

TSEY CUM FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Tseycum First Nation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Tseycum First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Chief and Council carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Chief and Council and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Chief and Council prior to its approval of the financial statements. The Committee also considers, for review by the Chief and Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by PALMER LESLIE, Chartered Professional Accountants, in accordance with Canadian public sector accounting standards



Chief Tanya Jimmy



Councillor

Sidney, BC
June 09, 2022



Alex E. Palmer, C.P.A., C.A.*
Tammy Leslie, C.P.A., C.G.A., C.A.*
Tavish Annis, C.P.A., C.G.A.*
Lori John, C.P.A., C.G.A.*

*A professional corporation.

**To the Members of
Tseycum First Nation**

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying consolidated financial statements of Tseycum First Nation (the First Nation), which comprise the Consolidated Statement of Financial Position as at March 31, 2020, Consolidated Statements of Operations and Accumulated Surplus, Change in Net Debt and Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory information and schedules one through six which are comprised of the Statement of Financial position, Statement of Operations and Accumulated Surplus, Change in Net Financial Debts and Cash Flows for the Social Housing program.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

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In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

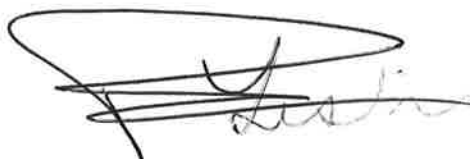
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

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

Duncan, BC
June 9, 2022

A handwritten signature in dark ink, consisting of a large, stylized loop at the top, followed by several horizontal strokes and a final flourish extending to the right.

Chartered Professional Accountants

**TSEYCUM FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021**

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 1,038,400	\$ 112,080
Restricted cash (Note 7)	300,894	238,423
Accounts receivable (Note 4)	577,195	446,611
Portfolio investments (Note 5)	3	3
	<u>1,916,492</u>	<u>797,117</u>
Liabilities		
Accounts payable and accrued liabilities	259,875	760,304
Deferred revenues	16,629	16,629
Bank loans (Notes 9 & 17)	369,430	406,797
Accrued payroll and benefits	224,593	162,578
	<u>870,527</u>	<u>1,346,308</u>
Net Debt - Exhibit "C"	<u>1,045,965</u>	<u>(549,191)</u>
Non-Financial Assets		
Tangible capital assets (Notes 1 & 10)	4,545,848	4,179,822
Deferred expenditures (Note 6)	22,880	27,437
	<u>4,568,728</u>	<u>4,207,259</u>
Accumulated Surplus - Exhibit "B"	<u>\$ 5,614,693</u>	<u>\$ 3,658,068</u>


Chief


Councillor

Councillor

TSEYCU M FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2021

	2021		2020
	Budget	Actual	
Revenue			
Federal Government:			
Department of Indigenous Service Canada	998,599	\$ 1,271,925	\$ 932,919
Department of Fisheries and Oceans	-	939,669	233,090
Mortgage and Housing Corporation	-	532,802	43,951
Provincial Government	-	940,106	130,779
First Nation Gaming Fund	-	299,288	279,688
Victoria Airport Authority	-	22,186	8,216
Coast Salish Employment and Training Society	67,158	57,340	65,340
Fishing license lease	-	-	9,155
First Nation Education Steering Committee	10,000	43,599	-
First Nation Health Authority	-	561,401	504,581
Victoria Native Friendship Centre	-	11,789	13,553
Intertribal Health Authority	286,156	1,200	13,400
Interest Income	14,055	5,873	-
Tsartlip First Nation	45,828	20,554	45,830
BC Hydro	-	2,000	2,820
Indigenous Advisory and Monitoring Committees	-	304,201	-
Naut'sa Mawt Tribal Council	-	39,090	-
Specific Claim Funds	-	174,961	-
Capital Regional District	-	-	5,000
Industrial Bloom	-	-	40,000
Transport Canada - Enhance Maritime Situational Awareness	-	355,424	-
United Way of Victoria	10,000	-	-
Port of Vancouver	-	35,500	286,577
First Nation Lands Management	-	29,750	56,250
AFOA	-	-	3,671
Federal Government - consultations	-	20,000	-
First Peoples Culture Council	-	97,635	-
New Relationship Trust	45,828	30,500	20,000
Cafeteria	-	-	96,673
Canada Transport - Marine Stewardship	-	-	198,858
Rent	-	36,282	53,159
Island Health	-	-	31,750
University of Victoria	-	-	8,910
Nil Tu,o CFS Society	-	69,125	59,959
WSANEC	-	1,000	20,000
Trust funds held by Federal Gov't (Note 7)	-	62,559	519,603
Camosun College	3,462	-	-
Economic activities - other	63,870	16,899	19,272
	<u>1,544,956</u>	<u>5,982,658</u>	<u>3,703,004</u>

**TSEY CUM FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2021**

	2021		2020
	Budget	Actual	
Revenue (balance forward)	1,544,956	5,982,658	3,703,004
Expenses			
Amortization	-	249,299	217,595
Operating fund (net of cost allocations) (Note 11)	1,682,594	3,737,460	3,108,883
Social housing (net of cost allocations) (Note 11)	-	39,272	40,276
	<u>1,682,594</u>	<u>4,026,031</u>	<u>3,366,754</u>
Annual surplus/(deficit) - Exhibits "C" & "D"	(137,638)	1,956,627	336,250
SURPLUS, beginning of year	<u>3,658,068</u>	<u>3,658,068</u>	<u>3,321,818</u>
Accumulated Surplus/(Deficit), end of year - Exhibit "A"	<u>\$ 3,520,430</u>	<u>\$ 5,614,695</u>	<u>\$ 3,658,068</u>

Exhibit "C"

**TSEYCUM FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2021**

	2021		2020
	Budget	Actual	
Annual Surplus - Exhibit "B"	\$ (137,638)	\$ 1,956,627	\$ 336,250
Acquisition of tangible capital assets	-	(615,325)	(193,097)
Amortization of tangible capital assets	-	249,299	217,595
Use of prepaid expenses	-	4,556	(4,761)
(Increase)/Decrease in net debt	(137,638)	1,595,157	355,987
Net debt, beginning of year	(549,191)	(549,191)	(905,178)
Net debt, end of year - Exhibit "A"	<u>\$ (686,829)</u>	<u>\$ 1,045,966</u>	<u>\$ (549,191)</u>

**TSEY CUM FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
Operating transactions		
Annual Surplus - Exhibit "B"	\$ 1,956,627	\$ 336,250
Non-cash items included in annual surplus/(deficit)		
Amortization of tangible capital assets	<u>249,299</u>	<u>217,595</u>
	2,205,926	553,845
Change in non-cash working capital balances		
Accounts receivable	(130,584)	(29,682)
Deferred expenditures	4,556	(4,761)
Accounts payable and accrued liabilities	(500,430)	190,623
Deferred revenues	-	(82,688)
Accrued payroll and benefits	<u>62,015</u>	<u>76,297</u>
Cash provided by operating transactions	<u>1,641,483</u>	<u>703,634</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(615,325)</u>	<u>(193,097)</u>
Cash provided/(applied) by capital transactions	<u>(615,325)</u>	<u>(193,097)</u>
Financing transactions		
Repayment of loans	<u>(37,367)</u>	<u>(44,930)</u>
Cash applied to financing transactions	<u>(37,367)</u>	<u>(44,930)</u>
Increase/(decrease) in cash and cash equivalents	988,791	465,607
Cash and cash equivalents, beginning of year	<u>350,503</u>	<u>(115,104)</u>
Cash and cash equivalents, end of year	<u>\$ 1,339,294</u>	<u>\$ 350,503</u>
Represented by:		
Cash - restricted	\$ 300,894	\$ 238,423
Cash - unrestricted	1,038,400	112,080
	<u>\$ 1,339,294</u>	<u>\$ 350,503</u>

TSEYECUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These summarized financial statements have been prepared in accordance with Generally Accepted Accounting Standards for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, which encompasses the following principles:

Fund Accounting

The assets and liabilities have been segregated by fund in respective statements of financial position. Operating results are reported by schedule for the purpose of providing information relating to specific objectives, as determined by statutory requirement, management needs or pursuant to various fiscal arrangements entered into by the First Nation.

The Operating Fund reports the general and local Government activities of the First Nation Administration.

The Social Housing Fund reports the activities within the First Nation sponsored Social Housing Program.

The Enterprise Fund reports the results of activities for independent commercial entities owned by the First Nation.

The Trust Fund reports on trust funds owned by the First Nation and held by third parties.

The Capital Fund reports the capital asset transactions of the First Nation, including information as to the source and application of financing.

Saanich Indian School Board

Tseycum First Nation has permitted Indigenous Service Canada to allocate its education funding to the Saanich Indian School Board. Indigenous Service Canada has contributed these monies directly to the School Board. Tseycum First Nation is not responsible for the activities of the school.

Asset Classification

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

TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES cont'd

Tangible Capital Assets

Buildings, infrastructure and equipment expenditures incurred after March 31, 2000 were valued at acquisition cost and were recorded in the Capital Fund. With the exception of Band Owned Housing and Social Housing, expenditures incurred previous to April 1, 2000 were charged to operations in the year of acquisition and had not been reflected in the Capital Fund.

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are funded by the applicable revenue source in the year of acquisition. These expenditures are also recorded as an addition to the assets of the Capital Fund with a corresponding increase in Equity in Capital Assets.

Tangible Capital Assets are amortized annually with a corresponding reduction in Equity in Capital Assets. Assets are amortized over their expected useful life using the declining balance method at the following rates:

Buildings	4%
Community Infrastructure	4%
Equipment	20%
General Housing	5%
Computers	100%

In the year of acquisition 50% of the normal amortization is recorded.

Net Debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

Funding received which relates to the following fiscal period is reflected as deferred revenue on the Statement of Financial Position.

Funding which is received and recorded as revenue in the current period, but which is committed to expenditures in the subsequent period or is subject to recovery by the funding agency, is classified as a restricted surplus.

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES cont'd

Measurement Uncertainty

In preparing the financial statements for the government of Tseycum First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. The main estimates used in preparing these financial statements include allowance for doubtful accounts and accrued liabilities. Actual results could differ from these estimates.

2. ECONOMIC DEPENDENCE

The First Nation received a major portion of its operating revenues pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by Tseycum First Nation and Indigenous Service Canada. It is expected that the agreement will be renewed on an annual basis.

Funding is based on an annual budget which is agreed to by the parties and consists of flexible transfer payments and contribution payments. In the case of the flexible transfer payments, the First Nation is permitted to use surpluses at its own discretion, provided the terms and conditions of the agreement are met, but must take responsibility for any deficits. In the case of the contribution payments, any surpluses must be returned to Indigenous Service Canada.

3. TRANSFERS

All transfers between funds have been approved by the Council with an appropriate Band Council Resolution having been affected where required.

TSEYECUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

4. ACCOUNTS RECEIVABLE

	2021	2020
Operating Fund		
Band Members	\$ 54,081	\$ 30,116
Government of Canada		
Department of Fisheries and Oceans	123,748	233,778
Goods and Services Tax	5,300	5,300
Indigenous Service Canada	120,000	66,112
Coast Salish Employment and Training Society	17,009	38,201
Canada Mortgage and Housing	25,224	27,311
First Nation Entities	43,599	-
Royal BC Museum	-	6,000
Nil Tu,o CFS Society	31,200	
Natural Resources Canada	78,050	-
New Relationship's Trust	5,000	-
First Peoples Cultural Council	19,527	-
Naut'sa Mawt Tribal Council	19,545	-
	542,283	406,818
Social Housing Fund		
Rent	<u>34,912</u>	<u>39,793</u>
	<u>\$ 577,195</u>	<u>\$ 446,611</u>

5. PORTFOLIO INVESTMENTS

	2021	2020
Long Term Investments	\$ <u>3</u>	\$ <u>3</u>

This corporation is a subsidiary of the First Nation and was incorporated under the British Columbia Company Act on July 26, 2001. The company's year end is March 31. The company is presently inactive and its only asset is a trailer. All operating expenses for the asset are paid by the First Nation and are reflected in these financial statements.

TSEYECUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

6. DEFERRED EXPENDITURES

Deferred expenditures consist of the following payments made in the current year which are related to activities in the next fiscal period.

	2021	2020
Social Development payments	<u>\$ 22,880</u>	<u>\$ 27,437</u>

7. RESTRICTED CASH

	2021	2020
Ottawa Trust Funds	\$ 292,626	\$ 230,067
Replacement Reserve	<u>8,268</u>	<u>8,356</u>
	<u>\$ 300,894</u>	<u>\$ 238,423</u>

Ottawa Trust Funds

The Ottawa 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.

	Opening Balance	Additions	Withdrawals	Closing Balance 2021	2020
Revenue	\$ 4,340	\$ 3,789	\$ -	\$ 8,129	\$ 4,340
Capital	<u>225,727</u>	<u>58,770</u>	<u>-</u>	<u>284,497</u>	<u>225,727</u>
	<u>\$ 230,067</u>	<u>\$ 62,559</u>	<u>\$ -</u>	<u>\$ 292,626</u>	<u>\$ 230,067</u>

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

7. RESTRICTED CASH cont'd

Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$7,000 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.

Subsidy Surplus Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited 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 this account may only be used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance. At year end, this Reserve was not funded.

8. USE OF ESTIMATES

The preparation of financial statements in accordance with Generally Accepted Accounting Standards for the Public Sector Accounting Board requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the collectibility of accounts receivable, deferred revenues and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

9. LONG TERM DEBT cont'd

FUTURE SCHEDULED PRINCIPAL REDUCTION	2022	2023	2024	2025	2026
Band Owned Housing Loans					
Royal Bank	\$ 9,057	\$ -	\$ -	\$ -	\$ -
Social Housing Loans					
CMHC – Royal Bank	\$ <u>25,556</u>	\$ <u>26,049</u>	\$ <u>26,551</u>	\$ <u>27,062</u>	\$ <u>27,584</u>
TOTAL	\$ <u>34,613</u>	\$ <u>26,049</u>	\$ <u>26,551</u>	\$ <u>27,062</u>	\$ <u>27,584</u>

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

9. LONG TERM DEBT cont'd

FUTURE SCHEDULED PRINCIPAL REDUCTION	2022	2023	2024	2025	2026
Band Owned Housing Loans					
Royal Bank	\$ 9,057	\$ -	\$ -	\$ -	\$ -
Social Housing Loans					
CMHC – Royal Bank	\$ <u>25,556</u>	\$ <u>26,049</u>	\$ <u>26,551</u>	\$ <u>27,062</u>	\$ <u>27,584</u>
TOTAL	\$ <u>34,613</u>	\$ <u>26,049</u>	\$ <u>26,551</u>	\$ <u>27,062</u>	\$ <u>27,584</u>

Palmer Leslie
Chartered Professional Accountant

TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

10. TANGIBLE CAPITAL ASSETS

	Cost Mar. 31, 2020	Additions	Dispositions/ Transfers	Cost Mar. 31, 2021
Operating Fund				
Band Housing	\$ 2,238,872	\$ -	\$ -	\$ 2,238,872
Multi Purpose Building and Longhouse	225,005	-	-	225,005
Portables	140,652	-	-	140,652
Head Start Building	42,500	-	-	42,500
Drainage Improvements	582,516	-	-	582,516
Water Mains and Road Upgrades	960,304	-	-	960,304
Infrastructure	729,966	-	-	729,966
Sewer Systems	522,045	-	-	522,045
Foreshore Project	167,773	-	-	167,773
General Equipment	136,993	-	-	136,993
Vehicle Equipment	216,088	150,625	-	216,088
Office Equipment	76,699	-	-	76,699
Computer Equipment	61,783	3,000	-	64,783
	<u>6,101,196</u>	<u>153,625</u>	<u>-</u>	<u>6,254,821</u>
Social Housing Fund				
Buildings and Equipment	<u>1,150,570</u>	<u>461,700</u>	<u>-</u>	<u>1,612,270</u>
	<u>\$ 7,251,766</u>	<u>\$ 615,325</u>	<u>\$ -</u>	<u>\$ 7,867,091</u>
	Accumulated Amortization	Amortization	Dispositions/ Transfers	Accumulated Amortization
Operating Fund				
Band Housing	\$ 805,027	\$ 57,353	\$ -	\$ 862,380
Multi Purpose Building and Longhouse	117,724	3,831	-	121,555
Portables	88,613	6,116	-	94,729
Head Start Building	4,115	1,535	-	5,650
Drainage Improvements	249,201	13,333	-	262,534
Water Mains and Road Upgrades	269,787	27,621	-	297,408
Infrastructure	265,172	18,592	-	283,764
Sewer Systems	262,374	10,387	-	272,761
Foreshore Project	81,379	3,456	-	84,835
General Equipment	112,833	4,095	-	116,928
Vehicle Equipment	50,954	72,585	-	123,539
Office Equipment	76,805	716	-	77,521
Computer Equipment	56,690	3,714	-	60,404
	<u>2,440,673</u>	<u>223,334</u>	<u>-</u>	<u>2,664,008</u>
Social Housing Fund				
Buildings and Equipment	<u>631,271</u>	<u>25,965</u>	<u>-</u>	<u>657,235</u>
	<u>\$ 3,071,944</u>	<u>249,299</u>	<u>-</u>	<u>3,321,243</u>
Net Book Value	<u>\$ 4,179,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,545,848</u>

TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

10. TANGIBLE CAPITAL ASSETS cont'd

Interest included in cost of additions in the year ended March 31, 2021 totaled \$nil (2020 - \$nil). All tangible capital assets were amortized in the year.

11. EXPENDITURES BY OBJECT

	Budget	2021	2020
Operating fund			
Administration	\$ 40,151	\$ -	\$ -
Advertising and donations	-	100	328
Bad Debt Expenses/(Recoveries)	-	(6,152)	24,598
Basic needs	-	358,034	317,621
Bank charges and interest	-	8,379	11,799
Contract - general	189,748	1,109,002	1,165,631
Equipment lease and repairs	-	3,696	5,040
Honoraria	91,440	248,326	128,511
Insurance, licenses & dues	-	36,925	40,500
Materials and supplies	19,800	385,460	349,480
Meetings	-	4,250	-
Mortgage interest	-	12,710	12,716
Office	-	1,046	26,013
Professional fees	37,823	100,516	225,170
Programs	326,206	493,963	78,663
Repairs and maintenance	46,000	60,677	6,591
Training	3,949	-	12,927
Travel	2,450	12,371	73,632
Telephone and utilities	38,500	75,367	58,326
Wages and benefits	580,956	683,915	610,938
Cost allocations	305,491	148,905	39,601
	<u>\$ 1,682,594</u>	<u>\$ 3,737,460</u>	<u>\$ 3,108,883</u>
	Budget	2021	2020
Social Housing			
Insurance	\$ -	\$ 4,623	\$ 4,623
Mortgage payments	-	32,210	48,125
Professional fees	-	1,500	1,500
Replacement Reserve	-	7,000	7,000
Utilities	-	19,057	19,057
Cost allocations	-	(25,118)	(44,829)
	<u>\$ -</u>	<u>\$ 39,272</u>	<u>\$ 40,276</u>

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12. RESTRICTED EQUITY IN FINANCIAL ASSETS

Certain program surpluses are restricted as to their use. They may be committed to the continuation of the particular program, subject to recovery by the applicable funding agency, or generally accessible for limited purposes only and not available for use in general operations.

13. DEFICIT RECOVERY AND GOING CONCERN CONSIDERATIONS

The First Nation is economically dependent on the Department of Indigenous Service Canada (ISC). The funding to the First Nation is expected to last in the foreseeable future, however, if funding is lost, the First Nation could not continue all operations.

14. RELATED PARTIES

At year end, payroll advances, rental payments owed and loans to Elected Officials of the First Nation totaled \$62,586 (2020 - \$40,586).

The First Nation has guaranteed three members' mortgages for 3 homes built on the reserve in prior years. The balances in the three mortgages at March 31, 2021 are \$26,001; \$55,813 and \$35,744 (2020 - \$125,141). Should any of the members default on their loan, the title to the home would revert to the First Nation. Two of the homes were appraised at \$298,000 and \$285,000 respectively at March 31, 2007.

15. COMPARATIVE FIGURES

The comparative balances have been reclassified where necessary to the current financial statement format.

16. FINANCIAL INSTRUMENTS

The First Nation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is the First Nation Management's opinion that the First Nation is not exposed to significant interest rate, credit, or currency risk arising from these financial instruments.

Held for trading

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition of adoption of CICA (PSAB) 3450 Financial Instruments - Recognition and Measurement, even if that instrument would otherwise satisfy the definition of held for trading. The First Nation has classified the following assets and liabilities as held for trading: cash and term deposits.

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17. FINANCIAL INSTRUMENTS cont'd

The First Nation's held for trading instruments are initially recognized at their fair value. Any gain/loss arising as a result of the difference between the carrying amount and their fair value is recognized in net income. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are not recorded on the settlement date. Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value are recognized immediately in income.

Loans and receivables

The First Nation has classified the following financial assets as loans and receivables: accounts receivable. The assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell items are recorded on the settlement date. Total interest income, calculated using the effective interest rate method, is recognized in total income.

Other financial liabilities

The First Nation has classified the following financial liabilities as other financial liabilities: accounts payable. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date. Total interest expense (if any) is calculated using the effective interest rate method and would be recognized in net income.

18. BUDGET FIGURES

The budget figures were compiled from information provided by the management of the First Nation and were neither audited nor reviewed.

19. CONTINGENT LIABILITIES

The First Nation has been named in a lawsuit during the year end, but the outcome of the lawsuit is undeterminable at this time.

20. SUBSEQUENT EVENT

In March 2020, the COVID-19 outbreak has caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of self-imposed quarantine periods, suspension of in-classroom learning and workshops and social distancing measures, could have a significant impact on the services offered to the First Nation as well as many other businesses worldwide. At this time, it is not possible to reliably estimate the length and severity of the impact the COVID-19 outbreak may have on the First Nation's financial results for the remainder of 2021 and beyond.