

T'SOU-KE FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2024

T'SOU-KE FIRST NATION
Index to Consolidated Financial Statements
Year Ended March 31, 2024

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets (Debt)	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 21
Segment Disclosure <i>(Schedule 1)</i>	22
Segment Disclosure <i>(Schedule 1 continued)</i>	23

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 Uvision Professional Corporation, in accordance with Canadian public sector accounting standards (PSAS). Uvision Professional Corporation has full access to, and meet with the management to discuss audit findings.



Chief



Councilor



Councilor

Councilor

Sooke, BC
August 09, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of T'SOU-KE FIRST NATION

Report on the Consolidated Financial Statements

Qualified 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, 2024, and the consolidated statements of operations, changes in 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2024, 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 Qualified Opinion

T'SOU-KE First Nation holds investments in two entities, Qemqomet Development Limited Partnership (Operating as CEK SNANET CENTER) and Daxet Development Corporation. The audited financial statements for these two entities were not available at the audit report date. We were unable to satisfy ourselves by alternative means concerning the financial information. Therefore, we are unable to determine whether adjustments are required to investment in First Nation business entities, earnings(loss) from investment in First Nation business entities, surplus(deficit) and accumulated surplus.

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 qualified audit 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.

(continues)

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

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

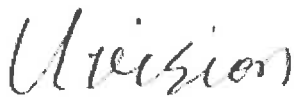
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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.

Victoria, British Columbia
August 9, 2024

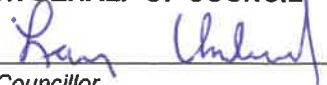

CHARTERED PROFESSIONAL ACCOUNTANTS

T'SOU-KE FIRST NATION
Consolidated Statement of Financial Position
March 31, 2024

	2024	2023
ASSETS		
Cash and cash equivalents (Note 6)	\$ 14,161,930	\$ 15,435,268
Investments (Note 3)	2,798,696	1,644,781
Ottawa Trust (Note 7)	2,113	2,792
Accounts receivable (Note 4)	328,166	1,365,921
Due from related parties (Note 14)	200,000	200,000
Investment in First Nation business enterprise (Note 5)	3,188,162	2,677,211
	<u>20,679,067</u>	<u>21,325,973</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	2,415,997	311,553
Deferred revenue (Note 10)	6,728,149	8,734,901
Long term debt (Note 11)	167,635	235,335
	<u>9,311,781</u>	<u>9,281,789</u>
NET FINANCIAL ASSETS	<u>11,367,286</u>	<u>12,044,184</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	18,452	19,244
Tangible capital assets (Note 8)	12,877,794	4,382,046
	<u>12,896,246</u>	<u>4,401,290</u>
ACCUMULATED SURPLUS (NOTE 12)	<u>\$ 24,263,532</u>	<u>\$ 16,445,474</u>

CONTINGENT LIABILITIES (Note 13)

ON BEHALF OF COUNCIL


Councillor


Councillor


Councillor

Councillor

T'SOU-KE FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2024

	2024 <i>Budget</i>	2024	2023
REVENUES			
Indigenous Services Canada (Note 15)	\$ 1,805,977	\$ 6,509,644	\$ 2,726,749
Canada Mortgage and Housing Corporation	60,619	202,179	79,198
Other Federal	3,684,798	5,438,599	3,883,013
Province of British Columbia	6,327,190	560,984	243,755
Ottawa Trust	-	724	33
Rental	160,560	165,640	178,938
Other	2,510,815	2,928,657	2,283,373
Equity in earnings (loss) of business enterprise	-	108,628	148,511
	<u>14,549,959</u>	<u>15,915,055</u>	<u>9,543,570</u>
EXPENSES			
Band administration	12,516,014	5,050,248	4,954,831
Health and social services	1,505,849	1,129,947	1,090,950
Education and training	1,728,650	737,658	837,440
Public works	9,561,585	580,512	488,331
Capital projects	330,355	252,650	107,752
Housing	220,496	340,031	281,311
	<u>25,862,949</u>	<u>8,091,046</u>	<u>7,760,615</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (11,312,990)</u>	<u>\$ 7,824,009</u>	<u>\$ 1,782,955</u>

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

T'SOU-KE FIRST NATION
Consolidated Statement of Changes in Accumulated Surplus
Year Ended March 31, 2024

	2024	2023
ACCUMULATED SURPLUS - BEGINNING OF YEAR		
As previously reported	\$ 16,445,474	\$ 14,885,956
Prior period adjustment	<u>(5,951)</u>	<u>(223,437)</u>
As restated	16,439,523	14,662,519
ANNUAL SURPLUS (DEFICIT)	<u>7,824,009</u>	<u>1,782,955</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 24,263,532</u>	<u>\$ 16,445,474</u>

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

T'SOU-KE FIRST NATION
Consolidated Statement of Changes in Net Financial Assets (Debt)
Year Ended March 31, 2024

	Budget 2024	2024	2023
ANNUAL SURPLUS (DEFICIT)	\$ (11,312,990)	\$ 7,824,009	\$ 1,782,955
Amortization of tangible capital assets <i>(Note 8)</i>	-	436,150	437,215
Purchase of tangible capital assets <i>(Note 8)</i>	-	(9,364,218)	(1,387,221)
Proceeds on disposal of tangible capital assets	-	432,322	-
Decrease in prepaid expenses	-	791	13
Prior year adjustment	-	(5,951)	(223,437)
	-	(8,500,906)	(1,173,430)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(11,312,990)	(676,897)	609,526
NET FINANCIAL ASSETS - BEGINNING OF YEAR	-	12,044,182	11,434,657
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (11,312,990)	\$ 11,367,285	\$ 12,044,182

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

T'SOU-KE FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus	\$ 7,824,009	\$ 1,782,955
Items not affecting cash:		
Amortization of tangible capital assets	436,150	437,215
Prior year adjustment	(5,951)	(223,437)
	<u>8,254,208</u>	<u>1,996,733</u>
Changes in non-cash working capital:		
Accounts receivable	1,037,755	904,828
Accounts payable and accrued liabilities	2,106,082	(595,029)
Deferred revenue	(2,006,752)	8,728,033
Prepaid expenses	792	13
Ottawa Trust	679	(16)
Employee deductions payable	(1,640)	(28,071)
	<u>1,136,916</u>	<u>9,009,758</u>
Cash flow from operating activities	<u>9,391,124</u>	<u>11,006,491</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(9,364,218)	(1,387,221)
Proceeds on disposal of intangible assets	432,322	-
Investment in First Nation business enterprise	(510,951)	(126,011)
Investments	(1,153,915)	(19,367)
Cash flow used by investing activities	<u>(10,596,762)</u>	<u>(1,532,599)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(67,700)	(107,485)
Cash flow used by financing activity	<u>(67,700)</u>	<u>(107,485)</u>
INCREASE (DECREASE) IN CASH FLOW	(1,273,338)	9,366,407
Cash - beginning of year	<u>15,435,268</u>	<u>6,068,861</u>
CASH - END OF YEAR (Note 6)	<u>\$ 14,161,930</u>	<u>\$ 15,435,268</u>

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

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

1. NATURE OF OPERATIONS

T'Sou-ke First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its band members. T'Sou-ke First Nation includes the First Nation's members, government and all the related entities that are accountable to the First Nation and are controlled by the First Nation.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) 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 Social Housing Program

(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:

- Daxet Development Corporation (Originally T'Sou-ke Development Corporation)
- Slikel Environmental Corporation

(continues)

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

- Thuna Meh Mun-Ah Holdings Inc.
- Xa'xe Temexw Holdings Ltd. (This company is a bare trustee holding lands on behalf of the First Nation.)
- Salish Strait Seafoods Ltd.

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

- Qemqomet Development Limited Partnership (Operating as CEK SNANET CENTER)
- Neka Sol Woodlot Limited Partnership
- TXIT Shellfish Corporation (with TXIT Oysters Ltd as the General Partner)

(c) Investments that are accounted for using the cost basis of accounting:

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.

- BC First Nations Gaming Revenue Sharing Limited Partnership

(c) Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

(d) Investments

Investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value. Investments consist of guaranteed investment certificates.

(e) Funds held in trust

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the land or other First Nation capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

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T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Tangible capital assets

Tangible capital assets are stated at acquisition cost or deemed cost less accumulated amortization and 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
Photovolta systems	15 years	straight-line method
Housing betterments	10 years	straight-line method
Equipment	5 years	straight-line method

Tangible capital assets are written down when associated output indicate that they are no longer contribute to the band'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.

Tangible capital assets under construction, development or acquired during the year but not placed into use are not amortized until they are available to be put into service.

All intangible assets and items inherited by the right of the First Nation, such as reserve land, forests, water and mineral resources, are not recognized in the consolidated financial statements.

(g) Revenue recognition

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

The First Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

(continues)

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Reserve Funds

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

(i) 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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets.

(j) 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.

(k) 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.

(l) 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.

(continues)

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated annual surplus.

3. INVESTMENTS

Investments consist of the following Guaranteed Investment Certificates (GIC).

	2024	2023
GIC with maturity date on April 10, 2023 and earning interest at 1.5% per annum. This GIC is non-redeemable.	\$ 1,161,664	\$ 1,122,382
GIC with maturity date on January 07, 2025 and earning interest at 4.3% per annum. This GIC is redeemable.	535,531	522,400
GIC with maturity date on November 25, 2024 and earning interest at 4.6% per annum. This GIC is redeemable.	1,101,500	-
	\$ 2,798,695	\$ 1,644,782

4. ACCOUNTS RECEIVABLE

	2024	2023
Federal government		
Indigenous Services Canada	\$ -	\$ 204,404
Fisheries and Oceans Canada (DFO)	283,807	299,072
Parks Canada	-	28,100
Transport Canada	-	405,995
Environment and Climate Change Canada (ECCC)	-	175,000
Canada Mortgage and Housing Corporation	3,959	5,126
Subtotal	287,766	1,117,697
Other		
Accounts Receivable	24,272	153,531
Coast Salish Employment and Training Society	4,879	64,385
Social development clients	5,785	2,814
First Nation Education Steering Committee	-	27,493
AR - Rent CMHC Phase IV-IX	5,465	-
	\$ 328,167	\$ 1,365,920

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

5. INVESTMENT IN FIRST NATION BUSINESS ENTERPRISES

The First Nation has investments in the following enterprises:

	Investment Cost	Loans/ Advances	Accumulative share of earnings (loss)	2024 Total Investment
Controlled Businesses:				
Qemqomet Development Limited Partnership	\$100			
Daxet Development Corporation (as at Dec. 2021)	\$1	\$1,947,994	\$86,788	\$2,034,782
TXIT Shellfish Corporation and TXIT Oysters LP		\$432,322		\$432,322
	<u>\$101</u>	<u>\$2,380,316</u>	<u>\$86,788</u>	<u>\$2,467,105</u>
Significantly Influenced Business				
Salish Strait Seafoods Ltd. - 20%	\$2		\$720,945	\$720,947
	<u>\$2</u>	<u>\$-</u>	<u>\$720,945</u>	<u>\$720,947</u>
	<u>\$103</u>	<u>\$2,380,316</u>	<u>\$807,734</u>	<u>\$3,188,052</u>

	Daxet Development Corporation (Dec 31, 2021)	Salish Strait Seafoods Ltd.	TXIT Shellfish Corporation and TXIT Oysters LP	2024	2023
Total assets	5,624,366	3,670,514	432,322	9,294,880	9,291,716
Total liabilities	5,537,575	443,928	432,322	5,981,503	5,974,589
Net assets	<u>86,791</u>	<u>3,226,586</u>		<u>3,313,377</u>	<u>3,317,127</u>
Total revenue		1,984,891		1,984,891	1,880,776
Total expenses		1,441,751		1,441,751	1,134,469
Net income (loss)	<u>-</u>	<u>543,140</u>		<u>543,140</u>	<u>746,307</u>

Starting January 01, 2022, the business operation under Daxet Development Corporation was moved to Qemqomet Development Limited Partnership. As of the date of the Independent Auditor's Report, the audited financial statements from January 01, 2022 to March 31, 2024 for Daxet Development Corporation and Qemqomet Development LP, were not available. Therefore a qualified opinion has been issued in relation to these two business entities.

In the current year, TXIT Oysters Limited Partnership (with TXIT Shellfish Corporation as the General Partner), operating as TXIT Oysters Farm received the Nation's initial investment in the form of farm equipment and other related assets. Full operation is expected in the coming fiscal year.

There have been no significant events or transactions in the current fiscal year for the following business entities:

- Slikei Enviromental Corporation
- Thuna Meh Mun-Ah Holdings Inc
- Xa'xe Temexw Holdings Ltd.
- Neka Sol Woodlot Limited Partnership

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

6. CASH AND CASH EQUIVALENTS

	<u>2024</u>	<u>2023</u>
Unrestricted - Operating	\$ 13,537,127	\$ 14,736,343
Restricted - CMHC Operating	238,840	299,672
Restricted - CMHC Replacement reserve	308,681	255,811
Restricted - CMHC Operating reserve	77,282	143,442
	<u>\$ 14,161,930</u>	<u>\$ 15,435,268</u>

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account 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.

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), excess revenues over expenditures for the Post 1996 phases may be retained in an operating reserve. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At year end, the operating reserve was adequately funded.

7. 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.

	<u>2024</u>	<u>2023</u>
<u>Capital Trust</u>		
Balance, beginning and end of year	\$ 2,077	\$ 2,077
<u>Revenue Trust</u>		
Balance, beginning of year	715	699
Ottawa Trust Income	760	715
Transfer	(1,440)	(699)
Balance, end of year	<u>35</u>	<u>715</u>
	<u>\$ 2,112</u>	<u>\$ 2,792</u>

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

8. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	<u>2023</u> <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>2024</u> <u>Balance</u>
Photo- voltaic Systems	\$ 780,000	\$ -	\$ -	\$ 780,000
Fish Boat	734,514	56,401	-	790,915
Health Building	295,936	-	-	295,936
Automotive	381,884	-	-	381,884
Office Equipment	32,126	-	-	32,126
Band Hall	42,502	-	-	42,502
Wasabi Greenhouse	648,000	-	-	648,000
Social Housing	2,472,918	-	-	2,472,918
Housing Betterments	170,776	-	-	170,776
Construction Development - health building	771,654	5,702,899	-	6,474,553
Construction Development - Gravel pit	200,000	-	-	200,000
Construction Development (Sewer Line)	360,156	3,604,920	-	3,965,076
Health Equipment	12,274	-	-	12,274
Fishing Equipment - Salish Sea Initiative	1,200,544	-	432,322	768,222
Fish Loft	59,906	-	-	59,906
Sum Sha Thut Lellum	94,089	-	-	94,089
Playground Equipment	58,950	-	-	58,950
Construction Development - Fisheries Building	72,540	-	-	72,540
	\$ 8,388,769	\$ 9,364,220	\$ 432,322	\$ 17,320,667

<u>Accumulated Amortization</u>	<u>2023</u> <u>Balance</u>	<u>Amortization</u>	<u>Accumulated</u> <u>Amortization</u> <u>on Disposals</u>	<u>2024</u> <u>Balance</u>
Photo- voltaic Systems	\$ 728,000	\$ 52,000	\$ -	\$ 780,000
Fish Boat	297,090	57,918	-	355,008
Health Building	120,847	14,797	-	135,644
Automotive	197,725	54,441	-	252,166
Office Equipment	17,833	4,594	-	22,427
Band Hall	42,502	-	-	42,502
Wasabi Greenhouse	291,600	32,400	-	324,000
Social Housing	1,867,775	123,646	-	1,991,421
Housing Betterments	102,466	17,078	-	119,544
Construction Development - health building	-	-	-	-
Construction Development - Gravel pit	-	-	-	-
Construction Development - Sewer Line	-	-	-	-
Health Equipment	6,137	2,455	-	8,592

(continues)

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

8. TANGIBLE CAPITAL ASSETS *(continued)*

<u>Accumulated Amortization</u>	<u>2023 Balance</u>	<u>Amortization</u>	<u>Amortization on Disposals</u>	<u>2024 Balance</u>
Fishing Equipment - Salish Sea Initiative	121,803	76,821	-	198,624
Fish Loft	59,906	-	-	59,906
Sum Sha Thut Lellum	94,089	-	-	94,089
Playground Equipment	58,950	-	-	58,950
Construction Development - Fisheries Building	-	-	-	-
	\$ 4,006,723	\$ 436,148	\$ -	\$ 4,442,871

<u>Net book value</u>	<u>2024</u>	<u>2023</u>
Photo- voltaic Systems	\$ -	\$ 52,000
Fish Boat	435,907	437,424
Health Building	160,292	175,089
Automotive	129,718	184,159
Office Equipment	9,699	14,293
Wasabi Greenhouse	324,000	356,400
Social Housing	481,497	605,143
Housing Betterments	51,232	68,310
Construction Development - health building	6,474,553	771,654
Construction Development - Gravel pit	200,000	200,000
Construction Development (Sewer Line)	3,965,076	360,156
Health Equipment	3,682	6,137
Fishing Equipment - Salish Sea Initiative	569,598	1,078,741
Construction Development - Fisheries Building	72,540	72,540
	\$ 12,877,794	\$ 4,382,046

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Accounts payable and accrued liabilities	\$ 2,414,760	\$ 308,676
Employee deductions payable	1,237	2,877
	\$ 2,415,997	\$ 311,553

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

10. DEFERRED REVENUE

	2024	2023
Opening Balance	\$ 8,734,901	\$ 6,868
Contribution received/Deferred revenue	18,998	8,729,616
Amount spent/revenue recognized	(2,025,750)	(1,583)
	\$ 6,728,149	\$ 8,734,901

11. LONG TERM DEBT

	2024	2023
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.	\$ 21,289	\$ 44,296
CMHC (#19360056002) loan bearing interest at 1.13% per annum, repayable in monthly blended payments of \$785. The loan matures on May 1, 2026.	20,152	29,287
CMHC (#19360056003) loan bearing interest at 3.04% per annum, repayable in monthly blended payments of \$1,769. The loan matures on June 1, 2027.	65,630	84,557
CMHC (#19360056004) loan bearing interest at 2.52% per annum, repayable in monthly blended payments of \$1,595. The loan matured on August 1, 2023.	-	7,921
CMHC (#19360056006) loan bearing interest at 0.76% per annum, repayable in monthly blended payments of \$767. The loan matures on December 1, 2030.	60,564	69,274
	\$ 167,635	\$ 235,335

Principal repayment terms are approximately:

2025	\$ 61,141
2026	39,853
2027	31,747
2028	11,158
2029	23,736
	\$ 167,635

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

12. ACCUMULATED SURPLUS (DEFICIT)

	Operating	Ottawa Trust	Housing	2024	2023
Accumulated Surplus (Deficit)					
Beginning balance	\$ 15,175,718	\$ 2,792	\$ 1,266,965	\$ 16,445,474	\$ 14,662,519
Annual Surplus (Deficit)	7,823,249	760	-	7,824,009	1,782,955
Distribution	-	(1,440)	-	(1,440)	-
	\$ 22,998,967	\$ 2,112	\$ 1,266,965	\$ 24,268,043	\$ 16,445,474

13. CONTINGENT LIABILITIES

The First Nation may be contingently liable with respect to Ministerial guarantees for On Reserve Housing Loans to various financial institutions in the amount of \$2,609,862.

The First Nation is contingently liable for \$3,182,122 with respect to loans from Bank of Montreal should Daxet Development Corporation (borrower) default on the loans.

14. DUE FROM RELATED PARTIES

	2024	2023
Qemqomet Development Limited Partnership	\$ 200,000	\$ 200,000

Advances to a related entity are unsecured, bear no interest, and have no fixed repayment terms.

15. INDIGENOUS SERVICES CANADA FUNDING RECONCILIATION

	2024	2023
Revenue per confirmation	\$ 4,504,482	\$ 11,452,942
Funding revenue recognized (deferred)	2,005,162	(8,726,193)
	\$ 6,509,644	\$ 2,726,749

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

16. EXPENSES BY OBJECT

The following is a summary of expenses by object

	<u>2024</u>	<u>2023</u>
<u>Section heading</u>		
Administration (recovery)	\$ (261,680)	\$ (329,873)
Amortization	436,150	437,215
Consultants and professional services	2,185,158	2,795,320
Honoraria	62,150	38,310
Insurance	129,339	119,954
Interest and bank charges	4,235	6,342
Material and program expenses	1,624,180	1,783,920
Members distribution	582,714	256,866
Other expenses	1,025,467	978,510
Repairs and maintenance	625,719	125,831
Telephone and utilities	152,628	155,111
Wages and benefits	1,524,986	1,393,107
	<u>\$ 8,091,046</u>	<u>\$ 7,760,613</u>

17. BUDGET FIGURES

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

18. COMPARATIVE FIGURES

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

T'SOU-KE FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

19. 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, 2024

(Schedule 1)

	Band 2024	Band 2023	Health 2024	Health 2023	Education and Training 2024	Education and Training 2023
REVENUES						
Indigenous Services Canada	\$ 432,805	\$ 387,352	\$ 499,411	\$ 500,771	\$ 1,049,303	\$ 1,024,593
Other Federal	4,418,548	2,766,897	665,694	746,045	322,727	299,357
Rental	26,555	10,243	-	-	-	-
Province of British Columbia	536,690	221,966	-	-	24,294	21,789
Other	747,756	2,319,729	17,460	640	168,335	69,652
	<u>6,162,354</u>	<u>5,706,187</u>	<u>1,182,565</u>	<u>1,247,456</u>	<u>1,564,659</u>	<u>1,415,391</u>
EXPENSES						
Administration (recovery)						
Amortization	(428,584)	(479,181)	79,202	61,079	46,814	36,241
Consultants and professional services	312,504	313,569	-	-	-	-
Honoraria	1,889,883	2,730,544	72,774	-	14,321	29,785
Insurance	56,950	36,000	-	-	150	100
Interest and bank charges	30,837	45,295	1,943	1,666	5,590	4,852
Material and program expenses	873	1,730	-	-	-	-
Members distribution	780,796	840,090	258,331	349,387	322,786	450,871
Other expenses	578,392	165,424	-	-	-	-
Repairs and maintenance	652,001	695,961	248,317	253,497	75,185	29,485
Telephone and utilities	431,472	-	4,519	26,249	24,862	20,376
Wages and benefits	20,011	25,210	3,021	4,331	7,017	10,101
	<u>623,020</u>	<u>580,629</u>	<u>461,841</u>	<u>394,741</u>	<u>240,934</u>	<u>255,629</u>
	<u>4,948,155</u>	<u>4,955,271</u>	<u>1,129,948</u>	<u>1,090,950</u>	<u>737,659</u>	<u>837,440</u>
ANNUAL SURPLUS (DEFICIT)	\$ 1,214,199	\$ 750,916	\$ 52,617	\$ 156,506	\$ 827,000	\$ 577,951

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

T'SOU-KE FIRST NATION
Segment Disclosure
Year Ended March 31, 2024

(Schedule 1 continued)

	Public Works 2024	Public Works 2023	Capital Projects 2024	Capital Projects 2023	Housing 2024	Housing 2023
REVENUES						
Indigenous Services Canada	\$ 4,365,506	\$ 437,443	\$ -	\$ -	\$ 162,619	\$ 376,590
Canada Mortgage and Housing Corporation	-	-	-	-	202,179	79,198
Other Federal	31,630	70,000	-	-	-	-
Rental	-	-	-	-	139,085	168,695
Other revenue	140,150	39,654	2,000,000	-	(35,692)	2,956
	<u>4,537,286</u>	<u>547,097</u>	<u>2,000,000</u>	<u>-</u>	<u>468,191</u>	<u>627,439</u>
EXPENSES						
Administration	28,331	35,831	-	-	12,557	16,157
Amortization	-	-	-	-	123,646	123,646
Consultants and professional services	92,000	28,990	-	-	116,177	6,000
Honoraria	5,050	2,210	-	-	-	-
Insurance	-	-	-	-	90,969	68,141
Interest and bank charges	-	-	-	-	3,362	4,612
Material and program expenses	9,617	35,820	-	-	252,650	107,752
Members distribution	4,322	91,443	-	-	-	-
Other expenses (recovery)	48,233	(9,271)	-	-	1,732	7,881
Repairs and maintenance	86,241	44,927	-	-	78,624	35,239
Telephone and utilities	107,477	95,834	-	-	15,104	19,635
Wages and benefits	199,192	162,107	-	-	-	-
	<u>580,463</u>	<u>487,891</u>	<u>-</u>	<u>-</u>	<u>694,821</u>	<u>389,063</u>
ANNUAL SURPLUS (DEFICIT)	\$ 3,956,823	\$ 59,206	\$ 2,000,000	\$ -	\$ (226,630)	\$ 238,376

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