

**T'SOU-KE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2019**

T'SOU-KE FIRST NATION
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March 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of T'Sou-ke First Nation are the responsibility of management and have been approved by the Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The T'Sou-ke First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for the appointment of the Nation's external auditors.

Lee & Company, an independent firm of Chartered Professional Accountants, is appointed by Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Council and management to discuss their audit findings.

On behalf of T'Sou-ke First Nation:



Chief



Councillor



Councillor

Councillor

October 29, 2019



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF T'SOU-KE FIRST NATION

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of T'Sou-ke First Nation (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Consolidated Financial Statements* section of our report. We are independent of the First Nation in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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 consolidated financial statements, management is responsible for assessing the First Nation'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 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our 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 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 consolidated 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 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 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 to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of 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 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.

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.

Lee & Company

CHARTERED PROFESSIONAL ACCOUNTANTS

Victoria, BC
October 29, 2019

T'SOU-KE FIRST NATION
Consolidated Statement of Financial Position
March 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents (<i>Note 2 & 3</i>)	3,732,517	4,724,906
Ottawa Trust (<i>Note 5</i>)	2,743	2,102
Accounts receivable (<i>Note 4</i>)	539,356	320,340
Advances to related First Nation entities (<i>Note 6</i>)	<u>3,093,381</u>	-
	<u>7,367,997</u>	<u>5,047,348</u>
FINANCIAL LIABILITIES		
Accounts payable (<i>Note 7</i>)	178,564	497,845
Demand loan (<i>Note 6</i>)	<u>3,093,381</u>	-
Long-term debts (<i>Note 9</i>)	<u>674,416</u>	781,973
	<u>3,946,361</u>	<u>1,279,818</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>3,421,636</u>	<u>3,767,530</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	20,915	20,813
Tangible capital assets (<i>Note 10</i>)	<u>3,504,631</u>	<u>2,861,121</u>
	<u>3,525,546</u>	<u>2,881,934</u>
ACCUMULATED SURPLUS (DEFICIT) (<i>Note 8</i>)	<u>6,947,182</u>	<u>6,649,464</u>

Approved by Chief and Council


 Chief


 Councillor


 Councillor


 Councillor

The accompanying notes are an integral part of the financial statements.

TSOU-KE FIRST NATION
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	Budget (unaudited)	2019	2018
REVENUE			
Indigenous Services Canada	1,371,691	1,371,691	2,418,268
Canada Mortgage and Housing Corporation	84,267	116,967	256,799
Federal - Other	607,424	968,901	587,648
Provincial	33,200	33,132	33,200
Ottawa Trust	640	640	650
Rental	157,860	154,951	170,855
Other	2,103,827	1,378,310	1,748,291
	4,358,909	4,024,592	5,215,711
EXPENSES			
Band	2,078,889	1,519,479	1,209,137
Health and social services	718,829	630,646	601,153
Education and training	662,257	583,948	556,907
Public works	499,318	510,979	482,293
Capital projects	-	3,805	-
Housing	388,978	478,017	289,206
	4,348,271	3,726,874	3,138,696
ANNUAL SURPLUS (DEFICIT)	10,638	297,718	2,077,015
ACCUMULATED SURPLUS (DEFICIT), at beginning of year	6,649,464	4,572,449	
ACCUMULATED SURPLUS (DEFICIT), at end of year (Note 8)	6,947,182	6,649,464	

The accompanying notes are an integral part of the financial statements.

TSOU-KE FIRST NATION
Consolidated Statement of Changes in Net Financial Assets (Net Debt)
For the year ended March 31, 2019

	Budget (unaudited)	2019	2018
ANNUAL SURPLUS (DEFICIT)	10,638	297,718	2,077,015
Tangible capital assets			
Acquisition of tangible capital assets	(78,100)	(78,025)	(188,376)
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	274,000	274,071	259,719
Write-downs on tangible capital assets	-	-	-
(Gain) loss on disposal of tangible capital assets	-	-	-
	195,900	196,046	71,343
Assets under construction			
-	-	(839,556)	(471,572)
Acquisition of prepaid expense	(20,000)	(20,915)	(20,813)
Use of prepaid expense	20,813	20,813	19,953
Advances to related First Nation entities	-	(3,093,381)	-
Demand loans	-	3,093,381	-
	813	(839,658)	(472,432)
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	207,351	(345,894)	1,675,926
NET FINANCIAL ASSETS (NET DEBT), at beginning of year	3,767,530	2,091,603	
NET FINANCIAL ASSETS (NET DEBT), at end of year	3,421,636	3,767,530	

The accompanying notes are an integral part of the financial statements.

T'SOU-KE FIRST NATION
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Annual surplus (deficit)	297,718	2,077,015
Items not affecting cash		
Amortization of tangible capital assets	274,071	259,719
(Gain) loss on disposal of tangible capital assets	-	-
Change in non-cash charges to operations		
Ottawa Trust	(641)	642
Accounts receivable	(219,016)	(14,453)
Prepaid expenses	(102)	(860)
Accounts payable	<u>(319,281)</u>	<u>254,904</u>
	32,749	2,576,967
CAPITAL TRANSACTIONS		
Proceeds on disposal of tangible capital assets	-	-
Acquisition of tangible capital assets	(78,025)	(188,376)
Assets under construction	<u>(839,556)</u>	<u>(471,572)</u>
	(917,581)	(659,948)
FINANCING TRANSACTIONS		
Advances to related First Nation entities	(3,093,381)	-
Repayment of long-term debt	(107,557)	(110,184)
Demand loans	<u>3,093,381</u>	-
	(107,557)	(110,184)
INCREASE (DECREASE) IN CASH DURING YEAR	(992,389)	1,806,835
CASH, at beginning of year	4,724,906	2,918,069
CASH, at end of year	3,732,517	4,724,906

The accompanying notes are an integral part of the financial statements.

TSOU-KE FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

1. NATURE OF OPERATIONS

T'Sou-ke First Nation (the "First Nation") is located in the province of British Columbia, and its principal purpose is to provide for the well-being of its band member. The First Nation operates under the Indian Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

b. Reporting Entity and Principles of Financial Reporting

These financial statements consolidate the assets, liabilities and results of operations for the following entities, which use accounting principles, which lend themselves to consolidation:

- T'Sou-ke First Nation Government Administration
- T'Sou-ke First Nation Trusts Fund
- T'Sou-ke First Nation CMHC Housing Program Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules

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. Financial Instruments

The carrying amounts for accounts receivable, grants receivable and accounts payable and accrued liabilities approximate fair value because of the short-term nature of these instruments.

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. 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 assets.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Infrastructure	20 years
Computer equipment	5 years
Boats	10 years
Vehicles	5 years
Playground	10 years
Photovolt Systems	15 years
Band/Social Housing	20 years
Housing Betterments	10 years
Gravel Pit (under construction)	NA

Tangible capital assets are written down when conditions indicate that they no longer contribute to T'Sou-ke 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 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 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.

f. Reserve Funds

Reserve funds represent the replacement and operating reserve funds required under the terms of the agreement with Canada Mortgage and Housing Corporation.

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Revenue Recognition

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.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

h. Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. CASH AND CASH EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, T'Sou-ke First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement and Operating Fund.

Cash and cash equivalents is comprised of the following:

	2019	2018
Unrestricted - Operating	3,052,318	4,062,544
Restricted - CMHC Operating	286,655	281,255
Restricted - CMHC Replacement reserve	232,338	232,338
Restricted - CMHC Operating reserve	161,206	148,769
	<hr/>	<hr/>
	3,732,517	4,724,906

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

4. ACCOUNTS RECEIVABLE

	2019	2018
Federal government		
Indigenous Services Canada	26,952	30,076
Other government organizations	298,308	21,298
Canada Mortgage and Housing Corporation	7,025	7,018
CMHC - Retrofit Initiative Project	-	<u>170,776</u>
	<u>332,285</u>	<u>229,168</u>
Other		
Members	21,837	22,464
Other agencies	185,234	<u>68,708</u>
	<u>207,071</u>	<u>91,172</u>
	<u>539,356</u>	<u>320,340</u>

5. OTTAWA 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act

	March 31, 2018	Adjustment	Additions	Withdrawals	March 31, 2019
Capital	2,077	-	-	-	2,077
Revenue	25	-	641	-	666
	<u>2,102</u>	<u>-</u>	<u>641</u>	<u>-</u>	<u>2,743</u>

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

6. ADVANCES TO RELATED FIRST NATION ENTITIES

Advances to related First Nation entities are unsecured, non-interest bearing and due on demand. These entities are related by virtue of common control or joint control by the First Nation.

BMO demand loan non revolving - Interest only payments are required monthly. Interest rate is prime plus 0.25% per annum, matures November 30, 2019.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Indigenous Services Canada	18,736	29,944
Accrued salaries and benefits payable	4,522	17,669
Other accrued liabilities	<u>155,306</u>	<u>450,232</u>
	<u>178,564</u>	<u>497,845</u>

8. ACCUMULATED SURPLUS (DEFICIT)

	Operating	Trust	Housing	2019 Total	2018
Accumulated Surplus (Deficit), at the beginning of year	5,469,709	2,103	1,177,652	6,649,464	4,572,449
Annual Surplus (Deficit)	317,224	640	(20,146)	297,718	2,077,015
Transfers	29,230	-	(29,230)	-	-
Accumulated Surplus (Deficit), at the beginning of year	<u>5,816,163</u>	<u>2,743</u>	<u>1,128,276</u>	<u>6,947,182</u>	<u>6,649,464</u>

TSOU-KE FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

9. LONG TERM DEBT

	2019	2018
CMHC (#19360056001) - Repayable at \$1,948 per month, including interest at 1.05% per annum, matures April 1, 2020.	134,061	155,910
CMHC (#19360056002) - Repayable at \$785 per month, including interest at 1.14% per annum, matures June 1, 2021.	64,813	73,444
CMHC (#19360056003) - Repayable at \$1,694 per month, including interest at 1.3% per annum, matures June 1, 2022.	159,004	177,147
CMHC (#19360056004) - Repayable at \$1,595 per month including interest at 2.52% per annum, matures August 1, 2023.	79,918	96,859
CMHC (#19360056005) - Repayable at \$2,969 per month including interest at 1.12% per annum, matures February 1, 2020.	133,621	167,551
CMHC (#19360056006) - Repayable at \$788 per month including interest at 1.30% per annum, matures December 1, 2020.	102,998	111,061
	674,416	781,973

Anticipated annual principal repayments over the next five years and thereafter are as follows:

2020	109,046
2021	110,522
2022	112,012
2023	107,584
2024	68,032
Thereafter	167,220

	2019	2018
Interest expense for the year on long-term debt	10,573	11,833

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

10. TANGIBLE CAPITAL ASSETS

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Balance March 31, 2018	Additions	Transfers	Balance March 31, 2019	Balance March 31, 2018	Transfers	Amortization	Balance March 31, 2019	March 31, 2018
Photo-voltaic Systems	780,000	-	-	780,000	468,000	-	52,000	520,000	260,000
Fish Boat	133,700	78,025	-	211,725	133,700	-	7,803	141,503	70,222
Health Building	108,190	-	-	108,190	70,330	-	5,410	75,740	32,450
Automotive	109,681	-	-	109,681	109,681	-	-	109,681	-
Office Equipment	9,158	-	-	9,158	9,158	-	-	9,158	-
Band Hall	42,502	-	-	42,502	42,502	-	-	42,502	-
Fish Loft	59,905	-	-	59,905	59,905	-	-	59,905	-
Children's Centre	94,089	-	-	94,089	79,985	-	4,705	84,690	9,399
Playground Equipment	58,950	-	-	58,950	43,110	-	1,760	44,870	14,080
Wasabi Greenhouse	648,000	-	-	648,000	129,600	-	32,400	162,000	486,000
Band Housing	1,018,600	-	-	1,018,600	904,322	-	29,273	933,595	85,005
Social Housing	2,472,918	-	-	2,472,918	1,249,548	-	123,643	1,373,191	1,099,727
Housing Betterments	170,776	-	-	170,776	17,078	-	17,077	34,155	136,621
Gravel Pit Development	471,572	839,556	-	1,311,128	-	-	-	-	1,311,128
TOTAL	6,178,040	917,581	-	7,095,621	3,316,919	-	274,071	3,590,990	3,504,631

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

10. TANGIBLE CAPITAL ASSETS (continued)

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Balance March 31, 2017	Additions	Transfers	Balance March 31, 2018	Balance March 31, 2017	Transfers	Amortization	Balance March 31, 2018	March 31, 2018
Photo-voltaic Systems	780,000	-	-	780,000	416,000	-	52,000	468,000	312,000
Fish Boat	133,700	-	-	133,700	133,700	-	-	133,700	-
Health Building	108,190	-	-	108,190	64,920	-	5,410	70,330	37,860
Automotive	109,681	-	-	109,681	109,681	-	-	109,681	-
Office Equipment	9,158	-	-	9,158	9,158	-	-	9,158	-
Band Hall	42,502	-	-	42,502	42,502	-	-	42,502	-
Fish Loft	59,905	-	-	59,905	59,905	-	-	59,905	-
Children's Centre	94,089	17,600	-	111,689	75,280	-	4,705	79,985	31,704
Playground Equipment	41,350	-	-	41,350	41,350	-	1,760	43,110	(1,760)
Wasabi Greenhouse	648,000	-	-	648,000	97,200	-	32,400	129,600	518,400
Band Housing	805,437	-	213,162	1,018,599	749,592	132,006	22,724	904,322	114,277
Social Housing	2,686,080	-	(213,162)	2,472,918	1,257,912	(132,006)	123,642	1,249,548	1,223,370
House Betterments	-	170,776	-	170,776	-	-	17,078	17,078	153,698
Gravel Pit Development	-	471,572	-	471,572	-	-	-	-	471,572
TOTAL	5,518,092	659,948	-	6,178,040	3,057,200	-	259,719	3,316,919	2,861,121

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

11. SEGMENTS

T'Sou-ke First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

Band - Includes government activities of Chief and Council and band support and membership. It oversees the delivery of all government services including ensuring that adequate policies and procedures are in place to safeguard assets and to properly report financial activities.

Health services - Contains activities that provide medical services to the First Nation members.

Education and training - Includes activities that provide education to the First Nation members for primary, secondary schooling and reimbursement of tuition costs and living and other allowances to students who are attending post-secondary institutions.

Public works - Contains all activities that relate to the maintenance of buildings, road, infrastructure, and land of the First Nation.

Capital projects - Includes major capital projects and activities occurring in the First Nation during the year.

Housing - Includes activities related to the provision of Band owned housing to the members of the Nation and CMHC program housing to the members of the Nation.

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

12. SEGMENT DISCLOSURE

T'Sou-ke First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 2. The segment results for the period are as follows:

	Band		Health		Education & Training	
	2019	2018	2019	2018	2019	2018
REVENUES						
Indigenous Services Canada	270,031	1,234,017	295,795	323,085	435,800	487,385
Canada Mortgage and Housing Corporation	-	-	-	-	-	-
Federal - Other	160,360	135,762	624,486	315,262	184,055	136,624
Rental	23,695	8,327	-	-	-	-
Other	1,137,985	1,392,800	46,814	34,463	75,044	95,299
	1,592,071	2,770,906	967,095	672,810	694,899	719,308
EXPENSES						
Salaries and benefits	292,415	308,473	116,650	121,072	195,637	175,991
Consultants and Professional fees	404,176	397,792	-	-	-	-
Interest and bank charges	926	711	-	-	-	-
Materials and program expenses	173,107	163,750	125,588	147,596	90,090	64,005
Depreciation	92,203	84,400	10,115	10,115	1,760	1,760
Other	556,652	254,010	378,293	322,370	296,461	315,151
	1,519,479	1,209,136	630,646	601,153	583,948	556,907
ANNUAL SURPLUS (DEFICIT)	72,592	1,561,769	336,449	71,657	110,951	162,401

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12. SEGMENT DISCLOSURE (Continued)

	Public Works		Capital Projects		Housing	
	2019	2018	2019	2018	2019	2018
REVENUES						
Indigenous Services Canada	362,890	373,781	7,175	-	-	-
Canada Mortgage and Housing Corporation	32,700	1,000	-	-	84,267	85,023
Federal - Other	-	-	-	-	-	-
Rental	-	-	-	-	131,256	162,528
Other	148,468	178,179	-	-	3,771	252,176
	544,058	552,960	7,175	-	219,294	499,727
EXPENSES						
Salaries and benefits	93,058	99,138	-	-	-	-
Consultants and professional fees	178,632	148,466	-	-	56,781	9,550
Interest and bank charges	-	-	-	-	9,647	11,122
Materials and program expenses	49,398	7,384	-	-	-	-
Depreciation	-	-	-	-	169,993	163,444
Other	189,891	227,305	3,805	-	241,596	105,090
	510,979	482,293	3,805	-	478,017	289,206
ANNUAL SURPLUS (DEFICIT)	33,079	70,667	3,370	-	(258,723)	210,521

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13. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2019	2018
Consultants and professional fees	639,589	558,542
Depreciation	274,071	259,719
Government transfer	632,470	538,429
Interest and bank charges	10,573	11,833
Materials and program expenses	438,183	382,736
Travel	30,448	13,819
Wages and benefits	697,760	704,674
Other	<u>1,003,780</u>	<u>668,944</u>
	<u>3,726,874</u>	<u>3,138,696</u>

14. ANNUAL SURPLUS NET OF CAPITAL RELATED REVENUE AND AMORTIZATION

	2019	2018
Annual surplus (deficit)	297,718	2,077,015
Less capital related revenue included in annual surplus:		
Federal government transfers for capital	-	(1,169,413)
	297,718	907,602
Add amortization expense included in annual surplus	<u>274,071</u>	<u>259,719</u>
Annual surplus (deficit) net of capital related revenues and amortization	<u>571,789</u>	<u>1,167,321</u>

15. CONTINGENT LIABILITY

T'Sou-ke First Nation has a contingent liability of \$2,280,551 for various on-reserve housing loan guarantees.

16. CONTINGENCIES AND SUBSEQUENT EVENTS

Two lawsuits have been filed against the First Nation, it is the opinion of management and legal counsel, that the outcome of these lawsuits, now pending, is not determinable. Since the final outcome of the above noted actions cannot be determined as likely and any loss cannot be reasonably estimated, no provision has been made in these financial statements.

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17. ECONOMIC DEPENDENCE

T'Sou-ke First Nation receives a majority portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

18. FINANCIAL INSTRUMENTS

T'Sou-ke First Nation's financial instruments consist of cash, investments, accounts receivable, bank indebtedness, accounts payable and accruals, and long-term debt. It is management's opinion that the First Nation is not exposed to significant currency or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate price risk on its loans with fixed interest rates and on its investment portfolio consisting partially of fixed income securities.

19. BUDGET FIGURES

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

20. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.