	-	44,762
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%	-	7,288
Canada Mortgage and Housing Corporation Mortgages, secured by ministerial guarantees from ISC and first mortgages on social housing units.		
- Loan #220-95475001 repayable at \$2,380 per month, including interest at 1.73%, matures Feb. 1/25	108,104	134,563
- Loan #220-95475002 repayable at \$2,362 per month, including interest at .74%, matures Jan. 1/26	134,548	161,596
- Loan #220-95475003 repayable at \$2,713 per month, including interest at 1.97%, matures Oct. 1/28	229,213	256,987

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8. Debt (continued)	<u>2021</u>	<u>2020</u>
- Loan #220-95475004 repayable at \$6,143 per month, including interest at 1.72%, matures Mar. 1/35	917,002	974,506
- Loan #220-96475001 repayable at \$2,478 per month, including interest at 2.06%, matures Jan. 1/40	464,299	484,317
- Loan #220-95475001 repayable at \$2,329 per month, including interest at .74%, matures Feb. 1/41	517,458	540,863
- Loan #220-954-75008 repayable at \$3,781 per month, including interest at 2.52%, matures Sept 1/43	779,489	805,012
- Loan #3655-6998-931 repayable at \$6,117 per month, including interest at prime plus 1.75%	<u>1,126,273</u>	_____ -
Total	\$ <u>7,756,631</u>	\$ <u>7,145,517</u>

Estimated principal repayments required over the next five years:

2022	\$ 550,191	2025	\$ 576,191
2023	\$ 561,908	2026	\$ 555,472
2024	\$ 573,940		

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.

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10. EXPENSES BY OBJECT

	<u>2021</u>	<u>2020</u>
Wages	\$ 1,301,820	\$ 1,392,818
Benefits	216,559	223,613
Amortization	448,162	464,722
Contracts	5,804,175	4,496,348
Cost of sales	3,900,861	3,633,685
Government transfers to school	11,220,078	9,706,299
Materials and supplies	427,972	226,574
Other	3,397,634	3,084,476
Property purchase (Woodwynn)	6,595,633	-
Professional fees	111,004	874,998
Social Assistance	<u>2,760,731</u>	<u>1,814,953</u>
	<u>\$ 36,184,629</u>	<u>\$ 25,918,486</u>

The expenses by object are before the adjustment for capital acquisitions in the consolidated statement of operations.

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 \$3,399,584 (2020 \$3,634,309) as per confirmation provided by Indigenous Services Canada. There are also contingent liabilities for outstanding BMO loans totaling \$499,570 (2020 \$525,446).

12. GOVERNMENT TRANSFERS

	2021			2020		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal Govt Transfers:						
Indigenous Services Canada	16,647,962	10,102,126	26,750,088	14,284,005	5,601,600	19,885,605
FNHA	1,179,446	-	1,179,446	1,475,556	-	1,475,556
CMHC	<u>137,175</u>	<u>-</u>	<u>137,175</u>	<u>159,383</u>	<u>-</u>	<u>159,383</u>
Total	<u>17,964,583</u>	<u>10,102,126</u>	<u>28,066,709</u>	<u>15,918,944</u>	<u>5,601,600</u>	<u>21,520,544</u>
 Provincial Govt	 <u>1,381,135</u>	<u>6,595,633</u>	<u>7,976,768</u>	<u>183,038</u>	<u>-</u>	<u>183,038</u>

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
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13. ADJUSTMENT FOR CAPITAL ACQUISITIONS

Capital acquisitions have been included as an expense item in the Statement of Operations in order to be consistent with the capital funding reports provided to Indigenous Services Canada. For the required presentation under public sector accounting standards, the expense is reversed and capitalized accordingly.

14. SUBSEQUENT EVENTS

In March 2020, there was a global outbreak of COVID-19 (corona virus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	<u>2021</u>	<u>2020</u>
Surplus in operating funds	2,104,565	351,999
Surplus in restricted capital fund	2,361,916	2,361,916
Equity in Ottawa Trust funds	198,992	194,446
Equity in tangible capital assets	21,226,639	10,322,594
Operating CMHC reserve fund	<u>374,952</u>	<u>401,903</u>
	<u>\$26,267,064</u>	<u>\$13,632,858</u>

16. BUDGET FIGURES

The budget figures were not audited nor reviewed but compiled from information provided by First Nation management.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

17. 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 Tsartlip 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.
- (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.

18. SEGMENTED DISCLOSURE

	Tsartlip First Nation									
	Schedule of Segmented Operations For the year ended March 31, 2021									
	2021					2020				
	Admin.	Operations & Maintc.	Health	Social Develop.	Capital	Economic Dev	Housing	Band Generated	Ottawa Trust	Total
Revenue										
ISC	1,309,058	1,067,827	-	3,168,763	10,137,934	10,978,075	88,431	-	-	26,750,088
ISC - recoveries	-	-	-	1,179,446	-	-	-	-	-	(30,181)
FNHA	-	-	-	-	-	-	-	-	-	1,179,446
CMHC	-	-	-	-	-	-	137,175	-	-	1,475,556
CSETS	-	-	-	-	(159,260)	(6,364,226)	254,548	-	-	137,175
Deferred	-	-	-	(20,801)	1,155,255	242,002	7,836,573	308,703	-	159,383
Other	567,067	295,237	244,772	20,801	1,155,255	242,002	7,836,573	308,703	5,442,062	4,547
	1,876,125	1,363,064	1,424,218	3,030,304	4,928,963	11,220,077	8,179,552	445,878	5,442,062	4,547
									37,914,790	28,961,268
Expenses										
Salaries and Benefits	251,205	40,676	567,490	186,483	-	203,537	34,040	234,948	-	1,518,379
Amortization	-	-	-	-	-	-	212,098	236,064	-	448,162
Direct Assistance	-	-	-	2,760,731	-	-	-	-	-	2,760,731
Education Flow-through	-	-	-	-	11,220,079	-	-	-	-	1,814,953
Program and Other Costs	1,424,349	980,136	454,416	155,627	5,676,763	7,001,992	225,774	4,318,221	-	11,220,079
	1,675,554	1,020,812	1,021,906	3,102,841	5,676,763	11,220,079	7,205,529	471,912	4,789,233	-
									36,184,629	25,918,486
Annual surplus (deficit) before adjustments	200,571	342,252	402,312	(72,537)	(747,800)	(2)	974,023	(26,034)	652,829	4,547
Investment in tangible capital assets									1,730,161	3,042,782
Annual surplus (deficit)										10,904,045
										4,688,890
										12,634,206
										7,731,672