

**TSAWOUT FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

*Brynjolfson & Co.
Chartered Professional Accountant*

TSAWOUT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019

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CONSOLIDATED FINANCIAL STATEMENTS

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TSAWOUT FIRST NATION

7728 Tetayut Rd

Saanichton, B.C. V8M 2E4

Management's Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Tsawout 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 government entities 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 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 Tsawout First Nations and meet when required.

On behalf of Tsawout First Nation:



Band Administrator

October 11, 2019
Victoria, B.C.



Brynjolfson & Co. Chartered Professional Accountant

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Tsawout First Nation:

Qualified Opinion

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying consolidated 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 Qualified 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.

Tsawout First Nation holds an investment in a Government Business Enterprise. This investment has not been recorded in the financial statements of Tsawout First Nation because the entity has not been audited nor their financial information made available during the audit process. Consequently, I am not able to determine the value of this investment, the net income or loss derived from this entity. In the previous year ended March 31, 2018 the investee's financial statements were prepared in accordance with International Financial Reporting Standards and subject to a review engagement by another accounting firm.

The investment in the enterprise is comprised of a 20% ownership, which as at March 31, 2018, the latest available financial statements, is \$254,131 of the shareholders' equity \$111,645 net income for the year ended March 31, 2018.

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

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

INDEPENDENT AUDITOR'S REPORT Cont'd

In preparing the consolidated 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 Consolidated Financial Statements

My 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 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 consolidated financial statements.

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 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 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 consolidated 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 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 Entity to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Entity's audit. I remain solely responsible for my audit opinion.

INDEPENDENT AUDITOR'S REPORT Cont'd

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.

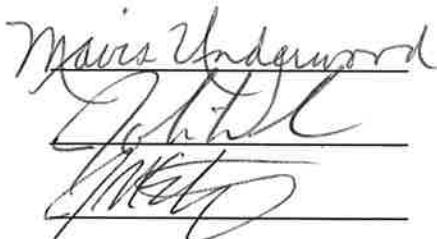
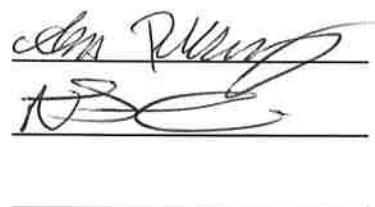
October 11, 2019
Victoria, B.C.

Brynjulfson + Co.

Chartered Professional Accountant

STATEMENT 1**Tsawout First Nation****Statement of Financial Position****As at March 31, 2019**

	<u>2019</u>	<u>2018</u>
Financial Assets		
Cash, Note 3	2,393,541	2,609,054
Accounts Receivable, Note 6	1,817,943	2,134,735
Ottawa Trust Funds, Note 4	<u>2,156</u>	<u>14</u>
	<u>4,213,640</u>	<u>4,743,803</u>
Liabilities		
Accounts Payable and Accrued Liabilities, Note 12	767,986	431,674
Deferred Revenue, Note 9	526,920	1,685,997
Long-term Debt, Note 8	6,891,493	6,939,274
Replacement Reserves	<u>1,502,476</u>	<u>1,242,182</u>
	<u>9,688,875</u>	<u>10,299,127</u>
Net Financial Assets (net debt)	(5,475,235)	(5,555,324)
Non-Financial Assets		
Tangible Capital Assets, Note 7	11,365,996	11,353,214
Prepaid Expenses	<u>43,234</u>	<u>37,793</u>
	<u>11,409,230</u>	<u>11,391,007</u>
Accumulated Surplus	<u>5,933,995</u>	<u>5,835,683</u>

*Contingent liabilities, Note 14***Approved by Chief and Council:**



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

STATEMENT 2

Tsawout First Nation

Statement of Operations

As at March 31, 2019

	<u>Budget</u>	<u>2019</u>	<u>2018</u>
Revenue			
Indigenous Services Canada	3,189,927	3,887,670	4,255,579
Health Canada	1,164,130	1,232,216	1,178,693
Government of Canada – GST	1,767,326	1,810,321	1,472,579
Property Taxation	1,303,210	1,459,741	1,196,492
Rentals and Rental Subsidies	1,111,603	1,072,105	1,097,055
Other	1,492,565	1,927,381	1,740,327
Deferred Revenue	1,546,597	1,159,077	(1,516,380)
Funding Recoveries	<u>—</u>	<u>(185,629)</u>	<u>—</u>
	<u>11,575,358</u>	<u>12,362,882</u>	<u>9,424,345</u>
Expenses			
Governance and Administration	494,235	578,154	371,388
Social Development	1,002,981	1,032,235	972,451
Lands Management	1,149,608	1,037,548	1,200,267
Public Works and Infrastructure	1,157,428	1,253,313	1,355,156
Economic Development	40,740	90,461	60,102
Health	1,273,996	1,127,667	1,060,925
Capital Projects	2,872,091	3,143,910	866,385
FNGST Programs	1,347,608	1,475,377	1,274,353
Fisheries	87,368	116,088	58,326
Property Taxation	1,308,875	1,336,811	1,543,871
Recreation and Community Facilities	71,990	41,604	60,663
Social Housing	337,354	378,292	299,032
Education Support	430,048	653,110	429,220
Trust Funds	<u>—</u>	<u>—</u>	<u>2,108</u>
	<u>11,574,322</u>	<u>12,264,570</u>	<u>9,554,247</u>
Annual surplus/(deficit)	<u>1,036</u>	98,312	(129,902)
Accumulated Surplus, Beginning of Year		<u>5,835,684</u>	<u>5,965,586</u>
Accumulated Surplus, End of Year		<u>5,933,996</u>	<u>5,835,684</u>

Segment Disclosure, Note 19

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

STATEMENT 3

Tsawout First Nation

For the 12 period(s) Ending March 31, 2019

Consolidated Statement of Change in Net Debt

	<u>2019</u>	<u>2018</u>
Annual surplus (deficit)	98,312	(129,902)
Tangible capital assets:		
Acquisition and adjustments of tangible capital assets	(552,809)	(23,682)
Amortization of tangible capital assets in operations	<u>540,026</u>	<u>535,823</u>
	<u>85,529</u>	<u>382,239</u>
Acquisition of prepaid asset	(43,234)	(37,793)
Use of prepaid asset	<u>37,794</u>	<u>93,487</u>
	<u>(5,440)</u>	<u>55,694</u>
Decrease in Net Debt	80,089	437,933
Net debt at beginning of year	<u>(5,555,324)</u>	<u>(5,993,257)</u>
Net debt at end of year	<u>(5,475,235)</u>	<u>(5,555,324)</u>

Note: 2019 budget figures are not available.

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

STATEMENT 4**Tsawout First Nation****For the 12 period(s) Ending March 31, 2019****Consolidated Statement of Cash Flow**

	<u>2019</u>	<u>2018</u>
Operating Activities		
Annual surplus (deficit)	98,312	(129,902)
Items not affecting cash:		
Amortization of tangible capital assets	540,026	535,823
Change in non-cash charges to operations		
Accounts receivable	316,792	(520,678)
Ottawa Trust	(2,142)	(7)
Accounts payable and accruals	336,312	(225,449)
Deferred revenue	(1,159,077)	1,599,880
Reserves	260,295	645,910
Prepaid expenses	(5,441)	55,694
Cash provided by (used in) operating activities	<u>385,077</u>	<u>1,961,271</u>
Capital Activities		
Acquisition of tangible capital assets	<u>(552,809)</u>	<u>(23,680)</u>
Financing Activities		
Proceeds from long term debt	503,609	-
Repayment of long term debt	<u>(551,390)</u>	<u>(410,193)</u>
	<u>(47,781)</u>	<u>(410,193)</u>
Increase (decrease) in cash during year	(215,513)	1,527,398
Cash at beginning of year	<u>2,609,054</u>	<u>1,081,656</u>
Cash at end of year	<u>2,393,541</u>	<u>2,609,054</u>
REPRESENTED BY		
Cash	1,922,532	2,176,412
Restricted cash	<u>471,009</u>	<u>432,642</u>
	<u>2,393,541</u>	<u>2,609,054</u>

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

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

1. NATURE OF OPERATIONS

Tsawout 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 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 Public Sector Accounting Board of the CPA Canada.

a) Reporting Entity

The reporting entity includes the Tsawout 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 are Stautw Property Development Corp. and Tkian Development Corp. Both corporations are currently inactive.

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

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) 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.

e) Deferred Revenue

Under the terms of the contribution agreement between the First Nation, INAC 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.

f) Long-term 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.

Land development is measured at cost for legal, consulting and engineering work needed to prepare the lands for subsequent property development agreement(s).

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

Amortization is provided for on a straight-line basis, over the the expected useful life of the assets at the following rates:

Infrastructure	2%
Buildings	3%
Non-CMHC Housing	5%
CMHC Housing	6%
Equipment – communication	5%
Equipment – construction & yard	5%
Equipment – classroom	7%
Equipment – marine	10%
Equipment – office	20%
Equipment – computer	33%
Vehicles	20%

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.

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.

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

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.

i) Financial Instruments

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, long-term debt, accounts payable and accrued liabilities. 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) 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.

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

I) Employee Future Benefits

Tsawout 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 Tsawout First Nation to the plan are expensed as incurred.

Sick leave benefits also accrue to Tsawout First Nation employees. However, the liability expires at the end of each calendar year for any unused benefits.

3. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Externally restricted		
Housing – restricted cash	471,009	432,610
Ottawa Trust	<u>2,156</u>	<u>32</u>
	<u>473,165</u>	<u>432,642</u>
Unrestricted		
Cash and banks	1,920,376	2,176,412
Total Cash and Cash Equivalents	<u>2,393,541</u>	<u>2,609,054</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 over funded by \$ 6,531 (2018 over funded by \$ 9,852).

Externally restricted – Replacement Reserve:

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$32,652 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 \$ 1,494 (2018 over funded by \$ 327).

TSAWOUT 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	7	2,142	-	2,149	7
Capital	7	-	-	7	7
	<u>14</u>	<u>2,142</u>	<u>-</u>	<u>2,156</u>	<u>14</u>

5. ECONOMIC DEPENDENCE

The government of Tsawout First Nation receives a major portion of its revenue from Indigenous and Northern Affairs 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

	2019	2018
• CSETS	\$ 79,588	\$ 118,796
• Fisheries	61,380	56,300
• Govt of Canada	115,785	345,549
• Rents Social Housing	735,929	659,689
• Other	446,612	605,641
• Taxation	289,630	166,367
• Utility Fees	<u>602,525</u>	<u>538,545</u>
	2,331,449	2,490,887
Less: Allowance for Doubtful Accounts	<u>(513,506)</u>	<u>(356,152)</u>
	<u><u>\$1,817,943</u></u>	<u><u>\$2,134,735</u></u>

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

7. TANGIBLE CAPITAL ASSETS

	C O S T			A M O R T I Z A T I O N				2019	2018
	Opening Balance	Additions	Closing Balance	Opening Balance	Amorti- zation	Closing Balance			
Buildings	11,144,553	-	11,144,553	3,152,455	283,023	3,435,478	7,709,075	7,992,098	
Equipment	758,099	-	758,099	677,973	26,072	694,045	64,054	90,126	
Infrastructure	3,397,462	-	3,397,462	1,439,162	67,949	1,507,111	1,890,351	1,958,300	
Equipment - auto	124,190	49,200	173,390	96,642	6,668	103,310	70,080	27,548	
Equipment - marine	24,215	-	24,215	19,371	2,420	21,791	2,424	4,844	
Land development	329,763	-	329,763	-	-	-	329,763	329,763	
Social Housing	<u>4,099,721</u>	<u>503,609</u>	<u>4,603,330</u>	<u>3,149,186</u>	<u>153,894</u>	<u>3,303,080</u>	<u>1,300,250</u>	<u>950,535</u>	
TOTALS	<u>\$19,878,003</u>	<u>552,809</u>	<u>20,430,812</u>	<u>8,524,789</u>	<u>540,026</u>	<u>9,064,815</u>	<u>11,365,997</u>	<u>11,353,214</u>	

** There were no deletions during the year.*

8. LONG-TERM DEBT

	2019	2018
Royal Bank of Canada, payable on demand, bearing interest at a fixed rate of 2.16%, blended payments of \$657 per month	\$ 32,355	\$ 38,788
Bank of Montreal, loan bearing interest at prime plus .50%, payable of \$2,696 per month blended, payable on demand	307,668	327,505
Bank of Montreal, fixed rate term loan, interest at P + 3%, payments of \$37,148 per month amortized over 25 years	3,893,889	4,180,472
Bank of Montreal, loan bearing interest at prime plus 1%, payments of \$11,585 per month blended, payable on demand	1,357,395	1,441,974
Mortgage payable with payments of \$3,143 per month including interest at 1.92% per annum, due April 2019, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	-	37,401

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

Mortgage payable with payments of \$2,264 per month including interest at 1.82% per annum, due Sept. 2019, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	138,261	162,687
Mortgage payable with payments of \$2,333 per month including interest at 1.43% per annum, due April 2022, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	213,941	238,702
Mortgage payable with payments of \$3,042 per month including interest at 1.86% per annum, due April 2024, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	180,035	212,809
Mortgage payable with payments of \$2,838 per month including interest at 2.39% per annum, due March 2023, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	271,683	298,936
Mortgage payable with payments of \$2,261 per month including interest at 2.52% per annum, due Sept. 2023, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	<u>496,266</u>	_____ -
Total	<u>6,891,493</u>	<u>6,939,274</u>

Anticipated annual principal repayments over the next five years:

Year 1	562,000
Year 2	579,000
Year 3	598,000
Year 4	617,000
Year 5	637,000

9. DEFERRED REVENUE	<u>2019</u>	<u>2018</u>
Indigenous Services Canada	\$ 404,346	\$ 1,522,897
Other	<u>122,574</u>	<u>163,100</u>
	<u>\$ 526,920</u>	<u>\$ 1,685,997</u>

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

10. 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.

11. EXPENSES BY OBJECT

	<u>2019</u>	<u>2018</u>
Wages	\$ 1,413,005	\$ 1,357,831
Benefits	225,336	234,970
Amortization	540,056	535,823
Contracts	4,122,997	1,621,542
Grants and donations	496,250	464,350
Lease flow-through	692,500	741,741
Materials and supplies	436,937	270,455
Municipal services	1,122,127	798,569
Other	2,061,561	2,588,855
Professional fees	243,206	100,546
Social Assistance	<u>910,595</u>	<u>839,566</u>
	<u>\$ 12,264,570</u>	<u>\$ 9,554,248</u>

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Trade payables	\$ 735,148	\$ 389,553
Accrued salaries and benefits payable	<u>32,838</u>	<u>42,120</u>
	<u>\$ 767,986</u>	<u>\$ 431,673</u>

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

13. 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 \$1,530,593 (2018 - \$1,605,011) as per confirmation provided by Indigenous Services Canada.

14. EMPLOYEE FUTURE BENEFITS

Tsawout First Nation has a group Registered Retirement Savings Plan (“RRSP”) for all eligible employees. All regular employees are eligible to participate in the plan. Contributions are 3.5% of annual salary by both the employer and the employee. RRSP contributions made and expensed by Tsawout First Nation for the year ended March 31, 2019 are \$27,054.

15. PRIOR PERIOD ADJUSTMENT

Prior period balances for replacement reserves regarding public works and capital projects have been reclassified in the comparative statements as equity rather than liability.

16. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

17. BUDGETED FIGURES

Unaudited budget figures have been provided for comparison purposes and have been derived from the estimates approved by Tsawout First Nation Chief and Council.

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

18. GOVERNMENT TRANSFERS

	2019			2018		
	Operating	Capital	Total	Operating	Capital	Total
Federal Govt Transfers:						
Indigenous Services Canada	2,491,966	1,395,704	3,887,670	2,390,169	1,865,410	4,255,579
Health Canada	1,232,216	-	1,232,216	1,178,693	-	1,178,693
CMHC	88,454	208,041	296,495	77,022	313,934	390,956
Other	<u>2,119,881</u>	<u>36,275</u>	<u>2,156,156</u>	<u>1,714,201</u>	<u>—</u>	<u>1,714,201</u>
Total	<u>5,932,517</u>	<u>1,640,020</u>	<u>7,572,537</u>	<u>5,360,085</u>	<u>2,179,344</u>	<u>7,539,429</u>
Provincial Govt	<u>361,567</u>	<u>—</u>	<u>361,567</u>	<u>179,857</u>	<u>—</u>	<u>179,857</u>

19. SEGMENTED INFORMATION

Tsawout First Nation provides a wide range of services to its membership. For management reporting purpose, Tsawout 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) Governance and Administration – this function pertains to all the general and administrative functions of Tsawout First Nation, including management, reception, accounting, human resource management, staff training, information technology and records.
- (b) Social Development and Training – this department delivers social assistance programs including basic needs, adult in home care and prevention programs.
- (c) Lands Management – this department is responsible for managing all related activities pertaining to First Nations lands; the department records legally enforceable interests as well as ensures the accuracy of the land leases, and related data.
- (d) Public Works – responsibilities include the care and maintenance of Tsawout First Nation infrastructure including government buildings, roads, water and sewer, and materials management.
- (e) 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.
- (f) 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.

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

(g) Capital - this department is responsible for the planning and construction of new capital facilities and infrastructure, as well as overseeing new housing projects.

(h) FNGST - this department administers funds received from the federal government pertaining to the GST sharing agreement; responsibilities include management of the membership recreation grant program.

(i) Fisheries – this department manages the Nation’s fisheries program(s).

(j) Property Taxation – this department operates under the Tsawout First Nation property tax system, and ensures that property tax funds are collected, tracked and segregated according to the Property Taxation bylaws and distributed according to the Annual Expenditure and Rates bylaws as per the provisions of the Tsawout First Nation Property Tax Expenditure bylaw.

(k) Recreation and Community Facilities – this department oversees the use of community facilities such as the gymnasium. It provides membership with activities to keep the community on a positive and productive track.

(l) Social Housing – this department is engaged with the administration of band housing for members.

(m) Education Support Services - the education department supports various education and training related programs including CSETS, the education committee, and daycare support.

(n) Trust Funds – oversees Ottawa Trust funds.

19. SEGMENTED STATEMENT OF OPERATIONS

Tsawout First Nation
Schedule of Segmented Operations
(Unaudited)
For the 12 Months Ended March 31, 2019

	Governance & Social Development Administration	& Training	Lands Management	Infrastructure & Public Works	Economic Development	Health Services	Capital Projects	FNGST Programs	Fisheries	Property Taxation	Recreation & Community Facilities	Education Support Services	Social Housing	Trust Funds	Totals - 2019	Totals - 2018
Revenue																
ISC	473,177	911,808	457,283	189,562	41,577	0	1,395,032	0	0	0	233,802	0	0	3,702,041	4,255,579	
Health Canada	0	0	0	0	0	1,232,216	0	0	0	0	0	0	0	0	1,232,216	1,178,893
Other Federal Funding	0	0	0	0	0	0	244,316	1,810,321	51,115	0	0	256,445	90,160	0	2,454,357	2,105,157
Own Source Revenue	0	0	752,373	544,404	0	0	0	0	30,000	1,459,741	23,850	13,035	212,078	0	3,035,481	2,798,312
Reserve Fund Revenue	0	0	0	0	0	0	0	0	0	0	0	0	(4,350)	0	(4,350)	1,029
Interest and Other	116,238	0	1,572	252,259	8,000	52,741	0	0	141,785	42,551	0	166,088	686	2,142	784,062	681,655
Deferred Revenue	0	(50,884)	(303,790)	0	0	6,096	1,516,597	0	0	0	0	(8,942)	0	0	1,159,077	(1,516,380)
	\$589,415	\$860,724	\$907,438	\$986,225	\$49,577	\$1,291,053	\$3,155,945	\$1,810,321	\$222,900	\$1,502,292	\$23,850	\$662,428	\$298,574	\$2,142	12,362,884	\$9,424,344
Expenses																
Salaries and Benefits	275,721	102,178	68,589	285,396	0	515,797	0	0	11,117	0	40,626	318,917	0	0	1,638,341	1,593,571
Amortization	11,131	0	0	369,019	291	152	0	0	2,422	0	3,117	0	153,894	0	540,026	536,623
Direct Assistance	0	910,585	0	0	0	0	0	0	0	0	0	0	0	0	910,595	839,566
Debt Servicing and Interest	13,412	0	0	206,581	0	0	0	0	0	742	0	0	23,177	0	243,912	279,786
Program Delivery Costs and Other	780,747	7,207	875,367	1,652,222	90,461	407,414	3,222,883	479,700	98,103	969,269	978	307,990	201,221	0	9,091,562	8,467,547
	\$1,081,011	\$1,019,880	\$963,956	\$2,513,218	\$90,752	\$923,363	\$3,222,883	\$479,700	\$109,642	\$970,011	\$44,721	\$626,907	\$378,292	\$0	12,424,436	\$9,716,693
Transfers to (from) other departments	(502,857)	12,255	73,592	(1,259,903)	(291)	204,304	(78,973)	995,677	6,446	366,800	(3,117)	26,203	0	0	(159,864)	(162,447)
	\$578,154	\$1,032,235	\$1,037,548	\$1,253,315	\$90,461	\$1,127,667	\$3,143,910	\$1,475,377	\$116,088	\$1,335,811	\$41,604	\$653,110	\$378,292	\$0	12,284,572	\$9,554,246
Annual surplus (deficit)	\$11,261	(\$171,511)	(\$130,110)	(\$267,090)	(\$40,884)	\$183,386	\$12,035	\$334,944	\$106,812	\$165,481	(\$17,754)	\$9,318	(\$79,718)	\$2,142	\$98,312	(\$129,902)