

**Tseshah First Nation
Consolidated Financial Statements**

March 31, 2019

Tseshah First Nation Contents

For the year ended March 31, 2019

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Management's Responsibility

To the Members of Tseshah First Nation:

The accompanying consolidated financial statements of Tseshah First Nation are the responsibility of management and have been approved by the Chief and 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 Tseshah First Nation Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by Chief and Council 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 Chief and Council and management to discuss their audit findings.

July 25, 2019



Director of Finance

Independent Auditor's Report

To the Members of Tseshah First Nation:

Opinion

We have audited the consolidated financial statements of Tseshah 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 (net debt), cash flows and the related schedules 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 results of its consolidated operations and its 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 the 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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Nanaimo, British Columbia

July 25, 2019

MNP LLP

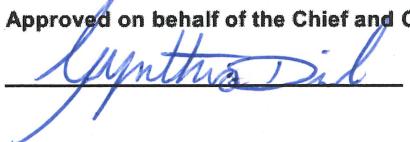
Chartered Professional Accountants

MNP
LLP

Tseshah First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

| | 2019 | 2018 |
|---|-------------------|-------------------|
| Financial assets | | |
| Cash and cash equivalents | 2,816,755 | 2,221,223 |
| Accounts receivable (Note 3) | 1,299,161 | 1,085,797 |
| Term investments (Note 4) | 966,794 | 952,759 |
| Inventory for resale (Note 5) | 228,141 | 203,865 |
| Restricted cash (Note 6) | 1,608,167 | 1,639,420 |
| Funds held in trust (Note 7) | 166,902 | 158,657 |
| Portfolio investments (Note 8) | 25,000 | 25,000 |
| Investment in First Nation business enterprises (Note 8) | 5,810,627 | 6,678,498 |
| Investment in First Nation business partnerships (Note 8) | 197,698 | 103,925 |
| Total financial assets | 13,119,245 | 13,069,144 |
| Financial liabilities | | |
| Accounts payable | 1,329,856 | 1,156,008 |
| Deferred revenue (Note 9) | 847,629 | 536,890 |
| Long-term debt (Note 11), (Note 12) | 10,100,505 | 11,668,028 |
| Total financial liabilities | 12,277,990 | 13,360,926 |
| Net financial assets (net debt) | 841,255 | (291,782) |
| Contingencies (Note 13) | | |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 19,380,782 | 20,048,592 |
| Prepaid expenses | 50,426 | 63,011 |
| Total non-financial assets | 19,431,208 | 20,111,603 |
| Accumulated surplus (Note 14) | 20,272,463 | 19,819,821 |

Approved on behalf of the Chief and Council

  Cynthia Dil  Councillor

Tseshah First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

| | <i>Schedules</i> | <i>2019 Budget (Note 18)</i> | <i>2019</i> | <i>2018</i> |
|---|------------------|--------------------------------------|-------------------|-------------|
| Revenue | | | | |
| Sales | | 55,000 | 9,989,375 | 9,504,881 |
| Nuu-chah-nulth Tribal Council - CFNFA | | 3,267,686 | 3,905,920 | 3,869,168 |
| Nuu-chah-nulth Tribal Council - non CFNFA | | 396,469 | 724,499 | 686,206 |
| Rental income | | 99,600 | 567,468 | 511,380 |
| Government of Canada | | 230,184 | 497,263 | 1,474,201 |
| Province of B.C. | | 146,000 | 483,786 | 196,644 |
| Canada Mortgage and Housing Corporation | | - | 227,587 | 451,697 |
| Fish license fees | | 194,500 | 226,100 | 156,588 |
| Other revenue | | 66,500 | 313,178 | 141,886 |
| First Nations Health Authority | | 116,333 | 178,231 | 141,468 |
| Fees | | 39,000 | 162,380 | 179,047 |
| Earnings from investment in First Nation business enterprises (Note 8) | | - | 110,331 | 1,847,882 |
| Interest income | | 1,200 | 105,644 | 51,949 |
| Earnings from investment in First Nation business partnerships (Note 8) | | - | 94,248 | 83,775 |
| Lease income | | 7,500 | 62,600 | 57,200 |
| Nuu-chah-nulth Employment & Training Board | | 52,000 | 52,000 | 91,229 |
| First Nation Education Steering Committee | | - | 44,670 | 63,670 |
| Other grants | | 4,000 | 38,500 | 4,400 |
| Nuu-chah-nulth Economic Development Corporation | | - | 13,630 | 5,898 |
| Administration recoveries | | - | 12,501 | 48,570 |
| BC Special | | - | 2,724 | 2,737 |
| | | 4,675,972 | 17,812,635 | 19,570,476 |
| Expenses (Schedule 2) | | | | |
| Operating | 3 | 5,438,313 | 6,471,241 | 6,246,834 |
| Trust | 4 | - | 14,000 | 8,000 |
| Social Housing | 5 | - | 752,550 | 713,705 |
| Enterprise | 6 | - | 9,565,941 | 10,389,126 |
| Treaty | 7 | - | 556,261 | 82,902 |
| | | 5,438,313 | 17,359,993 | 17,440,567 |
| Annual surplus (deficit) | | (762,341) | 452,642 | 2,129,909 |
| Accumulated surplus, beginning of year | | 19,819,821 | 19,819,821 | 17,689,912 |
| Accumulated surplus, end of year (Note 14) | | 19,057,480 | 20,272,463 | 19,819,821 |

The accompanying notes are an integral part of these financial statements

Tseshah First Nation
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2019

| | 2019 Budget (Note 18) | 2019 | 2018 |
|--|--------------------------------------|------------------|--------------------|
| Annual surplus (deficit) | (762,341) | 452,642 | 2,129,909 |
| Purchases of tangible capital assets | - | (636,152) | (1,483,265) |
| Amortization of tangible capital assets | - | 1,303,961 | 1,393,896 |
| Transfer of work in progress tangible capital assets | - | - | 151,158 |
| | - | 667,809 | 61,789 |
| Acquisition of prepaid expenses | - | (50,424) | (63,010) |
| Use of prepaid expenses | - | 63,010 | 32,925 |
| | - | 12,586 | (30,085) |
| Decrease in net financial assets (net debt) | (762,341) | 1,133,037 | 2,161,613 |
| Net debt, beginning of year | (291,782) | (291,782) | (2,453,395) |
| Net financial assets (net debt), end of year | (1,054,123) | 841,255 | (291,782) |

Tseshah First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

| | 2019 | 2018 |
|---|------------------|------------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Annual surplus (deficit) | 452,642 | 2,129,909 |
| Non-cash items | | |
| Amortization | 1,303,961 | 1,393,896 |
| Bad debts | 40,418 | 16,684 |
| Earnings (loss) from investment in First Nation business partnerships | (94,248) | (83,775) |
| Earnings from investment in First Nation business enterprises | (110,331) | (1,847,882) |
| Tseshah Economic Development Corporation consolidation | - | (217,707) |
| Impairment of capital assets | - | 1,224,524 |
| | 1,592,442 | 2,615,649 |
| Changes in working capital accounts | | |
| Accounts receivable | (253,782) | (253,452) |
| Prepaid expenses | 12,585 | (30,087) |
| Inventory for resale | (24,276) | (25,906) |
| Funds held in trust | (8,245) | (4,252) |
| Accounts payable and accruals | 173,848 | 79,165 |
| Deferred revenue | 310,739 | 178,824 |
| | 1,803,311 | 2,559,941 |
| Financing activities | | |
| Advances of long-term debt | 30,633 | 697,738 |
| Repayment of long-term debt | (1,598,156) | (968,154) |
| Repayment of demand loan | - | (275) |
| | (1,567,523) | (270,691) |
| Capital activities | | |
| Purchases of tangible capital assets | (636,152) | (1,483,265) |
| Investing activities | | |
| Purchase of term investments | (14,035) | (185,061) |
| Purchase of trust term investments | - | (410,000) |
| Decrease (increase) in restricted cash | 31,253 | (129,786) |
| Increase in funds held in trust | - | (150) |
| Advances to related parties | (221,322) | (224,505) |
| Withdrawal from First Nation business enterprises | 1,200,000 | - |
| | 995,896 | (949,502) |
| Increase (decrease) in cash and cash equivalents | 595,532 | (143,517) |
| Cash and cash equivalents, beginning of year | 2,221,223 | 2,364,740 |
| Cash and cash equivalents, end of year | 2,816,755 | 2,221,223 |

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

1. Operations

The Tseshah First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Tseshah First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

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

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities and First Nation business partnerships. Trusts administered on behalf of third parties by Tseshah First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Tseshah Market (Department)
- Tseshah Somass Society (Wholly owned)
- Tseshah Development Society (Wholly owned)
- Tseshah Economic Development Corporation (Wholly owned)
- Social Housing (Department)

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Tseshah First Nation business enterprises, owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

First Nation business partnerships, jointly owned and controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Tseshah Forestry Corporation (Wholly owned)
- Omoah Forestry LLP and its General Partner, Omoah Forestry Corporation (Wholly owned)
- Cisaa Forestry LLP, and its General Partner, Cisaa Forestry Corporation (Wholly owned)
- Ekoolthaht Marine LLP, and its General Partner, Ekoolthaht Marine Corporation (Wholly owned)
- Tseshah Fisheries Corporation (Wholly owned)
- Equis Forest Products Ltd. (51% ownership)
- 1054423 Fisheries Limited Partnership and its General Partner, 10554233 B.C. Ltd. (50% ownership)

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies *(Continued from previous page)*

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.

Tangible capital assets

Tangible capital assets exceeding \$1,000 are initially recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the rates. See below for amortization rates of specific asset categories.

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 First Nation's consolidated financial statements. Thunderbird poles have an unlimited useful life, and are therefore no longer depreciated.

| | Method | Years/Rate |
|----------------------|---------------|-------------------|
| Automotive equipment | straight-line | 5 years |
| Boat | straight-line | 10 years |
| Community buildings | straight-line | 20 years |
| Computer equipment | straight-line | 3 years |
| Dock and gazebo | straight-line | 10 years |
| Housing | straight-line | 20 years |
| Infrastructure | straight-line | 20 years |
| Office equipment | straight-line | 5 years |
| Other equipment | straight-line | 5 years |
| Paving | straight-line | 10 years |
| Shellfish licenses | straight-line | 20 years |
| Social Housing | straight-line | 30 years |

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Long-lived assets

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in operations for the year.

The First Nation does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

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 and prepaid expenses.

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies *(Continued from previous page)*

Net financial assets (net debt)

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

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2019, no liability for contaminated sites exists.

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 sale of 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.

Revenue recognition

Non-government Funding

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

Government Transfers

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.

Funds held in trust

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.

Sales

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer and collection is reasonably assured.

Other Revenue

Other revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the First Nation and when the amount of revenue can be reliably measured and collectibility is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable.

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Inventories are valued at lower of cost and net realizable value using the first in, first out costing method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

Expenditures that relate to on-going environmental and remediation programs are charged against operations as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

Segments

The First Nation conducts its business through five reportable segments as described in Note 16. 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.

3. Accounts receivable

| | 2019 | 2018 |
|--|------------------------|------------------------|
| Nuu-chah-nulth Tribal Council | 57,658 | 82,708 |
| Canadian Mortgage and Housing Corporation (CMHC) | 9,199 | 137,332 |
| Other government agencies | 172,800 | 9,026 |
| Pacific Integrated Commercial Fisheries Initiative | 247,576 | 219,956 |
| Rent receivables | 62,941 | 195,637 |
| Province of British Columbia | 11,573 | 43,787 |
| Goods and service tax receivable (payable) | (21,163) | 45,294 |
| Other receivables | 758,577 | 352,057 |
| | <hr/> 1,299,161 | <hr/> 1,085,797 |

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

4. Term investments

| | 2019 | 2018 |
|--|----------------|-------------|
| Internally restricted | | |
| Guaranteed Investment Certificate (GIC) maturing August 23, 2021, bearing interest as follows: Year 1 - 1.00%, Year 2 - 1.10%, Year 3 - 1.30%, Year 4 - 1.60%, Year 5 - 1.75% (a reserve fund established by the Board of Directors of Tseshah Market for future fuel system upgrades and expansion) | 285,788 | 285,788 |
| Term deposits | | |
| GIC maturing August 23, 2019, bearing interest as follows: Year 1 - 0.75%, Year 2 - 0.80%, Year 3 - 0.85% | 181,910 | 181,910 |
| GIC redeemed during the year. | - | 100,000 |
| GIC redeemed during the year. | - | 200,000 |
| Tseshah Economic Development Corporation - GIC maturing November 27, 2019, bearing interest as follows: Year 1 - 1.6%, Year 2 - 1.85% | 188,460 | 185,061 |
| GIC maturing July 2, 2019, bearing interest at 2% | 103,545 | - |
| GIC maturing July 2, 2019, bearing interest at 2% | 207,091 | - |
| | 966,794 | 952,759 |

5. Inventory for resale

| | 2019 | 2018 |
|----------------|----------------|-------------|
| Tseshah Market | 228,141 | 203,865 |

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

6. Restricted cash

| | 2019 | 2018 |
|---------------------------------------|------------------|-------------|
| Social Housing Replacement Reserve | 375,604 | 431,709 |
| Social Housing Operating Reserve | 232,503 | 229,070 |
| Trust cash and short-term investments | 504,309 | 11,253 |
| Trust long-term investments | 495,751 | 967,388 |
| | 1,608,167 | 1,639,420 |

Social Housing Reserves

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$73,000 (2018 - \$69,400) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, this reserve was underfunded by \$63,564 (2018 - adequately funded).

Under the terms of the agreement with Canada Mortgage and Housing Corporation, 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 (2018 - adequately funded).

Trust

The purpose of the Tseshah Trust is to hold and protect a past specific claim settlement intended for its beneficiary, the First Nation. As at March 31, 2019, the fair market value of the investments held in Trust is \$981,593 (2018 - \$963,420).

7. Funds held in trust

Capital and revenue trust funds are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council. Other trust funds are to be used with consent of the First Nation's Council.

| | 2019 | 2018 |
|---------------------------------------|----------------|-------------|
| Capital Trust | | |
| Balance, beginning and end of year | 78,605 | 78,605 |
| Revenue Trust | | |
| Balance, beginning of year | 80,052 | 75,651 |
| Interest | 5,521 | 1,664 |
| British Columbia special distribution | 2,724 | 2,737 |
| Balance, end of year | 88,297 | 80,052 |
| | 166,902 | 158,657 |

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Long-term investments

The First Nation uses the investees year-end financial statements to account for its investment in these investees. Equis Forest Products Ltd. has an October 31, 2018 year-end and the remainder of the investees have a December 31, 2018 year-end.

There were no significant transactions between the year-end dates of the investees and March 31, 2019.

| | <i>Investment cost</i> | <i>Loans / advances</i> | <i>Share of earnings (loss)</i> | <i>Other adjustments</i> | <i>2019 Total investment</i> |
|--|------------------------|-------------------------|---------------------------------|--------------------------|------------------------------|
| Portfolio Investments: | | | | | |
| Coast Forest Management Ltd. - 30% | 25,000 | - | - | - | 25,000 |
| First Nation Business Enterprises: | | | | | |
| Tseshah Fisheries Corporation - 100% | (1,778) | 1,787 | - | - | 9 |
| Tseshah Forestry Corporation - 100% | (450,869) | 1,139,185 | (79,233) | - | 609,083 |
| Equis Forest Products Ltd. - 51% | 47,634 | - | 9,225 | (18,616) | 38,243 |
| Omoah Forestry LLP - 99% | 1,249,703 | 2,045,653 | (34,601) | (100,000) | 3,160,755 |
| Cisaa Forestry LLP - 99% | 3,408,808 | (523,272) | 229,435 | (1,100,000) | 2,014,971 |
| Ekoolthaht Marine LLP - 99% | 172 | 1,889 | (14,495) | - | (12,434) |
| | 4,253,670 | 2,665,242 | 110,331 | (1,218,616) | 5,810,627 |
| First Nation Business Partnerships: | | | | | |
| 1055423 Fisheries LP - 50% | 103,949 | - | 94,018 | - | 197,967 |
| 1055423 B.C. Ltd. - 50% | (24) | - | 230 | (475) | (269) |
| | 103,925 | - | 94,248 | (475) | 197,698 |
| | 4,382,595 | 2,665,242 | 204,579 | (1,219,091) | 6,033,325 |

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Long-term investments *(Continued from previous page)*

| | <i>Investment cost</i> | <i>Loans / advances</i> | <i>Share of earnings (loss)</i> | <i>Other adjustments</i> | <i>2018 Total investment</i> |
|---|------------------------|-------------------------|---------------------------------|--------------------------|------------------------------|
| Portfolio Investment | | | | | |
| Coast Forest Management Ltd. - 30% | 25,000 | - | - | - | 25,000 |
| First Nation Business Enterprises: | | | | | |
| Tseshah Fisheries Corporation - 100% | 1 | 1,787 | (1,770) | (9) | 9 |
| Tseshah Economic Development Corporation - 100% | (11,851) | - | - | 11,851 | - |
| Tseshah Forestry Corporation - 100% | (466,014) | 986,380 | 15,145 | - | 535,511 |
| Equis Forest Products Ltd - 51% | 72,194 | 4,463 | (24,560) | - | 52,097 |
| Omoah Forestry LLP - 99% | 1,358,043 | 1,999,932 | (108,340) | - | 3,249,635 |
| Cisaa Forestry LLP - 99% | 1,450,571 | (567,733) | 1,958,236 | - | 2,841,074 |
| Ekoolthaht Marine LLP - 99% | (8,999) | - | 9,171 | - | 172 |
| | 2,393,945 | 2,424,829 | 1,847,882 | 11,842 | 6,678,498 |
| First Nation Business Partnerships: | | | | | |
| Alberni Ice LP - 50% | 31,291 | - | - | (31,291) | - |
| 1054423 Fisheries LP - 50% | 20,000 | (10) | 83,949 | 10 | 103,949 |
| 10554423 B.C. Ltd - 50% | - | - | (174) | 150 | (24) |
| | 51,291 | (10) | 83,775 | (31,131) | 103,925 |
| | 2,470,236 | 2,424,819 | 1,931,657 | (19,289) | 6,807,423 |

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Long-term investments *(Continued from previous page)*

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

| | <i>Tseshah Forestry Corporation</i> <i>As at December 31, 2018</i> | <i>Omoah Forestry LLP</i> <i>As at December 31, 2018</i> |
|------------------------------------|---|---|
| Assets | | |
| Cash | 303,618 | 1,022,227 |
| Forestry contracts | - | 2,100,000 |
| Accounts receivable | 41,278 | 164,068 |
| Prepaid expenses | 2,515 | - |
| Property, plant and equipment | 46,622 | - |
| Other | - | 562,304 |
| Due from related parties | 118,725 | 16,837 |
| Total assets | 512,758 | 3,865,436 |
| Liabilities | | |
| Accounts payable | 27,442 | 500,716 |
| Deferred revenue | 6,400 | 194,864 |
| Due to related parties | 999,949 | 2,053,379 |
| Other | 9,067 | - |
| Silviculture liabilities | - | - |
| Total liabilities | 1,042,858 | 2,748,959 |
| Retained earnings | (530,100) | 1,116,477 |
| Total revenue | 190,580 | 793,755 |
| Total expenses | 269,812 | 828,391 |
| Net income (loss) | (79,232) | (34,636) |
| Comprehensive income (loss) | (79,232) | (34,636) |

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Long-term investments *(Continued from previous page)*

| | <i>Cisaa Forestry LLP</i> <i>As at December 31, 2018</i> | <i>Ekoolthaht Marine LLP</i> <i>As at December 31, 2018</i> | <i>Tseshah Fisheries Corporation</i> <i>As at December 31, 2018</i> | <i>Equis Forest Products Ltd.</i> <i>As at October 31, 2018</i> |
|------------------------------------|---|--|--|--|
| Assets | | | | |
| Cash | 1,804,437 | 7,081 | - | 157,668 |
| Forestry contracts | - | - | - | - |
| Accounts receivable | 21,946 | 688 | - | - |
| Prepaid expenses | 3,218 | - | - | - |
| Property, plant and equipment | 158,160 | - | - | - |
| Other | 329,876 | - | - | 13,538 |
| Due from related parties | 552,890 | - | (1,778) | - |
| Total assets | 2,870,527 | 7,769 | (1,778) | 171,206 |
| Liabilities | | | | |
| Accounts payable | 5,304 | 1,498 | - | 2,451 |
| Deferred revenue | - | - | - | - |
| Due to related parties | 97,308 | 20,608 | - | - |
| Other | - | - | - | - |
| Silviculture liabilities | 225,871 | - | - | 99,945 |
| Total liabilities | 328,483 | 22,106 | - | 102,396 |
| Retained earnings | 2,542,044 | (14,337) | (1,778) | 68,810 |
| Total revenue | 844,687 | 16,923 | - | 51,518 |
| Total expenses | 615,022 | 31,433 | - | 33,429 |
| Net income (loss) | 229,665 | (14,510) | - | 18,089 |
| Comprehensive income (loss) | 229,665 | (14,510) | - | 18,089 |

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Long-term investments *(Continued from previous page)*

| | <i>1055423 B.C. Ltd. - 50%</i> | <i>1055423 Fisheries LP - 50%</i> |
|------------------------------------|------------------------------------|---|
| | <i>As at December 31, 2018</i> | <i>As at December 31, 2018</i> |
| Assets | | |
| Cash | 300 | 137,415 |
| Forestry contracts | - | - |
| Accounts receivable | - | 152,370 |
| Prepaid expenses | - | - |
| Property, plant and equipment | - | 867,781 |
| Other | 113 | - |
| Due from related parties | - | 1,096 |
| Total assets | 413 | 1,158,662 |
| Liabilities | | |
| Accounts payable | 1,000 | 1,832 |
| Deferred revenue | - | 724,573 |
| Due to related parties | 1,301 | 98,631 |
| Other | - | - |
| Silviculture liabilities | - | - |
| Total liabilities | 2,301 | 825,036 |
| Retained earnings | (1,888) | 333,626 |
| Total revenue | 40 | 424,535 |
| Total expenses | 500 | 222,599 |
| Net income (loss) | (460) | 201,936 |
| Comprehensive income (loss) | (460) | 201,936 |

9. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

| | <i>Balance, beginning of year</i> | <i>Contributions received</i> | <i>Contributions recognized</i> | <i>Balance, end of year</i> |
|--|---|-----------------------------------|-------------------------------------|---------------------------------|
| Deferred revenue - government funding | 178,096 | 964,865 | 624,856 | 518,105 |
| Rent deposits | 29,315 | - | 8,477 | 20,838 |
| Grants for acquiring tangible capital assets - Tseshah | | | | |
| Market | 329,479 | - | 20,793 | 308,686 |
| | 536,890 | 964,865 | 654,126 | 847,629 |

10. Available credit

As at March 31, 2019, the First Nation had available a revolving demand facility with a credit limit of \$737,500, bearing interest at prime plus 1.25%, of which \$nil (2018 - \$nil) was outstanding at year-end. This credit facility is secured by a general security agreement.

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

11. Long-term debt

| | 2019 | 2018 |
|---|------------------|-------------|
| CMHC Phase 1 - All Nations Trust Company | | |
| - Interest at 2.14% per annum | | |
| - Monthly blended payments of \$15,882 | | |
| - Maturity date of January 2034; due March 2024 | | |
| - Secured by a guarantee of the First Nation and the Government of Canada | 2,422,025 | 2,560,534 |
| CMHC Phase 2 - All Nations Trust Company | | |
| - Interest at 0.96% per annum | | |
| - Monthly blended payments of \$7,131 | | |
| - Maturity date of September 2036; due September 2021 | | |
| - Secured by a guarantee of the First Nation and The Government of Canada | 1,378,046 | 1,450,034 |
| CMHC Phase 3 - All Nations Trust Company | | |
| - Interest at 2.5% per annum | | |
| - Monthly blended payments of \$1,701 | | |
| - Maturity date of June 2038; due June 2023 | | |
| - Secured by a guarantee of the First Nation and the Government of Canada | 311,955 | 324,729 |
| CMHC Phase 4 - All Nations Trust Company | | |
| - Interest at 1.83% per annum | | |
| - Monthly blended payments of \$2,492 | | |
| - Maturity date of December 2039; due December 2019 | | |
| - Secured by a guarantee of the First Nation and the Government of Canada | 516,237 | 536,524 |
| CMHC Phase 5 - All Nations Trust Company | | |
| - Interest at 1.46% per annum | | |
| - Monthly blended payments of \$2,604 | | |
| - Maturity date of March 2042; due March 2022 | | |
| - Secured by a guarantee of the First Nation and the Government of Canada | 610,431 | 632,615 |
| CMHC Phase 6 - All Nations Trust Company | | |
| - Interest at 1.97% per annum | | |
| - Monthly blended payments of \$2,860 | | |
| - Maturity date of October 2042; due December 2022 | | |
| - Secured by a guarantee of the First Nation and the Government of Canada | 651,428 | 672,736 |
| Bank of Montreal - demand loan | | |
| - Interest at bank prime plus 1.25% per annum | | |
| - Monthly payments of \$14,167, plus interest | | |
| - Secured by a promissory note and a charge against specific assets with a net book value of \$6,249,760 (2018 - \$6,544,817) | 1,006,676 | 2,167,500 |
| Nuu-chah-nulth Economic Development Corporation ("NEDC") Loan #2012012C | - | 6,954 |
| - repaid during the year | | |
| Nuu-chah-nulth Tribal Council ("NTC") Treaty Loan | | |
| - See Note 12 for details | 2,810,604 | 2,810,604 |
| Market Nuu-chah-nulth Economic Development Corporation ("NEDC") Loan #2011004N | | |
| - Interest at 6.00% per annum | | |
| - Monthly blended payments of \$10,642 | | |
| - Maturity date of January 2027 | | |
| - Secured by a promissory note | 277,506 | 386,196 |

Tseshaht First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

11. Long-term debt *(Continued from previous page)*

Market Nuu-chah-nulth Economic Development Corporation ("NEDC") Loan #2016025N

- Interest at prime plus 3% per annum
- Monthly blended payments of \$1,105
- Maturity date of November 1, 2021
- Secured by a promissory note

39,407 49,694

Market Nuu-chah-nulth Economic Development Corporation ("NEDC") Loan #2016025NF

- Bearing no interest
- Forgivable at a rate of \$1 for every \$1 in principle repaid on NEDC loan #2016025N

6,883 17,170

Ford Credit Financing

- 0% interest
- Monthly payments of \$1,172
- Maturity date of December 2021

38,674 52,738

Nuu-chah-nulth Economic Development Corporation ("NEDC") Loan 2018020N

- Interest at 5.7% per annum
- Monthly blended payments of \$1,457
- Maturity date of Feb 1, 2020
- Secured by a promissory note
- Forgivable at a rate of \$1 for every \$1 in principal repaid on NEDC loan #2018020NF

30,633 -

10,100,505 11,668,028

Total repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

| | Principal |
|------|-----------|
| 2020 | 640,295 |
| 2021 | 615,621 |
| 2022 | 539,192 |
| 2023 | 483,140 |
| 2024 | 484,348 |

12. Treaty loan

The First Nation has received funds from Nuu-chah-nulth Tribal Council ("NTC") pursuant to an agreement the NTC had negotiated on its behalf with Indigenous Services Canada ("ISC") and the British Columbia Treaty Commission. Under the terms of that agreement, the NTC received both loaned and contributed funds, which it subsequently reloaned and contributed to the First Nation. The funds are to be used solely for the purpose of treaty negotiations. Repayment provisions for this loan are outlined in the First Nation Negotiation Support Agreement between ISC, NTC and the First Nation. The loan is non-interest bearing and repayment is to commence on September 2, 2021.

In March 2019, the Government of Canada announced proposed funding to forgive all past and current loans to First Nations for comprehensive claims and treaty negotiations. At year-end, no formal agreements had been extended in relation to this proposed funding.

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

13. Contingencies

- (a) The First Nation has entered into an agreement to guarantee mortgages of Members' residences on reserve to a limit of \$3,000,000 through the Bank of Montreal's On-Reserve Housing Loan Program. The total amount of outstanding guarantees as at March 31, 2019 is \$1,439,243 (2018 - \$1,516,835). These loan guarantees are in addition to CMHC mortgages.
- (b) The First Nation has received funding from CMHC to provide major renovations to the homes of certain of its members. This funding becomes repayable in the event that the member does not remain in the house for a period of five years.
- (c) The First Nation is contingently liable for guarantees of mortgages of Members' residences situated on reserve through Ministerial Loan Guarantees. The total amount of such mortgages at March 31, 2019 is \$145,516 (2018 - \$148,219). These loan guarantees are in addition to CMHC On-Reserve Non-Profit Housing Program Mortgages.
- (d) The First Nation is liable for the costs of future removal of fuel storage tanks and site restoration at the Tseshah Market. These costs cannot be reasonably estimated at this time.

14. Accumulated surplus

Accumulated annual surplus is comprised of the following:

| | 2019 | 2018 |
|--|-------------------|-------------|
| Equity in Funds held in trust | 1,131,698 | 1,133,046 |
| Equity in Operating Fund - operations | 2,648,034 | 2,913,566 |
| Equity in Operating Fund - tangible capital assets | 12,090,881 | 11,191,169 |
| Equity in Social Housing Fund | 1,179,129 | 660,779 |
| Equity in Enterprise Fund | 6,033,325 | 6,731,865 |
| Deficit in Treaty Fund | (2,810,604) | (2,810,604) |
| | 20,272,463 | 19,819,821 |

15. Related party transactions

During the year the First Nation charged management fees to the following business enterprises:

| | 2019 | 2018 |
|-------------------------------|----------------|---------|
| Tseshah Forestry Corporation | 28,791 | 20,026 |
| Cisaa Forestry LLP | 43,542 | 32,437 |
| Cisaa Forestry Corporation | 881 | 1,427 |
| Omoah Forestry LLP | 43,542 | 32,437 |
| Omoah Forestry Corporation | 881 | 1,427 |
| Ekoolthaht Marine LLP | 3,526 | 2,951 |
| Ekoolthaht Marine Corporation | 1,463 | 1,302 |
| Equis Forest Products Ltd. | 5,140 | 16,220 |
| | 127,766 | 108,227 |

The above transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the Nation and the related parties.

Tseshah First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

16. Segments

The First Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

Operating

Includes general operations, support and financial management of the First Nation. Additionally, it includes activities related to education, health and community infrastructure.

Trust

Includes activities related to funds held in trust and a specific claim trust.

Social Housing

Includes revenue and expenses relating to the social housing of the members of Tseshah First Nation.

Enterprise

Includes activities related to the growth of revenue producing projects with the First Nation.

Treaty

Includes activities related to the treaty negotiation with the Federal government.

17. Economic dependence

Tseshah First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") via Nuu-chah-nulth Tribal Council ("NTC") as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

18. Budget information

Budgets were not prepared for all segments and all departments in 2019. As such, the budget figures in the Consolidated Statement of Operations and Accumulated Surplus are not presented for the same scope of activities as the actual results.

The disclosed budget information has been approved by the Chief and Council of the Tseshah First Nation at the Tseshah Community Budget Meeting held on May 24, 2018.

Chief and Council has not budgeted for the following segments:

- Trust
- Social Housing
- Enterprise
- Treaty

19. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Tseshah First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

| | <i>Automotive equipment</i> | <i>Boat</i> | <i>Community buildings</i> | <i>Computer equipment</i> | <i>Dock and gazebo</i> | <i>Housing</i> | <i>Subtotal</i> |
|--|-----------------------------|----------------|----------------------------|---------------------------|------------------------|----------------|------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 285,585 | 277,053 | 19,220,421 | 158,602 | 419,658 | 2,183,659 | 22,544,978 |
| Acquisition of tangible capital assets | 107,316 | 82,594 | 188,553 | 21,147 | - | - | 399,610 |
| Disposal of tangible capital assets | - | - | - | - | - | - | - |
| Transfer of finished construction-in-progress | - | - | - | - | - | - | - |
| Balance, end of year | 392,901 | 359,647 | 19,408,974 | 179,749 | 419,658 | 2,183,659 | 22,944,588 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 191,438 | 108,590 | 12,972,065 | 155,111 | 188,872 | 2,183,659 | 15,799,735 |
| Annual amortization | 40,149 | 31,837 | 565,322 | 5,631 | 41,964 | - | 684,903 |
| Accumulated amortization on disposals | - | - | - | - | - | - | - |
| Balance, end of year | 231,587 | 140,427 | 13,537,387 | 160,742 | 230,836 | 2,183,659 | 16,484,638 |
| Net book value of tangible capital assets | 161,314 | 219,220 | 5,871,587 | 19,007 | 188,822 | - | 6,459,950 |
| 2018 Net book value of tangible capital assets | 94,147 | 168,463 | 6,248,356 | 3,491 | 230,786 | - | 6,745,243 |

Tseshah First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

| | <i>Subtotal</i> | <i>Infrastructure</i> | <i>Land</i> | <i>Office equipment</i> | <i>Other equipment</i> | <i>Paving</i> | <i>Subtotal</i> |
|--|------------------------|------------------------------|--------------------|--------------------------------|-------------------------------|----------------------|------------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 22,544,978 | 9,034,214 | 2,042,260 | 163,521 | 1,784,301 | 77,797 | 35,647,071 |
| Acquisition of tangible capital assets | 399,610 | 222,515 | - | - | 14,027 | - | 636,152 |
| Disposal of tangible capital assets | - | - | - | - | (4,457) | - | (4,457) |
| Transfer of finished construction-in-progress | - | - | - | - | - | - | - |
| Balance, end of year | 22,944,588 | 9,256,729 | 2,042,260 | 163,521 | 1,793,871 | 77,797 | 36,278,766 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 15,799,735 | 5,104,476 | - | 150,524 | 1,479,118 | 27,820 | 22,561,673 |
| Annual amortization | 684,903 | 275,465 | - | 3,829 | 38,921 | 5,880 | 1,008,998 |
| Accumulated amortization on disposals | - | - | - | - | (4,457) | - | (4,457) |
| Balance, end of year | 16,484,638 | 5,379,941 | - | 154,353 | 1,513,582 | 33,700 | 23,566,214 |
| Net book value of tangible capital assets | 6,459,950 | 3,876,788 | 2,042,260 | 9,168 | 280,289 | 44,097 | 12,712,552 |
| 2018 Net book value of tangible capital assets | 6,745,243 | 3,929,738 | 2,042,260 | 12,997 | 305,183 | 49,977 | 13,085,398 |

Tseshah First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

| | <i>Subtotal</i> | <i>Shellfish licenses</i> | <i>Social housing licenses</i> | <i>Thunderbird poles</i> | <i>2019</i> | <i>2018</i> |
|--|-------------------|-------------------------------|------------------------------------|------------------------------|-------------------|-------------------|
| Cost | | | | | | |
| Balance, beginning of year | 35,647,071 | 10,914 | 8,832,549 | 44,035 | 44,534,569 | 43,202,463 |
| Acquisition of tangible capital assets | 636,152 | - | - | - | 636,152 | 1,483,265 |
| Disposal of tangible capital assets | (4,457) | - | - | - | (4,457) | - |
| Transfer of finished construction-in-progress | - | - | - | - | - | (151,159) |
| Balance, end of year | 36,278,766 | 10,914 | 8,832,549 | 44,035 | 45,166,264 | 44,534,569 |
| Accumulated amortization | | | | | | |
| Balance, beginning of year | 22,561,673 | 8,735 | 1,900,570 | 14,999 | 24,485,977 | 23,092,081 |
| Annual amortization | 1,008,998 | 546 | 294,417 | - | 1,303,961 | 1,393,896 |
| Accumulated amortization on disposals | (4,457) | - | - | - | (4,457) | - |
| Balance, end of year | 23,566,214 | 9,281 | 2,194,987 | 14,999 | 25,785,481 | 24,485,977 |
| Net book value of tangible capital assets | 12,712,552 | 1,633 | 6,637,562 | 29,036 | 19,380,783 | 20,048,592 |
| 2018 Net book value of tangible capital assets | 13,085,398 | 2,179 | 6,931,979 | 29,036 | 20,048,592 | |

Tseshah First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2019

| | 2019 <i>Budget</i> <i>(Note 18)</i> | 2019 | 2018 |
|---|--|-------------------|-------------------|
| Consolidated expenses by object | | | |
| Administration fees | - | 40,430 | 38,642 |
| Advertising | 18,500 | 60,017 | 43,865 |
| Amortization | - | 1,303,961 | 1,393,896 |
| Bad debts | - | 40,418 | 16,684 |
| Cost of goods sold | - | 8,068,490 | 7,784,539 |
| Cultural promotion | 5,000 | 15,103 | 979 |
| Custom election code | - | 652 | 6,647 |
| Fire protection | 49,350 | 70,454 | 72,956 |
| Food fish expense | 18,500 | 21,082 | 49,422 |
| Honoraria | 230,750 | 189,923 | 148,794 |
| Housing grants | 55,000 | 35,000 | 35,450 |
| Impairment on investment of capital asset | - | - | 1,255,816 |
| Infrastructure | 300,840 | - | - |
| Insurance, licenses and dues | 95,180 | 154,973 | 146,699 |
| Interest and bank charges | 8,000 | 85,897 | 85,976 |
| Interest on long-term debt | 229,140 | 248,411 | 226,786 |
| Meeting costs | 14,000 | 12,451 | 9,129 |
| Miscellaneous | 90,228 | 57,443 | 63,652 |
| National child benefit | - | 29,757 | 64,001 |
| Newsletter | 3,000 | 1,100 | 2,001 |
| Office expenses | 124,000 | 189,093 | 93,360 |
| Professional fees | 144,166 | 859,919 | 320,830 |
| Program costs | 40,458 | 363,971 | 158,814 |
| Property tax | - | 13,352 | 11,746 |
| Repairs and maintenance | 342,347 | 575,041 | 725,845 |
| Salaries and benefits | 1,721,675 | 2,792,304 | 2,583,352 |
| Social assistance | 590,000 | 610,692 | 528,336 |
| Student allowances | 125,000 | 53,197 | 91,571 |
| Supplies | 83,548 | 99,643 | 103,550 |
| Training | 23,501 | 17,959 | 28,891 |
| Transfer to band members | - | 14,000 | 8,000 |
| Travel | 119,178 | 140,242 | 137,124 |
| Tuition - Elementary/Secondary | 641,650 | 692,739 | 759,950 |
| Utilities and telephone | 329,952 | 457,621 | 401,122 |
| Vehicle | 35,350 | 44,658 | 42,142 |
| | 5,438,313 | 17,359,993 | 17,440,567 |