

TL'ETINQOX GOVERNMENT
FINANCIAL STATEMENTS

March 31, 2020

**Tl'etinqox Government
Financial Statements
For the year ended March 31, 2020**

Financial Statements

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TL'ETINQOX GOVERNMENT

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CHIEF AND COUNCIL AND MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Tl'etinqox Government are the responsibility of management and have been approved by Chief and Council.

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 financial statements are presented fairly, in all material respects.

Tl'etinqox Government 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 Nation's assets are appropriately accounted for and adequately safeguarded.

Tl'etinqox Government is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through the Nation's Council.

Chief and Council review the Nation's financial statements and recommend their approval. 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 financial statements and the external auditor's report. Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. Chief and Council also appoint the engagement of the external auditors.

The financial statements have been audited by Beswick Hildebrandt Lund CPA in accordance with Canadian generally accepted auditing standards on behalf of the members Beswick Hildebrandt Lund CPA has full access to the Nation Council.

Chief

DocuSigned by:

Dawn Bursley

Director of Finance

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INDEPENDENT AUDITOR'S REPORT

To the Chief and Council of Tl'etinqox Government

Opinion

We have audited the financial statements of Tl'etinqox Government (the Nation), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standard.

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 Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Comparative Information

The financial statements of the Nation for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on August 16, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
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In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 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 Entity to cease to continue as a going concern.



CHARTERED PROFESSIONAL ACCOUNTANTS

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Beswick Hildebrandt Lund

Chartered Professional Accountants

Prince George, British Columbia

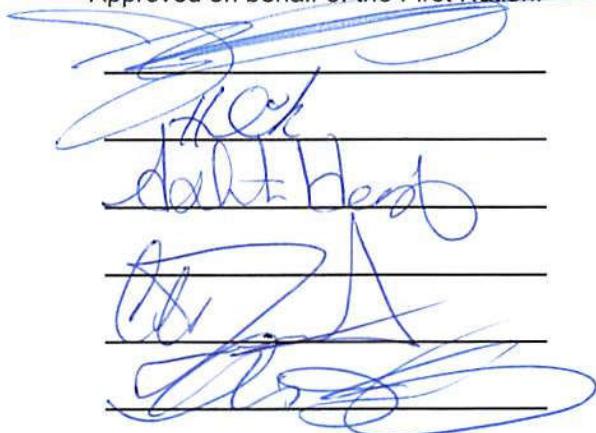
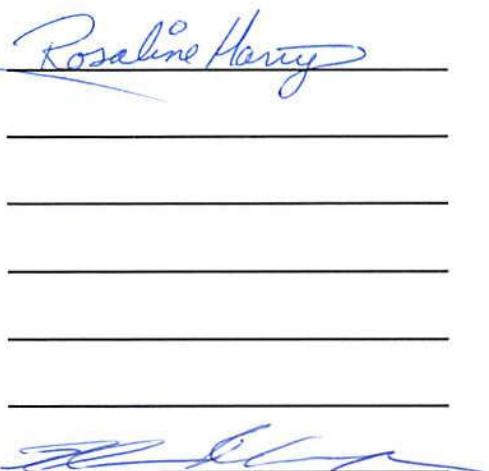
February 8, 2021

TL'ETINQOX GOVERNMENT
STATEMENT OF FINANCIAL POSITION

March 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash (Note 2)	\$ -	\$ 309,216
Restricted cash (Note 3)	627,101	88,001
Accounts receivable (Note 4)	1,904,827	1,534,599
Investment in government business entities (Note 5)	971,112	996,576
Investment property	-	100,569
Due from related parties (Note 6)	194,153	80,553
Inventory	<u>61,684</u>	<u>95,510</u>
	<u>3,758,877</u>	<u>3,205,024</u>
LIABILITIES		
Bank indebtedness (Note 2)	252,828	-
Accounts payable (Note 7)	882,378	1,216,127
Deferred revenue (Note 8)	2,355,381	3,383,592
Long term debt (Note 9)	<u>1,501,751</u>	<u>1,712,844</u>
	<u>4,992,338</u>	<u>6,312,563</u>
NET FINANCIAL DEBT	<u>(1,233,461)</u>	<u>(3,107,539)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	299,490	75,370
Tangible capital assets (Note 10)	<u>19,761,316</u>	<u>18,952,429</u>
	<u>20,060,806</u>	<u>19,027,799</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 18,827,345</u>	<u>\$ 15,920,260</u>

Approved on behalf of the First Nation:

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

TL'ETINQOX GOVERNMENT
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
REVENUE (NOTES 8 & 16)			
Indigenous Services Canada	\$ 5,837,630	\$ 6,703,810	\$ 4,903,387
Gas Bar Sales	2,500,000	2,392,097	2,495,063
First Nations Health Authority	1,740,404	2,191,965	2,270,278
Other Revenue	755,493	1,464,471	619,996
Province of British Columbia	880,800	1,001,260	777,200
First Nations Education Steering Committee	512,000	642,674	490,948
Rental Revenue	345,200	240,671	172,657
Government of Canada	71,148	120,030	28,436
Cariboo Chilcotin Aboriginal Training Employment Centre	92,284	50,034	50,758
Administration	350,000	46,800	127,339
Interest	1,250	4,945	1,947
(Loss) Income from Investment in Business Enterprises	-	(42,347)	150,741
Gain on Disposal of Tangible Capital Assets	-	-	4,899
	<hr/> <u>13,086,209</u>	<hr/> <u>14,816,410</u>	<hr/> <u>12,093,649</u>
EXPENSES (NOTES 14 AND 16)			
Administration	1,465,700	1,463,265	1,357,715
Operations and Maintenance	376,100	714,512	644,757
Education	2,792,930	2,408,754	2,453,603
Emergency Operations Centre	-	212,406	379,183
Health	2,130,519	2,115,713	1,841,706
Housing	245,658	338,648	391,477
Natural Resource Opportunities	250,000	51,702	357,328
Own Source	304,684	203,754	472,766
Social Development	2,028,129	2,081,968	1,646,102
Capital	1,715,692	(2,977)	1,024,541
Gas Bar Expenses	2,337,000	2,321,580	2,293,462
	<hr/> <u>13,646,412</u>	<hr/> <u>11,909,325</u>	<hr/> <u>12,862,640</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (560,203)</u>	<u>2,907,085</u>	<u>(768,991)</u>
ACCUMULATED SURPLUS, BEGINNING OF THE YEAR		<u>15,920,260</u>	<u>16,689,251</u>
ACCUMULATED SURPLUS, END OF THE YEAR	<u>\$ 18,827,345</u>	<u>\$ 15,920,260</u>	

TL'ETINQOX GOVERNMENT
STATEMENT OF CHANGES IN NET DEBT
For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
ANNUAL SURPLUS (DEFICIT)	<u>\$ (560,203)</u>	<u>\$ 2,907,085</u>	<u>\$ (768,991)</u>
TANGIBLE CAPITAL ASSETS			
Purchase of tangible capital assets	-	(1,781,972)	(1,115,021)
Amortization of tangible capital assets	-	973,085	979,280
(Gain) loss on disposal of tangible capital assets	-	-	(4,899)
	<u>-</u>	<u>(808,887)</u>	<u>(140,640)</u>
NON-FINANCIAL ASSETS			
Change in prepaid expense	-	(224,120)	95,307
	<u>-</u>	<u>(224,120)</u>	<u>95,307</u>
INCREASE IN NET FINANCIAL ASSETS	(560,203)	1,874,078	(814,324)
NET FINANCIAL DEBT, BEGINNING OF THE YEAR	<u>(3,107,539)</u>	<u>(3,107,539)</u>	<u>(2,293,215)</u>
NET FINANCIAL DEBT, END OF THE YEAR	<u>\$ (3,667,742)</u>	<u>\$ (1,233,461)</u>	<u>\$ (3,107,539)</u>

TL'ETINQOX GOVERNMENT
STATEMENT OF CASH FLOWS
For the year ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 2,907,085	\$ (768,991)
Items not involving cash:		
Trust income	(5,078)	(5,563)
Gain on disposal of tangible capital assets	-	(4,899)
Amortization of tangible capital assets	<u>973,085</u>	<u>979,280</u>
	<u>3,875,092</u>	<u>199,827</u>
Changes in non-cash working capital items:		
Accounts receivable (Note 4)	(370,227)	340,856
Inventory	33,826	(46,674)
Prepaid expenses	(224,120)	95,307
Accounts payable (Note 7)	(333,749)	12,490
Deferred revenue (Note 8)	<u>(1,028,211)</u>	<u>2,400,240</u>
	<u>(1,922,481)</u>	<u>2,802,219</u>
Cash from operations	<u>1,952,611</u>	<u>3,002,046</u>
CAPITAL ACTIVITIES		
Proceeds from disposal of tangible capital assets	-	-
Acquisition of tangible capital assets	<u>(1,781,972)</u>	<u>(1,115,021)</u>
	<u>(1,781,972)</u>	<u>(1,115,021)</u>
INVESTING ACTIVITIES		
Restricted cash	(534,023)	-
Repayment of loans and advances from related parties	(113,600)	(114,408)
Investment in government business entities	25,464	(151,556)
Investment property additions	<u>100,569</u>	<u>(510)</u>
	<u>(521,590)</u>	<u>(266,474)</u>
FINANCING ACTIVITIES		
Long-term debt advances	-	111,759
Long-term debt repayment	<u>(211,093)</u>	<u>(174,547)</u>
	<u>(211,093)</u>	<u>(62,788)</u>
(DECREASE) INCREASE IN CASH DURING THE YEAR	(562,044)	1,557,763
CASH (BANK INDEBTEDNESS), BEGINNING OF THE YEAR	309,216	(1,248,547)
(BANK INDEBTEDNESS) CASH, END OF THE YEAR	\$ (252,828)	\$ 309,216

Tl'etinqox Government
Financial Statements
For the year ended March 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CPA Canada Public Sector Accounting Handbook which encompasses the following principles.

Reporting Entity and Principles of Financial Reporting

Tl'etinqox Government (the "Nation") reporting entity includes Tl'etinqox Government and all related entities, which are accountable to Tl'etinqox Government and are either owned or controlled by the Tl'etinqox Government.

Investments in Government Business Entities

Business entities, which are owned or controlled by the Nation and which are not dependent on the Nation for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

- Klatassine Resources Ltd.
- Klatassine Resources LLP
- Dechen Ventures Ltd.
- Dechen Ventures LP
- BCFN Gaming Revenue Sharing LP

Financial Instruments

The Nation recognizes and measures financial assets and financial liabilities on the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on the initial recognition. Financial instruments are subsequently measured at amortized cost as the Nation has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on the active market. Since no financial instruments are measured at fair value after the initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is measured using the average weighted cost method.

Revenue Recognition

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. Gains are recognized when realized. Items not practically measurable until cash is received are accounted for at that time.

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

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specific purpose.

Tl'etinqox Government
Financial Statements
For the year ended March 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

All other revenue is recognized in the period in which the events that give rise to the revenue occurs.

Funding Recoveries and Reimbursements

Funding received from federal government sources in the form of conditional transfer payments are subject to recovery, by the Crown, of unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specified purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

Ottawa Trust Fund

Tl'etinqox Government uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in the revenue of the Nation upon withdrawal from the Ottawa Trust Fund.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Cash

Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.

Impairment of Long-lived Assets

In the event that facts and circumstances indicate that the Nation's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The Nation considers that no circumstances exist that would require such an evaluation.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates included in these financial statements include the valuation of accounts receivable, accuracy of accounts payable, the useful life of tangible capital assets and the calculation of deferred revenue.

Tangible Capital Assets

Tangible capital assets are initially recorded at acquisition cost or cost of construction. Contributed tangible capital assets are recorded at their fair value at date of contribution.

Tl'etinqox Government
Financial Statements
For the year ended March 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure.

Amortization

Tangible capital assets are amortized annually with a corresponding reduction in equity in tangible capital assets. Tangible capital assets are amortized over their expected useful lives on a declining balance basis at the following rates:

Automotive equipment	30%
Buildings	4%
Computers and software	100%
Infrastructure	4%
Office and furniture equipment	20-30%

Assets under construction are not amortized until fully in use.

2. (BANK INDEBTEDNESS) CASH

Cash is held in Canadian Chartered Banks and earns interest at the current prevailing rates for business operating accounts.

Bank indebtedness includes overdraft of \$1,000,000 (2019 - \$1,000,000), at a variable rate of prime plus 0.5%. Bank indebtedness is secured by general security agreement.

3. RESTRICTED CASH

	2020	2019
BCFN Gaming Revenue Sharing	\$ 534,023	\$ -
Ottawa Trust revenue fund	69,814	69,814
Ottawa Trust capital fund	<u>23,264</u>	<u>18,187</u>
	<u>\$ 627,101</u>	<u>\$ 88,001</u>

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 Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Nation is permitted to use revenue for any purpose that will promote the general progress and welfare of the Nation and Nation members. The expenditures of capital funds requires the consent of Indigenous Services Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

TL'etinqox Government
Financial Statements
For the year ended March 31, 2020

4. ACCOUNTS RECEIVABLE

Accounts receivable by program area is summarized as follows:

	2020	2019
Operating		
Account receivable - Indigenous Services Canada	\$ 881,057	\$ 557,268
Account receivable - other	483,877	493,126
Accrued receivable - wildfire	<u>539,893</u>	<u>484,205</u>
	<u><u>\$ 1,904,827</u></u>	<u><u>\$ 1,534,599</u></u>

During the summer of 2017, the community of the TL'etinqox Government was impacted by wildfires.

As a result the Nation recorded:

	2020	2019
Accrued wildfire receivables	813,504	817,317
Less allowance for doubtful accounts	<u>(273,611)</u>	<u>(333,112)</u>
Net accrued wildfire receivables	<u><u>\$ 539,893</u></u>	<u><u>\$ 484,205</u></u>

It is the Nation's policy to record management's best estimate of the amount of expenses related to the wildfire that will be recoverable. Actual amounts received could be different.

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES

The Nation has investments in the following entities:

	2020	2019
Dechen Ventures Limited Partnership - 99%	\$ 811,004	\$ 805,839
Dechen Ventures Ltd. - 100%	4,624	5,216
Klatassine Resources LLP - 99%	(7,467)	44,379
Klatassine Resources Ltd. - 100%	141,100	141,142
BC Gaming LP	<u>21,851</u>	<u>-</u>
	<u><u>\$ 971,112</u></u>	<u><u>\$ 996,576</u></u>

Tl'etinqox Government
Financial Statements
For the year ended March 31, 2020

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued

Dechen Ventures Limited Partnership

Dechen Ventures Limited Partnership ("Dechen LP"), a partnership between Tl'etinqox Government and Dechen Ventures Ltd. is registered under the Companies Act of the Province of BC. The partnership operates in the forest industry.

A summary of the financial results for the year then ended is presented as follows:

BALANCE SHEET
March 31, 2020

	2020	2019
ASSETS		
Current Assets	\$ 708,187	\$ 743,030
Equipment	<u>320,349</u>	<u>268,822</u>
	<u>\$ 1,028,536</u>	<u>\$ 1,011,852</u>
LIABILITIES	\$ 209,340	\$ 198,373
PARTNERS' EQUITY	<u>819,196</u>	<u>813,479</u>
	<u>\$ 1,028,536</u>	<u>\$ 1,011,852</u>

INCOME STATEMENT
For the Year Ended March 31, 2020

	2020	2019
REVENUE	<u>\$ 1,647,971</u>	<u>\$ 1,545,387</u>
EXPENSES	<u>1,642,254</u>	<u>1,278,979</u>
NET INCOME	<u>\$ 5,717</u>	<u>\$ 266,408</u>

TL'etinqox Government
Financial Statements
For the year ended March 31, 2020

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued

Dechen Ventures Limited Partnership, continued

STATEMENT OF PARTNERS' EQUITY
For the Year Ended March 31, 2020

	2020	2019
EQUITY, TL'ETINQOX GOVERNMENT		
Balance, beginning of the year	\$ 805,344	\$ 541,600
Income for the year	<u>5,660</u>	<u>263,744</u>
	<u>811,004</u>	<u>805,344</u>
EQUITY, DECHEN VENTURES LTD.		
Balance, beginning of the year	8,135	5,471
Income for the year	<u>57</u>	<u>2,664</u>
	<u>8,192</u>	<u>8,135</u>
BALANCE, END OF THE YEAR	<u>\$ 819,196</u>	<u>\$ 813,479</u>

Tl'etinqox Government
Financial Statements
For the year ended March 31, 2020

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued

Dechen Ventures Ltd.

Dechen Ventures Ltd., a wholly owned subsidiary of Tl'etinqox Government, is incorporated under the Business Corporations Act of British Columbia and was established to generate funds used to support the activities of the Tl'etinqox Government.

BALANCE SHEET
March 31, 2020

	2020	2019
ASSETS	\$ 8,527	\$ 8,235
LIABILITIES	\$ 3,903	\$ 1,774
SHAREHOLDER'S EQUITY		
Share Capital	100	100
Retained Earnings	<u>4,524</u>	<u>6,361</u>
	4,624	6,461
	\$ 8,527	\$ 8,235

INCOME STATEMENT
For the Year Ended March 31, 2020

	2020	2019
REVENUE	\$ 57	\$ 2,664
EXPENSES	<u>2,132</u>	<u>(600)</u>
NET INCOME	(2,075)	3,264
INCOME TAXES (RECOVERY)	<u>(238)</u>	<u>383</u>
NET (LOSS) INCOME	(1,837)	2,881
RETAINED EARNINGS, BEGINNING OF THE YEAR	<u>6,361</u>	<u>3,480</u>
RETAINED EARNINGS, END OF THE YEAR	<u>\$ 4,524</u>	<u>\$ 6,361</u>

TL'etinqox Government
Financial Statements
For the year ended March 31, 2020

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued

Klatassine Resources LLP

Klatassine Resources LLP (“Klatassine LLP”), a partnership between TL'etinqox Government and Klatassine Resources Ltd. is registered under the Companies Act of the Province of BC. The partnership operates equipment rental operations.

A summary of the financial results for the year then ended is presented as follows:
 Klatassine Resources LLP, continued

	BALANCE SHEET	
	March 31, 2020	2019
ASSETS		
Current Assets	\$ 265,282	\$ 386,347
DUE FROM RELATED PARTY	1,417	-
PROPERTY AND EQUIPMENT	94,388	134,557
	<u>361,087</u>	<u>520,904</u>
LIABILITIES		
Current Liabilities	\$ 368,630	\$ 462,355
PARTNERSHIP (DEFICIENCY) EQUITY, END OF THE YEAR	(7,543)	58,549
	<u>361,087</u>	<u>520,904</u>

Tl'etinqox Government
Financial Statements
For the year ended March 31, 2020

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued

Klatassine Resources LLP, continued

INCOME STATEMENT

For the Year Ended March 31, 2020

	2020	2019
REVENUE	\$ 365,760	\$ 213,843
EXPENSES	431,852	312,939
NET LOSS	(66,092)	(99,096)
PARTNERSHIP EQUITY, BEGINNING OF THE YEAR	58,549	157,645
PARTNERSHIP (DEFICIENCY) EQUITY, END OF THE YEAR	\$ (7,543)	\$ 58,549

STATEMENT OF PARTNERS' EQUITY

For the Year Ended March 31, 2020

	2020	2019
EQUITY, TL'ETINQOX GOVERNMENT		
Balance, beginning of the year	\$ 57,964	\$ 156,069
Income for the year	<u>(65,431)</u>	<u>(98,105)</u>
	<u>(7,467)</u>	<u>57,964</u>
EQUITY, KLATASSINE RESOURCES LTD.		
Balance, beginning of the year	585	1,576
Income for the year	<u>(661)</u>	<u>(991)</u>
	<u>(76)</u>	<u>585</u>
BALANCE, END OF THE YEAR	\$ (7,543)	\$ 58,549

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5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued

Klatassine Resources Ltd.

Klatassine Resources Ltd. is a wholly owned subsidiary of Tl'etinqox Government. Klatassine Resources Ltd. is incorporated under the Business Corporations Act of British Columbia and was established to generate funds used to support the activities of the Tl'etinqox Government.

A summary of the financial results for the year then ended is presented as follows:

	BALANCE SHEET	
	March 31, 2020	
	2020	2019
ASSETS	\$ 348	\$ -
PARTNERSHIP INTEREST	-	585
DUE FROM RELATED PARTY	<u>143,695</u>	<u>143,695</u>
	<u>\$ 144,043</u>	<u>\$ 144,280</u>
LIABILITIES		
Current Liabilities	<u>\$ 1,450</u>	<u>\$ 600</u>
DUE TO RELATED PARTY	<u>1,417</u>	<u>-</u>
DEFICIENCY IN INVESTMENT	<u>76</u>	<u>-</u>
SHAREHOLDER'S EQUITY		
Share Capital	<u>1</u>	<u>1</u>
Retained Earnings	<u>141,099</u>	<u>143,679</u>
	<u>141,100</u>	<u>143,680</u>
	<u>\$ 144,043</u>	<u>\$ 144,280</u>

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5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES, continued

Klatassine Resources Ltd., continued

A summary of the financial results for the year then ended is presented as follows:

INCOME STATEMENT
For the Year Ended March 31, 2020

	2020	2019
REVENUE	\$ (661)	\$ (991)
EXPENSES	<u>2,267</u>	<u>(900)</u>
NET INCOME	(2,928)	(91)
INCOME TAXES (RECOVERY)	<u>(348)</u>	<u>-</u>
NET LOSS	(2,580)	(91)
RETAINED EARNINGS, BEGINNING OF THE YEAR	<u>143,679</u>	<u>143,770</u>
RETAINED EARNINGS, YEAR END	<u>\$ 141,099</u>	<u>\$ 143,679</u>

BCFN Gaming Revenue Sharing LP

A summary of the financial results for the year then ended is presented as follows:

	2020	2019
PARTNERSHIP INTEREST		
Partnership Units	110	-
Partnership Equity	<u>21,741</u>	<u>-</u>
	<u>21,851</u>	<u>-</u>
	<u>\$ 21,851</u>	<u>\$ -</u>

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6. DUE (TO) FROM RELATED PARTIES

	2020	2019
Dechen Ventures LP	\$ 29,744	\$ (13,610)
Klatassine Resources Ltd.	(143,695)	(143,695)
Klatassine Resources LLP	<u>308,104</u>	<u>237,858</u>
	<u>\$ 194,153</u>	<u>\$ 80,553</u>

7. ACCOUNTS PAYABLE

	2020	2019
Operating	\$ 611,845	\$ 962,120
Funding recoverable	221,232	216,136
Government remittances payable	<u>49,301</u>	<u>37,871</u>
	<u>\$ 882,378</u>	<u>\$ 1,216,127</u>

8. DEFERRED REVENUE

	2019	Additions	Releases	2020
Indigenous Services Canada	\$ 2,416,396	\$ 1,837,244	\$ (2,416,396)	\$ 1,837,244
Province of British Columbia	70,000	70,000	(70,000)	70,000
First Nations Health Authority	769,731	-	(769,731)	448,137
Other	<u>127,465</u>	<u>-</u>	<u>(127,465)</u>	<u>-</u>
	<u>\$ 3,383,592</u>	<u>\$ 1,907,244</u>	<u>\$ (3,383,592)</u>	<u>\$ 2,355,381</u>

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8. DEFERRED REVENUE, continued

Revenue Reconciliation

	2020	2019
Indigenous Services Canada		
Revenue per Funding Agreement	\$ 6,025,892	\$ 6,953,902
Deferred Previous Year	2,416,396	460,456
Deferred Current Year	(1,837,244)	(2,416,396)
Amounts recoverable	98,766	-
Applied to Wildfire Receivable	-	(94,575)
	<u>\$ 6,703,810</u>	<u>\$ 4,903,387</u>
First Nations Health Authority		
Revenue per Funding Agreement	\$ 1,870,371	\$ 2,617,113
Deferred Previous Year	769,731	422,896
Deferred Current Year	(448,137)	(769,731)
	<u>\$ 2,191,965</u>	<u>\$ 2,270,278</u>
Government of Canada		
Revenue per Funding Agreement	\$ 95,030	\$ 53,436
Deferred Previous Year	25,000	-
Deferred Current Year	-	(25,000)
	<u>\$ 120,030</u>	<u>\$ 28,436</u>
Province of British Columbia		
Revenue per Funding Agreement	\$ 1,001,260	\$ 847,200
Deferred Previous Year	70,000	-
Deferred Current Year	(70,000)	(70,000)
	<u>\$ 1,001,260</u>	<u>\$ 777,200</u>
First Nation Education Steering Committee		
Revenue per Funding Agreement	\$ 540,209	\$ 523,413
Deferred Previous Year	102,465	70,000
Deferred Current Year	-	(102,465)
	<u>\$ 642,674</u>	<u>\$ 490,948</u>
Other		
Deferred Previous Year	\$ -	\$ 30,000
Deferred Current Year	-	-
	<u>\$ -</u>	<u>\$ 30,000</u>

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9. LONG TERM DEBT

	2020	2019
Mortgage term loan, Bank of Montreal, repayable in monthly instalments of \$3,081, including fixed interest at 4.91% per annum, secured by a Government of Canada ministerial guarantee, maturing November 11th, 2020.	\$ 284,889	\$ 321,856
Mortgage term loan, Peace Hills, repayable in monthly instalments of \$3,575, including interest at 4.25% per annum, secured by a Government of Canada ministerial guarantee, maturing December 2024.	179,920	219,184
Demand loan, Bank of Montreal repayable in monthly average instalments of \$2,451, including interest is at prime plus 0.5% per annum (prime was 3.95% at March 31, 2019) secured by a general security agreement.	215,222	234,696
Fixed term loan, Bank of Montreal, repayable in monthly installments of \$4,181, fixed interest rate of 3.14% per annum, secured by a general security agreement, maturing February 28th, 2022.	620,954	651,082
First Truck Centre Vancouver repayable in monthly installments of \$1,278, including fixed interest at 5.9% per annum, secured by specific equipment with a net book value of \$66,122 maturing September 3rd, 2021.	21,960	35,565
Inland Kenworth Loan repayable in monthly installments of \$4,309, including fixed interest at 5.69% per annum, secured by specific equipment with a net book value of \$247,760 maturing August 29th, 2022.	116,480	160,196
Ford Credit Loan repayable in bi-weekly installments, including 0.00% financing, maturing June 22, 2022.	25,381	36,759
Ford Credit Loan repayable in monthly installments, including 0.00% financing, maturing June 22, 2022.	36,945	53,506
Less loan on demand	1,501,751	1,712,844
Less current portion	215,223	234,696
	<hr/> <u>211,349</u>	<hr/> <u>190,281</u>
	<hr/> <u>\$ 1,075,179</u>	<hr/> <u>\$ 1,287,867</u>

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For the year ended March 31, 2020

9. LONG TERM DEBT, continued

Under the terms of the Bank of Montreal loan agreements, compliance is required with certain financial covenants.

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

2021	\$ 211,349
2022	211,602
2023	158,401
2024	134,411
2025 and thereafter	785,989

10. TANGIBLE CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Automotive equipment	\$ 1,620,776	\$ 1,295,892	\$ 1,620,776	\$ 1,166,370
Buildings	<u>17,668,330</u>	<u>6,612,610</u>	<u>17,497,907</u>	<u>6,143,238</u>
Computers and software	77,315	38,411	77,315	21,738
Infrastructure	11,132,861	4,472,750	10,965,185	4,198,739
Office and furniture equipment	1,481,584	1,149,590	1,387,415	1,066,084
Assets under construction	<u>1,349,703</u>	-	-	-
	<u>\$ 33,330,569</u>	<u>13,569,253</u>	<u>\$ 31,548,598</u>	<u>12,596,169</u>
Net book value		<u>\$ 19,761,316</u>		<u>\$ 18,952,429</u>

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10. TANGIBLE CAPITAL ASSETS, continued

							2020
	Automotive	Buildings	Computer and software	Infrastructure	Office and furniture	Assets under Construction	Total
Cost							
Opening balance	\$ 1,620,776	\$ 17,497,907	\$ 77,315	\$ 10,965,185	\$ 1,387,416	\$ -	\$ 31,548,599
Additions	-	170,423	-	167,676	94,168	1,349,703	1,781,970
Closing balance	1,620,776	17,668,330	77,315	11,132,861	1,481,584	1,349,703	33,330,569
Accumulated amortization							
Opening balance	1,166,371	6,143,238	21,738	4,198,738	1,066,084	-	12,596,169
Amortization	129,521	469,372	16,673	274,012	83,506	-	973,084
Closing balance	1,295,892	6,612,610	38,411	4,472,750	1,149,590	-	13,569,253
Net book value	\$ 324,884	\$ 11,055,720	\$ 38,904	\$ 6,660,111	\$ 331,994	\$ 1,349,703	\$ 19,761,316
							2019
	Automotive	Buildings	Computer and software	Infrastructure	Office and furniture	Assets under construction	Total
Cost							
Opening balance	\$ 1,488,681	\$ 16,884,431	\$ 39,768	\$ 10,738,202	\$ 1,299,995	\$ -	\$ 30,451,077
Additions	155,095	613,476	37,547	226,983	87,421	-	1,120,522
Disposals	(23,000)	-	-	-	-	-	(23,000)
Closing balance	1,620,776	17,497,907	77,315	10,965,185	1,387,416	-	31,548,599
Accumulated amortization							
Opening balance	1,042,064	5,704,607	5,965	3,921,532	965,121	-	11,639,289
Amortization	146,706	438,631	15,773	277,206	100,964	-	979,280
Disposals	(22,399)	-	-	-	-	-	(22,399)
Closing balance	1,166,371	6,143,238	21,738	4,198,738	1,066,085	-	12,596,170
Net book value	\$ 454,405	\$ 11,354,669	\$ 55,577	\$ 6,766,447	\$ 321,331	\$ -	\$ 18,952,429

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11. ACCUMULATED SURPLUS

	2020	2019
Operating	\$ 929,681	\$ (1,123,932)
Equity in Tangible Capital Assets	<u>18,678,755</u>	16,956,191
Equity in Government Trust	<u>93,078</u>	88,001
	<u>\$ 19,701,514</u>	<u>\$ 15,920,260</u>

12. COMMITMENTS

Tl'etinqox Government is required to make the following future minimum lease payments on operating lease obligations over the next five years:

2021	\$ 24,247
2022	21,295
2023	6,642
2024	5,241
2025	<u>874</u>
	<u>\$ 58,299</u>

13. EMPLOYEE BENEFITS

The Nation has a defined contribution plan providing pension benefits to eligible employees. Contributions payable by the Nation at year end were \$26,554 (2019 - \$6,704).

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14. EXPENSE BY OBJECT

	Budget	2020	2019
Activities	\$ 229,834	\$ 98,852	\$ 37,650
Advertising	25,915	24,650	33,405
Allowance	386,097	409,090	512,384
Amortization	-	973,085	979,280
Bad Debts	-	(17,498)	(12,716)
Band Member Assistance	50,000	9,927	16,863
Bank Charges	21,250	12,870	25,764
Cash Short (Over)	-	198	12
Capital Purchases	1,577,517	15,561	5,500
Catering	173,898	188,773	311,101
Computer Maintenance	38,000	53,059	54,108
Consulting Fees	332,812	328,791	612,715
Contract Services	384,571	(305,720)	864,375
Cost of Sales, Gas Bar	2,000,000	1,990,531	1,982,096
Donations	41,000	15,961	40,488
Equipment Maintenance	4,800	3,765	-
Equipment Rental	65,850	79,600	98,565
Facility Rental	86,400	168,339	144,945
Fees and Dues	11,750	25,569	18,884
Freight	12,250	4,070	11,209
Fuel	127,668	147,209	138,108
Honoraria	232,600	212,666	157,116
Horse Care	12,500	9,326	-
Incentives	48,254	13,958	33,459
Income Assistance	713,359	948,621	845,293
Insurance	113,900	153,361	127,497
Interest on Long-Term Debt	40,000	60,981	76,323
Patient Travel	125,000	131,367	116,042
Postage	2,150	2,763	3,467
Professional Fees	134,400	204,641	308,207
Property Taxes	-	607	-
Repairs and Maintenance	-	289,154	192,643
Recoveries	174,782	5,594	-
Room and Board	85,000	92,825	78,275
Security	19,500	32,500	35,353
Supplies	656,039	528,758	564,039
Telephone	63,064	84,296	73,970
Travel and Accommodation	315,958	354,551	371,247
Tuition	225,588	244,391	264,425
Utilities	237,429	210,125	240,267
Wages and Benefits	4,152,737	4,051,364	3,377,820
Workshops and Training	298,507	50,795	122,460
	<u>\$ 13,220,379</u>	<u>\$ 11,909,326</u>	<u>\$ 12,862,639</u>

15. ECONOMIC DEPENDENCE

The Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada 42% (2019 – 41%) and First Nations Health Authority 18% (2019 – 18%) for the year ended March 31, 2020.

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16. SEGMENT DISCLOSURE

TL'etinqox Government is a diversified First Nation organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Administration

This service area relates to the revenues and expenses associated with the operations of TL'etinqox Government itself and cannot be directly attributed to a specific segment.

Education

This service area relates to educational services provided through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs.

Social Development

This service area provides services to Members by providing a variety of programs, community services and assistance.

Health and Wellness

This service area provides for health and wellness-related services and programs to the Members.

Own Source

This segment represents revenue and expenses from non-funded band activities and investments in government business entities

TL'etinqox Gas Bar

This service area represents a community owned gas and grocery retail facility.

Emergency Operations

This service area represents results from ongoing operations of TL'etinqox Government Emergency Operation Center.

Forest Resource Opportunities

This service area accounts for benefits obtained from the natural resource sector.

Housing

This service area provides for housing to Members.

Operations and Maintenance

This service area provides services provided for the development, maintenance and service of TL'etinqox Government's assets, infrastructure and common property.

Capital

This service area represents the results of ongoing capital projects. Capital contributions are netted off of capital expenditures for financial statement purposes.

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16. SEGMENT DISCLOSURE, continued

2020									
Revenue	Administration			Social Development			Operations and Capital		
	ISC	848,324	\$ 2,269,662	\$ 1,436,484	\$ -	\$ -	\$ 161,066	\$ -	\$ 953,411
Change in Deferred Revenue		-	124,349	273,323	-	-	44,668	-	(31,927)
		848,324	2,394,011	1,709,807	-	-	205,734	-	45,694
								279,324	1,646,948
									7,129,842
FNHA	\$ -	\$ -	\$ -	\$ -	\$ 1,870,371	\$ -	\$ -	\$ -	\$ -
Change in Deferred Revenue		-	-	-	717,653	-	-	-	-
					2,588,024	-	-	-	-
Other	\$ 570,208	\$ 600,749	\$ 623,203	\$ 668,924	\$ 728,297	\$ 2,392,097	\$ 156,520	\$ 544,138	\$ 13,989
Equity Earnings	-	-	-	-	25,000	-	17,257	-	-
Change in Deferred Revenue		-	102,465	-	-	-	-	-	-
	570,208	703,214	623,203	683,924	745,554	2,392,097	156,520	544,138	13,989
									23,882
									6,466,729
	\$ 1,418,532	\$ 3,097,225	\$ 2,333,010	\$ 3,281,948	\$ 745,554	\$ 2,392,097	\$ 362,254	\$ 544,138	\$ 1,722,908
Eliminated on Consolidation	(346,094)	-	(200,000)	-	-	-	-	-	-
	1,072,438	3,097,225	2,333,010	3,081,948	745,554	2,392,097	362,254	544,138	1,722,908
									15,690,579
Expenses									
Wages and Benefits	710,952	892,410	624,790	935,560	66,350	275,381	588	-	543,540
Travel	36,268	66,168	70,290	171,153	311	2,991	1,468	-	5,903
Other	730,445	1,534,069	1,448,789	1,120,390	137,975	2,061,208	215,600	278,909	336,855
									165,069
									20,194
									-
	1,477,665	2,492,647	2,143,869	2,227,103	204,636	2,339,580	217,656	278,909	714,512
Eliminated on Consolidation	(14,400)	(83,893)	(61,901)	(111,390)	(882)	(18,000)	(5,250)	(227,207)	-
	1,463,265	2,408,754	2,081,968	2,115,713	203,754	2,321,580	212,406	51,702	338,648
									7,129,842
Surplus (Deficit)	\$ (390,827)	\$ 688,471	\$ 251,042	\$ 966,235	\$ 541,800	\$ 70,517	\$ 149,848	\$ 492,436	\$ 1,725,885
									\$ 3,781,254

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16. SEGMENT DISCLOSURE, continued

	Administration	Education	Social Development	Health and Wellness	Own Source	Gas Bar	Emergency Operations Centre	Forest Resource Opportunities	Housing	Operations and Maintenance	Capital	Total
Revenue												
ISC	\$ 788,658	\$ 1,946,307	\$ 1,578,769	\$ -	\$ -	\$ -	\$ 529,737	\$ -	\$ 34,849	\$ 289,082	\$ 1,691,925	\$ 6,859,327
Change in Deferred Revenue	-	(137,355)	(138,580)	-	-	-	(350,777)	-	-	-	(1,329,228)	(1,955,940)
	788,658	1,808,952	1,440,189	-	-	-	178,960	-	34,849	289,082	362,697	4,903,387
 FNHA	-	-	17,094	1,755,404	-	-	-	-	-	-	844,615	2,617,113
Other	-	-	-	(331,405)	-	-	-	-	-	-	(15,430)	(346,835)
	-	-	17,094	1,423,999	-	-	-	-	-	-	829,185	2,270,278
 Other	647,808	568,309	304,286	200,972	95,863	2,495,063	240,957	577,585	15,247	32,500	-	5,178,590
Equity Earnings	-	(32,465)	(60,000)	(15,000)	-	150,741	-	-	-	-	4,899	155,640
Change in Deferred Revenue	-	647,808	538,844	244,286	185,972	246,604	2,495,063	240,957	577,585	15,247	32,500	(97,465)
	647,808	538,844	244,286	185,972	246,604	2,495,063	240,957	577,585	15,247	32,500	14,899	5,236,765
1,436,486	2,344,796	1,701,569	1,609,971	-	-	246,604	2,495,063	419,917	577,585	50,096	321,582	1,206,781
(316,781)	-	-	-	-	-	-	-	-	-	-	-	(316,781)
	1,119,685	2,344,796	1,701,569	1,609,971	246,604	2,495,063	419,917	577,585	50,096	321,582	1,206,781	12,093,649
 Expenses												
Wages and Benefits	568,607	676,054	343,124	822,257	140,955	231,093	104,765	30,371	1,276	458,556	761	3,377,819
Travel	41,932	73,336	37,474	149,698	109	1,301	5,786	46,627	146	14,837	-	371,246
Other	754,439	1,777,329	1,327,956	960,896	335,682	2,079,068	268,632	330,330	390,055	171,364	1,034,606	9,430,357
1,364,978	2,526,719	1,708,554	1,932,851	476,746	2,311,462	379,183	407,328	391,477	644,757	1,035,367	13,179,422	
(7,263)	(73,116)	(62,452)	(91,145)	(3,980)	(18,000)	(50,000)	(50,000)	(50,000)	(10,826)	(10,826)	(10,826)	(316,782)
1,357,715	2,453,603	1,646,102	1,941,706	472,766	2,293,462	379,183	357,328	391,477	644,757	1,024,541	12,862,640	
\$ (238,030)	\$ (108,807)	\$ 55,487	\$ (231,735)	\$ (226,162)	\$ 201,601	\$ 40,734	\$ 220,257	\$ (341,381)	\$ (323,175)	\$ 182,240	\$ (768,991)	

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17. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the TL'etinqox Government Band Council Resolution dated November 18, 2019.

18. COVID-19

The Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization and has had a significant global financial and economic impact. For the reporting date March 31, 2020, COVID-19 is considered by management as a non-adjusting event. Consequently, there is no impact on the recognition and measurement of assets and liabilities. The Nation understands this health and economic crisis presents uncertainty over future cash flows and for future periods this may cause significant changes to the assets and liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practical at this time.