

TSEYCUM FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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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 are responsible for ensuring that management fulfills its responsibility for financial reporting and are 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
January 18, 2023



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

Qualified 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, 2022, 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 five 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, with the exception of the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2022, 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 Qualified Opinion

In common with many not-for-profit and local governmental organizations, the First Nation began in the current fiscal year to derive revenue from Chase the Eagle fundraising in the form of cash, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, accumulated surplus/deficit, and cash flows for the year ended March 31, 2022, financial assets as at March 31, 2022 and net debt as at March 31, 2022. 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

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the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Amended Financial Statements

We draw attention to Note 21 to the financial statements, which describes that the financial statements that we originally reported on June 22, 2022 have been amended and describes the matter that gave rise to the amendment of the financial statements. Our opinion is not modified in respect of this matter.

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.

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
January 18, 2023

Chartered Professional Accountants

**TSEYCUM FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022**

	2022	2021 (Restated - Note 21)
Financial Assets		
Cash and cash equivalents	\$ 256,695	\$ 1,038,400
Restricted cash (Note 7)	105,561	300,894
Accounts receivable (Note 4)	968,955	577,195
Portfolio investments (Note 5)	<u>3</u>	<u>3</u>
	<u>1,331,214</u>	<u>1,916,492</u>
Liabilities		
Accounts payable and accrued liabilities	405,852	259,874
Deferred revenues	46,629	16,629
Bank loans (Notes 9 and 21)	900,765	857,736
Accrued payroll and benefits	<u>244,973</u>	<u>224,593</u>
	<u>1,598,219</u>	<u>1,358,832</u>
Net Debt - Exhibit "C"	<u>(267,005)</u>	<u>557,660</u>
Non-Financial Assets		
Tangible capital assets (Notes 1 & 10)	6,629,761	4,545,848
Deferred expenditures (Note 6)	<u>30,059</u>	<u>22,881</u>
	<u>6,659,820</u>	<u>4,568,729</u>
Accumulated Surplus - Exhibit "B"	<u>\$ 6,392,815</u>	<u>\$ 5,126,389</u>


Chief


Councillor


Councillor

TSEYCU M FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2022

	2022		2021
	Budget	Actual	(Restated - Note 21)
Revenue			
Federal Government:			
Department of Indigenous Service Canada	-	\$ 1,188,572	\$ 1,271,925
Department of Fisheries and Oceans	-	186,994	939,669
Mortgage and Housing Corporation (Note 21)	-	287,139	44,496
Canadian Coast Guard	-	452,101	-
Pacific Economic Development Canada	-	750,002	-
Natural Resources Canada	-	50,671	-
Provincial Government	-	67,048	940,106
First Nation Gaming Fund	-	170,408	299,288
Victoria Airport Authority	-	20,763	22,186
Coast Salish Employment and Training Society	-	111,966	57,340
Fishing license lease	-	24,575	-
First Nation Education Steering Committee	-	-	43,599
First Nation Health Authority	-	793,044	561,401
Victoria Native Friendship Centre	-	85,959	11,789
Intertribal Health Authority	-	-	1,200
Interest Income	-	-	5,873
Tsartlip First Nation	-	-	20,554
BC Hydro	-	2,000	2,000
Western Indigenous Pipeline Group	-	99,000	-
Indigenous Advisory and Monitoring Committees	-	-	304,201
Naut'sa Mawt Tribal Council	-	-	39,090
Wsi,l,Kem Village Site Pre-Settlement Trust (Note 20)	-	716,300	174,961
Transport Canada - Enhance Maritime Situational Awareness	-	135,896	355,424
Port of Vancouver	-	-	35,500
First Nation Lands Management	-	-	29,750
Federal Government - consultations	-	-	20,000
First Peoples Culture Council	-	94,069	97,635
New Relationship Trust	-	-	30,500
Donations received for Wellness Centre	-	102,250	-
Rent	-	65,971	36,282
University of Victoria	-	8,000	-
Nil Tu,o CFS Society	-	60,600	69,125
WSANEC	-	1,048	1,000
Chase the Eagle fundraiser (Note 22)	-	61,558	-
Trust funds held by Federal Gov't (Note 7)	-	3,441	62,559
Economic activities - other	-	132,329	16,899
	-	<u>5,671,704</u>	<u>5,494,352</u>

TSEY CUM FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2022

	2022		2021
	Budget	Actual	(Restated - Note 21)
Revenue (balance forward)	-	5,671,704	5,494,352
Expenses			
Amortization	-	273,592	249,299
Operating fund (net of cost allocations) (Note 11)	-	4,088,314	3,737,460
Social housing (net of cost allocations) (Note 11)	-	43,372	39,272
	-	4,405,278	4,026,031
Annual surplus/(deficit) - Exhibits "C" & "D"	-	1,266,426	1,468,321
 SURPLUS, beginning of year	 5,126,389	 5,126,389	 3,658,068
Accumulated Surplus/(Deficit), end of year - Exhibit "A"	\$ 5,126,389	\$ 6,392,815	\$ 5,126,389

Exhibit "C"

**TSEY CUM FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2022**

	<u>2022</u>		<u>2021</u>
	Budget	Actual	(Restated - Note 21)
Annual Surplus - Exhibit "B"	\$ -	\$ 1,266,426	\$ 1,468,321
Acquisition of tangible capital assets	-	(2,357,504)	(615,325)
Amortization of tangible capital assets	-	273,592	249,299
Use of prepaid expenses	-	(7,179)	4,556
(Increase)/Decrease in net debt	-	(824,665)	1,106,851
Net debt, beginning of year	<u>557,660</u>	<u>557,660</u>	<u>(549,191)</u>
Net debt, end of year - Exhibit "A"	<u>\$ 557,660</u>	<u>\$ (267,005)</u>	<u>\$ 557,660</u>

**TSEY CUM FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022**

	<u>2022</u>	<u>2021</u> (Restated - Note 21)
Operating transactions		
Annual Surplus - Exhibit "B"	\$ 1,266,426	\$ 1,468,321
Non-cash items included in annual surplus/(deficit)		
Amortization of tangible capital assets	<u>273,592</u>	<u>249,299</u>
	1,540,018	1,717,620
Change in non-cash working capital balances		
Accounts receivable	(391,760)	(130,584)
Deferred expenditures	(7,179)	4,556
Accounts payable and accrued liabilities	145,978	(500,430)
Deferred revenues	30,000	-
Accrued payroll and benefits	<u>20,380</u>	<u>62,015</u>
Cash provided by operating transactions	<u>1,337,437</u>	<u>1,153,177</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(2,357,504)</u>	<u>(615,325)</u>
Cash provided/(applied) by capital transactions	<u>(2,357,504)</u>	<u>(615,325)</u>
Financing transactions		
Advances/(repayment) of loans	<u>43,029</u>	<u>450,939</u>
Cash received/(applied) from financing transactions	<u>43,029</u>	<u>450,939</u>
Increase/(decrease) in cash and cash equivalents	(977,038)	988,791
Cash and cash equivalents, beginning of year	<u>1,339,294</u>	<u>350,503</u>
Cash and cash equivalents, end of year	<u>\$ 362,256</u>	<u>\$ 1,339,294</u>
Represented by:		
Cash - restricted	\$ 105,561	\$ 300,894
Cash - unrestricted	<u>256,695</u>	<u>1,038,400</u>
	<u>\$ 362,256</u>	<u>\$ 1,339,294</u>

TSEYECUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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.

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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, 2022

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, 2022

4. ACCOUNTS RECEIVABLE

	2022	2021
Operating Fund		
Band Members	\$ 55,581	\$ 54,081
Government of Canada		
Department of Fisheries and Oceans	168,380	123,748
Goods and Services Tax	44,219	5,300
Indigenous Service Canada	40,000	120,000
Coast Salish Employment and Training Society	53,889	17,009
Canada Mortgage and Housing	-	25,224
First Nation Entities	-	43,599
Western Diversification	375,000	-
Canadian Coast Guard	6,540	-
Victoria Native Friendship Centre	5,370	-
Nil Tu,o CFS Society	5,200	31,200
Natural Resources Canada	80,486	78,050
New Relationship's Trust	5,000	5,000
First Peoples Cultural Council	66,562	19,527
Naut'sa Mawt Tribal Council	19,545	19,545
	925,772	542,283
Social Housing Fund		
Rent	<u>43,183</u>	<u>34,912</u>
	<u>\$ 968,955</u>	<u>\$ 577,195</u>

5. PORTFOLIO INVESTMENTS

	2022	2021
Long Term Investments	<u>\$ 3</u>	<u>\$ 3</u>

The Tseycum Development 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 commenced operations in 2022. All revenue and operating expenses for the company are reflected in these financial statements. At year end, the company had a bank balance of \$1,000 and corresponding deferred revenues of the same amount.

TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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.

	2022	2021
Social Development payments	\$ 25,059	\$ 22,881
Deposition Vehicle Purchase	<u>5,000</u>	<u>-</u>
	<u>\$ 30,059</u>	<u>\$ 22,881</u>

7. RESTRICTED CASH

	2022	2021
Ottawa Trust Funds	\$ 36,067	\$ 292,626
Replacement Reserve	8,208	8,268
Fundraising – Chase the Eagle	<u>61,286</u>	<u>-</u>
	<u>\$ 105,551</u>	<u>\$ 300,894</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 2022	2021
Revenue	\$ 8,129	\$ 3,441	\$ -	\$ 11,570	\$ 8,129
Capital	<u>284,497</u>	<u>-</u>	<u>260,000</u>	<u>24,497</u>	<u>284,497</u>
	<u>\$ 292,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,067</u>	<u>\$ 292,626</u>

TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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.

Fundraising – Chase the Eagle

Commencing in the fiscal period ending March 31, 2022 the First Nation undertook a fundraising operation similar to the one in the Maritimes called Chase the Ace. The fundraising was to assist in the construction costs of the Wellness Centre project.

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, 2022

9. LONG TERM DEBT

Lender	Loan	Interest Rate	Compounding	Date	Monthly Payment	2022	2021
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Band Owned Housing Loans

The following loans are secured by a Ministerial Guarantee utilizing the Ottawa Trust Funds as security:

Royal Bank	Demand Loan	2.61%	Semi-Annual	Dec. 2021	\$ -	\$ -	\$ 9,507
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Social Housing Loans

The following loans are governed by the Canada Mortgage and Housing Corporation funding arrangement and are secured by Ministerial Guarantee utilizing the Ottawa Trust Funds as security:

All Nations Trust Company	Demand Loan	1.91%	Semi-Annual	Jun. 2024	<u>\$ 2,684</u>	<u>\$ 334,488</u>	<u>\$ 359,923</u>
All Nations Trust Company		1.12%	Semi-Annual	Oct. 2026	<u>\$ 2,441</u>	<u>\$ 566,277</u>	<u>\$ 488,306</u>
TOTAL GROSS DEBT					<u>\$ 5,125</u>	<u>\$ 900,765</u>	<u>\$ 857,736</u>

TSEYCUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

9. LONG TERM DEBT cont'd

FUTURE SCHEDULED PRINCIPAL REDUCTION	2023	2024	2025	2026	2027
Band Owned Housing Loans					
Royal Bank	\$ -	\$ -	\$ -	\$ -	\$ -
Social Housing Loans					
CMHC – All Nations Trust	\$ 23,849	\$ 26,498	\$ 27,008	\$ 27,529	\$ 28,059
CMHC – All Nations Trust	<u>\$ 21,138</u>	<u>\$ 23,308</u>	<u>\$ 23,570</u>	<u>\$ 23,836</u>	<u>\$ 24,104</u>
TOTAL	<u>\$ 44,987</u>	<u>\$ 49,806</u>	<u>\$ 50,578</u>	<u>\$ 51,365</u>	<u>\$ 52,163</u>

TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

10. TANGIBLE CAPITAL ASSETS

	Cost Mar. 31, 2021	Additions	Dispositions/ Transfers	Cost Mar. 31, 2022
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
Wellness Centre Building	-	2,276,118	-	2,276,118
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	366,713	72,822	-	439,535
Office Equipment	76,699	849	-	77,548
Computer Equipment	64,783	7,715	-	72,497
	<u>6,254,821</u>	<u>2,357,504</u>	<u>-</u>	<u>8,612,325</u>
Social Housing Fund				
Buildings and Equipment	<u>1,612,270</u>	<u>-</u>	<u>-</u>	<u>1,612,270</u>
	<u>\$ 7,867,091</u>	<u>\$ 2,357,504</u>	<u>\$ -</u>	<u>\$ 10,224,595</u>

TSEYCU M FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

10. TANGIBLE CAPITAL ASSETS cont'd

	Accumulated Amortization	Amortization	Dispositions/ Transfers	Accumulated Amortization
Operating Fund				
Band Housing	\$ 862,380	\$ 55,060	\$ -	\$ 917,440
Multi Purpose Building and Longhouse	121,555	3,678	-	125,233
Portables	94,729	6,026	-	101,755
Head Start Building	5,650	1,474	-	7,124
Wellness Centre Building	-	-	-	-
Drainage Improvements	262,534	12,799	-	275,333
Water Mains and Road Upgrades	297,408	26,516	-	323,924
Infrastructure	283,764	17,849	-	301,613
Sewer Systems	272,761	9,971	-	282,732
Foreshore Project	84,835	3,318	-	88,153
General Equipment	116,928	3,275	-	120,203
Vehicle Equipment	123,539	80,684	-	204,223
Office Equipment	77,521	659	-	78,180
Computer Equipment	60,404	4,531	-	64,935
	<u>2,664,008</u>	<u>225,840</u>	<u>-</u>	<u>2,889,848</u>
Social Housing Fund				
Buildings and Equipment	<u>657,235</u>	<u>47,752</u>	<u>-</u>	<u>704,987</u>
	<u>3,321,243</u>	<u>273,592</u>	<u>-</u>	<u>3,594,835</u>
Net Book Value	<u>\$ 4,545,848</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 6,629,761</u>

Interest included in cost of additions in the year ended March 31, 2022 totaled \$nil (2021 - \$nil). All tangible capital assets were amortized in the year.

TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

11. EXPENDITURES BY OBJECT

	Budget	2022	2021
Operating fund			
Advertising and donations	\$ -	\$ -	\$ 100
Bad Debt Expenses/(Recoveries)	-	26,530	(6,152)
Basic needs	326,206	413,159	358,034
Bank charges and interest	-	15,097	8,379
Contract - general	189,748	1,480,082	1,109,002
Equipment lease and repairs	-	3,808	3,696
Honoraria	91,440	212,092	248,326
Insurance, licenses & dues	-	63,253	36,925
Materials and supplies	23,342	480,970	385,460
Meetings	-	3,750	4,250
Mortgage interest	-	9,599	12,710
Office	-	4,350	1,046
Professional fees	37,823	39,822	100,516
Programs	-	231,666	493,963
Rental facilities	-	36,748	-
Repairs and maintenance	46,000	12,811	60,677
Training	3,949	13,869	-
Travel	2,450	32,290	12,371
Telephone and utilities	38,500	81,135	75,367
Wages and benefits	580,958	936,790	683,915
Cost allocations	-	(9,507)	148,905
	<u>\$ 1,340,416</u>	<u>\$ 4,088,314</u>	<u>\$ 3,737,460</u>
	Budget	2022	2021
Social Housing			
Insurance	\$ -	\$ 4,700	\$ 4,623
Materials	-	170	-
Mortgage payments	-	49,555	32,210
Professional fees	-	3,000	1,500
Replacement Reserve	-	9,700	7,000
Utilities	-	19,000	19,057
Cost allocations	-	(42,753)	(25,118)
	<u>\$ -</u>	<u>\$ 43,372</u>	<u>\$ 39,272</u>

TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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 Services 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 \$50,944 (2021 - \$62,586).

The First Nation has guaranteed four members' mortgages for 4 homes built or renovated on the reserve in prior years. The balances in the four mortgages at March 31, 2022 are \$25,632; \$52,387; \$32,266 and \$49,500 (2021 - \$117,559). 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. One First Nation member passed away during the year, and the First Nation has taken over the remaining loan balance of \$25,632 which is included in the First Nation's accounts payable in 2022.

15. 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.

TSEYCUK FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

16. 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.

17. BUDGET FIGURES

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

18. CONTINGENT LIABILITIES

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

19. 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 2022 and beyond.

TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

20. WSI,I,KEM VILLAGE SITE PRE-SETTLEMENT TRUST

The Wsi,i,kem Village Site Pre-Settlement Trust Agreement (Trust Agreement) was established on December 15, 2020 between Tseycum First Nation (First Nation & Beneficiary) and Concentra Trust (Trustee).

The purpose of the Wsi,i,kem Village Site Pre-Settlement Trust (Trust) is to enter into the loan agreement and receive the financing proceeds and any monetary compensation payable by Canada to the First Nation and to facilitate the attainment of the objectives and purposes as set forth in the Trust Agreement.

The Trust agreement is expected to remain in effect until the earliest of the following:

- I. The date on which there is a successful resolution;
- II. The date on which there is an unsuccessful resolution; or
- III. The expiration date of the insurance policy declaration.

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS). The financial information complies with IFRS. The financial information was prepared on a historical basis.

During the year, the Trust obtained an insurance policy for a premium of \$1,600,000 to cover the period of December 15, 2020 through December 15, 2025. The policy coverage is a maximum of \$4,828,396, which is equal to the maximum draw of the loan payable (see below). The policy will pay up to the maximum amount to Concentra Bank for amounts outstanding under the loan payable in the event of an unsuccessful resolution to the negotiations with Canada as per the Trust Agreement. The insurance policy premium expense will be recognized over the five-year coverage period.

The fair values are not materially different to their carrying amounts as the interest rates on borrowings are at current market rates.

The Trust entered into a non-revolving multiple draw term loan that allows up to \$4,828,396 to be drawn for the purpose of financing legal fees, expenses, insurance premiums, loan interest and other fees associated with the negotiations and settlement of the Claim with Canada.

The loan bears interest at Concentra Prime plus 0.75% or at the floor rate of 3.50%, whichever is greater, and is secured by the insurance policy where Concentra Bank is the loss payee. Prior to the maturity date, December 15, 2025, quarterly repayments of interest only are required at the earlier of:

- A successful resolution;
- An unsuccessful resolution; or
- At the maturity date of the loan agreement.

TSEYCUK FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

20. WSI,I,KEM VILLAGE SITE PRE-SETTLEMENT TRUST cont'd

As the loan insurance would cover the Tseycum First Nation for the loan balance inside the Trust should the negotiations become unsuccessful or are extended beyond the maturity date of the loan agreement, and that if the settlement achieves a successful agreement the proceeds would exceed the loan balance inside the trust, the First Nation has no contingent liability from the Trust. Further, no related parties from the First Nation are Trustees.

Assets

Cash	\$ 618,940
Accrued Proceeds	1,887,320
Prepaid Insurance	<u>1,266,667</u>
	<u>3,772,927</u>

Liabilities

Accounts Payable	592,144
Interest Payable	28,599
Loan Payable	<u>3,152,074</u>
	<u>3,772,817</u>

Trust Capital

Initial Contribution	110
	<u>\$ 3,772,927</u>

Revenue

Proceeds	<u>\$ 1,887,320</u>
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Expenses

Insurance Premiums	333,333
Claims	1,024,379
Legal Fees	380,071
Interest	102,018
Loan Fees	31,769
Trustee Fees	<u>15,750</u>
	<u>1,887,320</u>

Excess of revenue over expenses	<u>\$ -</u>
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TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

20. WSI, I, KEM VILLAGE SITE PRE-SETTLEMENT TRUST cont'd

The First Nation therefore recognizes transfers from the independent Trust to the First Nation as program revenues in the year received, and these are matched to the program expenditures.

	2022	2021
Revenues from the Trust	<u>\$ 716,300</u>	<u>\$ 174,961</u>

21. COMPARATIVE FIGURES

Certain of the comparative figures of the Tseycum First Nation were changed to reflect the correction of an error in the March 31, 2021 audit, originally issued June 22, 2022. The audit had been reissued in January 20, 2023 to correct the error concerning CMHC guaranteed loan funds for \$488,306 being recorded as a CMHC revenue account.

22. CHASE THE EAGLE FUNDRAISING

In common with many not-for-profit organizations who carry out fundraising, full assurance over any cash receipts could not be gained in the course of the audit engagement. The scope of the audit on these specific transactions are limited to the funds deposited to the First Nation's bank account. As such, the audit report is qualified on the Chase the Eagle fundraising done to support the building of the Wellness Centre.

TSEY CUM FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

23. CONSULTANTS

The First Nation has retained consulting services to assist with administration, specific land claims, community infrastructure, accommodation/consultation with Canada, economic development and First Nations Land code.

Consulting Services	Contract	Wages	Reimburse/Expense	
KRH Consulting	\$ 334,194.70	\$ -	\$ 54,142.70	Contract % of revenue, administration, technical reporting TMX
James Jimmy	68,594.20	46,288.00	9,054.80	Contract artwork, Archaeology, excavator work
Calid Services	31,653.58	-	-	Engineering
Herold Engineering	27,063.31	-	-	Engineering
Golder Associates	2,800.00	-	-	Archaeology
Morahan Co.	82,009.37	-	-	Legal
Built Contracting	1,751,739.21	-	-	Construction
Scott Kemp Architect	5,436.75	-	-	Architecture
RB Engineers	22,750.00	-	-	Engineering
Rocky Point Engineering	16,384.34	-	-	Engineering