

T'SOU-KE FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2020

T'SOU-KE FIRST NATION
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Year Ended March 31, 2020

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LEE & COMPANY

CHARTERED PROFESSIONAL ACCOUNTANTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The T'Sou-ke First Nation Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The T'Sou-ke First Nation 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 meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Lee & Company, in accordance with Canadian public sector accounting standards. Lee & Company have full access to the Chief and Council.



Chief

Councillor



Councillor



Councillor

Sooke, BC
January 25, 2021



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, 2020, 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, 2020, and the consolidated results of its operations and consolidated 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 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.

(continues)

Independent Auditor's Report to the Members of T'SOU-KE FIRST NATION (continued)

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

Victoria, British Columbia
January 25, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

T'SOU-KE FIRST NATION
Consolidated Statement of Financial Position
March 31, 2020

FINANCIAL ASSETS

Cash (Note 3)	\$ 4,419,213	\$ 3,732,518
Ottawa Trust (Note 6)	2,689	2,743
Accounts receivable (Note 4)	1,772,443	539,356
Investment in First Nation business enterprise (Note 5)	1,924,694	3,093,381
	<u>8,119,039</u>	<u>7,367,998</u>

LIABILITIES

Accounts payable (Note 7)	738,215	178,564
Demand loan	-	3,093,381
Long term debt (Note 9)	565,463	674,416
	<u>1,303,678</u>	<u>3,946,361</u>

NET FINANCIAL ASSETS

<u>6,815,361</u>	<u>3,421,637</u>
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NON-FINANCIAL ASSETS

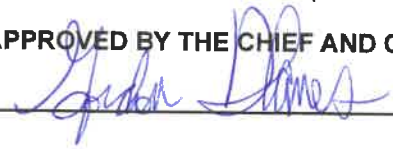
Prepaid expenses	20,297	20,915
Tangible capital assets (Note 8)	1,901,925	3,504,632
	<u>1,922,222</u>	<u>3,525,547</u>



ACCUMULATED SURPLUS (NOTE 10)

<u>\$ 8,737,583</u>	<u>\$ 6,947,182</u>
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CONTINGENT LIABILITIES (Note 11)

APPROVED BY THE CHIEF AND COUNCIL


 _____ Chief
 _____ Councillor


 _____ Councillor

 _____ Councillor

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

T'SOU-KE FIRST NATION
Consolidated Statement of Operations and Accumulated Surplus
Year Ended March 31, 2020

	Budget (Unaudited)	2020	2019
REVENUES			
Indigenous Services Canada	\$ 1,052,091	\$ 1,548,501	\$ 1,371,691
Canada Mortgage and Housing Corporation	108,300	108,365	116,967
Federal - Other	1,179,157	1,485,457	968,901
Provincial	3,000	41,517	33,132
Ottawa Trust	-	635	640
Rental	157,860	191,775	154,951
Other	3,212,098	3,652,535	1,378,309
Equity in earnings (loss) of business enterprise	-	(5,219)	-
	5,712,506	7,023,566	4,024,591
EXPENSES			
Band	3,736,465	2,663,477	1,519,479
Health and social services	1,289,579	1,117,166	630,646
Education and training	489,378	509,702	583,948
Public works	551,734	439,552	510,979
Capital projects	-	172,608	3,805
Housing	420,885	330,660	478,017
	6,488,041	5,233,165	3,726,874
ANNUAL SURPLUS (DEFICIT)	(775,535)	1,790,401	297,717
ACCUMULATED SURPLUS - BEGINNING OF YEAR	-	6,947,182	6,649,465
ACCUMULATED SURPLUS - END OF YEAR (Note 10)	\$ -	\$ 8,737,583	\$ 6,947,182

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

T'SOU-KE FIRST NATION
Consolidated Statement of Changes in Net Financial Assets (Debt)
Year Ended March 31, 2020

	Budget (unaudited)	2020	2019
ANNUAL SURPLUS (DEFICIT)	\$ (775,535)	\$ 1,790,401	\$ 297,717
Amortization of tangible capital assets	291,000	291,579	274,071
Purchase of tangible capital assets	-	-	(78,025)
Proceeds on disposal of tangible capital assets	-	1,311,128	-
Net(acquisition) use of prepaid expenses and deposits	-	618	(102)
Assets under construction	-	-	(839,556)
Advances to related First Nation entities	-	-	(3,093,381)
Demand loans	-	-	3,093,381
	291,000	1,603,325	(643,612)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(484,535)	3,393,726	(345,895)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	-	3,421,635	3,767,530
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (484,535)	\$ 6,815,361	\$ 3,421,635

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

T'SOU-KE FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	\$ 1,790,401	\$ 297,717
Item not affecting cash:		
Amortization of tangible capital assets	291,579	274,071
	<u>2,081,980</u>	<u>571,788</u>
Changes in non-cash working capital:		
Ottawa Trust	54	(641)
Accounts receivable	(1,233,087)	(219,016)
Prepaid expenses	618	(102)
Accounts payable	559,650	(319,281)
	<u>(672,765)</u>	<u>(539,040)</u>
Cash flow from operating activities	<u>1,409,215</u>	<u>32,748</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	-	(78,025)
Proceeds on disposal of tangible capital assets	1,311,128	-
Assets under construction	-	(839,555)
Cash flow from (used by) investing activities	<u>1,311,128</u>	<u>(917,580)</u>
FINANCING ACTIVITIES		
Investment in First Nation business enterprise	1,168,687	(3,093,381)
Repayment of long term debt	(108,954)	(107,556)
Demand loans	(3,093,381)	3,093,381
Cash flow used by financing activities	<u>(2,033,648)</u>	<u>(107,556)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>686,695</u>	<u>(992,388)</u>
Cash - beginning of year	<u>3,732,518</u>	<u>4,724,906</u>
CASH - END OF YEAR (Note 3)	<u>\$ 4,419,213</u>	<u>\$ 3,732,518</u>

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

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

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. T'Sou-ke First Nation includes the First Nation's members, government and all the related entities that are accountable to and are controlled by the First Nation.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements are the representation of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Canada and including the following significant accounting policies.

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T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Reporting entity and basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises and government business partnerships, which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

(a) Consolidated entities:

The First Nation has consolidated the assets, liabilities, and results of operations for the following entities:

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

(b) Investment in government business enterprises and partnerships:

The First Nation records its investments in government business enterprises (GBE) and government business partnerships (GBP) on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

The First Nation's government business enterprise investment consists of the following, with a 100% interest:

- T'Sou-ke Development Corporation

The First Nation's government business partnership investment consists of the following, with a 99.99% interest:

- T'Sou-ke Economic Development Limited Partnership (Inactive)

(c) Investments:

Investments in entities in which the First Nation does not control individually or jointly are recorded at acquisition cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value. Investments in entities in which the First Nation does not control but has joint control or significant influence in operations are accounted for, similar to government business partnerships, using the modified equity method.

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T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Infrastructure	20 years	straight-line method
Band/Social housing	20 years	straight-line method
Boats	10 years	straight-line method
Motor vehicles	5 years	straight-line method
Computer equipment	5 years	straight-line method
Playground	10 years	straight-line method
Photovolt systems	15 years	straight-line method
Housing betterments	10 years	straight-line method

The First Nation regularly reviews its tangible capital assets to eliminate obsolete items. 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.

Reserve Funds

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

(continues)

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 and grant revenue are recognized as the First Nation becomes entitled to the funding under the terms of applicable funding agreements and is recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which has stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

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.

Segments:

The First Nation conducts its business through a number of operating segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

3. CASH AND CASH EQUIVALENTS

	2020	2019
Unrestricted - Operating	\$ 3,757,051	\$ 3,052,318
Restricted - CMHC Operating	264,650	286,655
Restricted - CMHC Replacement reserve	234,681	232,338
Restricted - CMHC Operating reserve	162,831	161,206
	<u>\$ 4,419,213</u>	<u>\$ 3,732,517</u>

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.

4. ACCOUNTS RECEIVABLE

	2020	2019
<u>Federal government</u>		
Indigenous Services Canada	\$ 181,934	\$ 26,952
Accounts Receivable Fisheries	1,449,989	271,938
Accounts Receivable CSETS	19,252	21,405
Accounts Receivable - FNECS	1,350	4,965
Canada Mortgage and Housing Corporation	7,057	7,025
Subtotal	1,659,582	332,285
<u>Other</u>		
Members	8,681	21,837
Accounts Receivable	57,000	136,980
Accounts Receivable Health	40,000	40,000
A/R Social Development Clients	7,180	7,289
Accounts Receivable - Band Owned Rent Receivable	-	965
	<u>\$ 1,772,443</u>	<u>\$ 539,356</u>

5. INVESTMENT IN FIRST NATION BUSINESS ENTERPRISE

The First Nation has investments in the following enterprise

	Investment		Accumulative	2020 Total
	Cost	Advances	share of earnings	Investment
T'Sou-ke Development Corporation	1	1,947,995	(23,301)	1,924,694

(continues)

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

5. INVESTMENT IN FIRST NATION BUSINESS ENTERPRISE (continued)

Summary financial information for the First Nation business enterprise, accounted for using the modified equity method, for the respective year-end is as follows:

	T'Sou-ke Development Corporation	
	As at March 31, 2020	As at March 31, 2019
Total assets	5,668,166	20,568
Total Liabilities	5,691,466	38,649
	(23,300)	(18,081)
Total revenue	4,673,035	-
Total expenses	4,678,254	18,082
Net income (loss)	(5,219)	(18,082)

6. 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.

	2020	2019
Capital Trust		
Balance, beginning and end of year	\$ 2,077	\$ 2,077
Revenue Trust		
Balance, beginning of year	665	25
Interest	635	640
Distribution	(688)	-
Balance, end of year	612	665
	\$ 2,689	\$ 2,742

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Indigenous Services Canada	\$ 15,000	\$ 18,736
Accrued salaries and benefits payable	32,703	4,522
Other accrued liabilities	690,512	155,306
	\$ 738,215	\$ 178,564

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

8. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2019 Balance	Additions	Disposals	2020 Balance
Photo- voltaic Systems	\$ 780,000	\$ -	\$ -	\$ 780,000
Fish Boat	211,725	-	-	211,725
Health Building	108,190	-	-	108,190
Automotive	109,681	-	-	109,681
Office Equipment	9,158	-	-	9,158
Band Hall	42,502	-	-	42,502
Fish Loft	59,906	-	-	59,906
Children's Centre	94,089	-	-	94,089
Playground Equipment	58,950	-	-	58,950
Wasabi Greenhouse	648,000	-	-	648,000
Band Housing	1,018,600	-	-	1,018,600
Social Housing	2,472,918	-	-	2,472,918
Housing Betterments	170,776	-	-	170,776
Development Under Construction	1,311,128	-	1,311,128	-
	\$ 7,095,623	\$ -	\$ 1,311,128	\$ 5,784,495

<u>Accumulated Amortization</u>	2019 Balance	Amortization	Accumulated Amortization on Disposals	2020 Balance
Photo- voltaic Systems	\$ 520,000	\$ 52,000	\$ -	\$ 572,000
Fish Boat	141,503	21,173	-	162,676
Health Building	75,740	5,410	-	81,150
Automotive	109,681	-	-	109,681
Office Equipment	9,158	-	-	9,158
Band Hall	42,502	-	-	42,502
Fish Loft	59,906	-	-	59,906
Children's Centre	84,690	4,704	-	89,394
Playground Equipment	44,870	5,895	-	50,765
Wasabi Greenhouse	162,000	32,400	-	194,400
Band Housing	933,595	29,273	-	962,868
Social Housing	1,373,191	123,646	-	1,496,837
Housing Betterments	34,155	17,078	-	51,233
Development Under Construction	-	-	-	-
	\$ 3,590,991	\$ 291,579	\$ -	\$ 3,882,570

<u>Net book value</u>	2020	2019
Photo- voltaic Systems	\$ 208,000	\$ 260,000
Fish Boat	49,049	70,222
Health Building	27,040	32,450
Children's Centre	4,695	9,399
Playground Equipment	8,185	14,080

(continues)

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

8. TANGIBLE CAPITAL ASSETS *(continued)*

<u>Net book value</u>	<u>2020</u>	<u>2019</u>
Wasabi Greenhouse	453,600	486,000
Band Housing	55,732	85,005
Social Housing	976,081	1,099,727
Housing Betterments	119,543	136,621
Development Under Construction	-	1,311,128
	<u>\$ 1,901,925</u>	<u>\$ 3,504,632</u>

9. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
CMHC (#19360056001) loan bearing interest at 0.98% per annum, repayable in monthly blended payments of \$1,945. The loan matures on February 1, 2025,	\$ 111,986	\$ 134,061
CMHC (#19360056002) loan bearing interest at 1.14% per annum, repayable in monthly blended payments of \$785. The loan matures on June 1, 2021.	56,084	64,813
CMHC (#19360056003) loan bearing interest at 1.3% per annum, repayable in monthly blended payments of \$1,694. The loan matures on June 1, 2022.	140,628	159,004
CMHC (#19360056004) loan bearing interest at 2.52% per annum, repayable in monthly blended payments of \$1,595. The loan matures on August 1, 2023.	62,593	79,919
CMHC (#19360056005) loan bearing interest at 1.86% per annum, repayable in monthly blended payments of \$3,002. The loan matures on January 1, 2023.	99,340	133,621
CMHC (#19360056006) loan bearing interest at 1.3% per annum, repayable in monthly blended payments of \$788. The loan matures on December 1, 2030.	94,832	102,998
	<u>\$ 565,463</u>	<u>\$ 674,416</u>

Principal repayment terms are approximately:

2021	\$ 110,285
2022	112,057
2023	107,856
2024	68,035
2025	58,852
Thereafter	108,378
	<u>\$ 565,463</u>

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

10. Accumulated Surplus (Deficit)

	Operating	Trust	Housing	2020 Total	2019
Accumulated Surplus at the beginning of the year	\$ 5,816,163	\$ 2,743	\$ 1,128,276	\$ 6,947,182	\$ 6,649,464
Annual Surplus (Deficit)	1,813,573	635	(23,807)	1,790,401	297,717
Distribution	688	(688)	-	-	-
	<u>\$ 7,630,424</u>	<u>\$ 2,690</u>	<u>\$ 1,104,469</u>	<u>\$ 8,737,583</u>	<u>\$ 6,947,181</u>

11. CONTINGENT LIABILITIES

The First Nation has a contingent liability of \$3,133,756 for various on-reserve housing loan guarantees.

Five 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.

12. 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.

13. EXPENSES BY OBJECT

The following is a summary of expenses by object

Section heading	2020	2019
Wages and benefits	\$ 926,408	\$ 697,760
Consultants and professional fees	1,128,517	639,589
Interest and bank charges	9,886	10,573
Material and program expenses	706,516	438,183
Depreciation	291,578	274,071
Travel	19,007	30,448
Telephone and utilities	44,510	47,263
Repairs and maintenance	378,245	381,152
Insurance	72,322	85,734
Other	1,656,176	1,122,101
	<u>\$ 5,233,165</u>	<u>\$ 3,726,874</u>

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

14. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The First Nation has amended its operations in order to continue to deliver services during this pandemic. Management is actively monitoring the effect on its financial condition, liquidity, operations and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

15. BUDGET FIGURES

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

16. COMPARATIVE FIGURES

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

17. 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

Schedule 1 discloses the details of the First Nation's Revenue and expenses by segment.

T'SOU-KE FIRST NATION
Segment Disclosure
Year Ended March 31, 2020

(Schedule 1)

	Band 2020	Band 2019	Health 2020	Health 2019	Education and Training 2020	Education and Training 2019
REVENUES						
Indigenous Services Canada	\$ 278,803	\$ 270,031	\$ 256,795	\$ 295,795	\$ 470,137	\$ 435,800
Federal - Other	459,472	160,360	844,826	624,486	181,159	184,055
Rental	32,590	23,695	-	-	-	-
Other	2,735,780	1,137,985	36,450	46,814	245,789	75,044
	<u>3,506,645</u>	<u>1,592,071</u>	<u>1,138,071</u>	<u>967,095</u>	<u>897,085</u>	<u>694,899</u>
EXPENSES						
Wages and benefits	393,012	292,415	183,783	116,650	253,492	195,637
Consultants and professional fees	767,590	353,938	-	-	2,970	-
Interest and bank charges	1,518	926	-	-	-	-
Material and program expenses	223,817	173,107	373,630	125,588	75,315	90,090
Depreciation	105,576	92,203	10,114	10,115	5,895	1,760
Other	964,899	535,123	623,271	420,353	264,480	332,057
	<u>2,456,412</u>	<u>1,447,712</u>	<u>1,190,798</u>	<u>672,706</u>	<u>602,152</u>	<u>619,544</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 1,050,233</u>	<u>\$ 144,359</u>	<u>\$ (52,727)</u>	<u>\$ 294,389</u>	<u>\$ 294,933</u>	<u>\$ 75,355</u>

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

T'SOU-KE FIRST NATION
Segment Disclosure
Year Ended March 31, 2020

(Schedule 1 continued)

	Public Works 2020	Public Works 2019	Capital Projects 2020	Capital Projects 2019	Housing 2020	Housing 2019
REVENUES						
Indigenous Services Canada	\$ 370,158	\$ 362,890	\$ 172,608	\$ 7,175	\$ -	\$ -
Canada Mortgage and Housing Corporation	24,000	32,700	-	-	84,365	84,267
Rental	-	-	-	-	159,185	131,256
Indigenous Services Canada	164,481	148,468	-	-	506,968	3,771
	<u>558,639</u>	<u>544,058</u>	<u>172,608</u>	<u>7,175</u>	<u>750,518</u>	<u>219,294</u>
EXPENSES						
Wages and benefits	96,121	93,058	-	-	-	-
Consultants and professional fees	162,465	170,598	-	-	45,187	49,781
Interest and bank charges	-	-	-	-	8,368	9,647
Material and program expenses	33,753	49,398	-	-	-	-
Depreciation	-	-	-	-	169,993	169,993
Other	185,596	229,262	-	3,805	282,320	248,013
	<u>477,935</u>	<u>542,316</u>	<u>-</u>	<u>3,805</u>	<u>505,868</u>	<u>477,434</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 80,704</u>	<u>\$ 1,742</u>	<u>\$ 172,608</u>	<u>\$ 3,370</u>	<u>\$ 244,650</u>	<u>\$ (258,140)</u>

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