

# **TL'etinqox Government**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED March 31, 2023**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

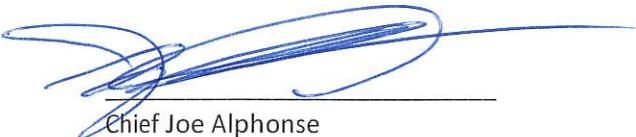
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Chief and Council. The Chief and Council reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Chief and Council also discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

The external auditors, FBB Chartered Professional Accountants LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Tl'etinqox Government and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.



Chief Joe Alphonse



Director of Finance



CHARTERED  
PROFESSIONAL  
ACCOUNTANTS LLP

Ryan Broughton, CPA, CA\*

Partner

Quan Cheng, CPA, CA\*

Partner

*\*Denotes incorporated professional*

## INDEPENDENT AUDITOR'S REPORT

To the Chief and Council,  
Tl'etinqox Government

### Opinion

We have audited the consolidated financial statements of Tl'etinqox Government, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tl'etinqox Government as at March 31, 2023, and its financial performance and 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 Nation in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Responsibilities of Management and Those Charged with Governance for the 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 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 Nation or to cease operations, or has no realistic alternative but to do so.

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



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ACCOUNTANTS LLP

Ryan Broughton, CPA, CA\*

Partner

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Partner

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### INDEPENDENT AUDITOR'S REPORT (continued)

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

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



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ACCOUNTANTS LLP

Ryan Broughton, CPA, CA\*

*Partner*

Quan Cheng, CPA, CA\*

*Partner*

*\*Denotes incorporated professional*

#### INDEPENDENT AUDITOR'S REPORT (continued)

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.

March 3, 2024  
Quesnel, British Columbia

FBB Chartered Professional Accountants LLP

**Tl'etinqox Government**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Financial assets</b>		
Cash and investments	\$ 6,832,793	\$ 2,536,123
Restricted Cash (Note 2)	6,852,875	5,969,594
Accounts receivable (Note 3)	2,462,709	2,257,068
Inventory	98,750	24,750
Investments in government business entities (Note 4)	1,671,826	2,540,043
Due from related parties (Note 5)	<u>1,990,647</u>	<u>1,947,854</u>
	<u>19,909,600</u>	<u>15,275,432</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	2,201,570	1,052,242
Deferred revenue (Note 7)	6,373,988	4,443,055
Long-term debt (Note 8)	<u>1,068,697</u>	<u>1,228,852</u>
	<u>9,644,255</u>	<u>6,724,149</u>
<b>Net financial assets</b>	<u>10,265,345</u>	<u>8,551,283</u>
<b>Non-financial assets</b>		
Prepaid expenses	128,740	114,848
Tangible capital assets (Note 10)	<u>28,684,451</u>	<u>24,537,710</u>
	<u>28,813,191</u>	<u>24,652,558</u>
<b>Accumulated Surplus (Note 11)</b>	<u><u>\$ 39,078,536</u></u>	<u><u>\$ 33,203,841</u></u>
<b>Contingent Liabilities (Note 9)</b>		

Approved by Chief and Council:

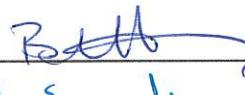
  
 Chief

  
 Councillor

  
 Councillor

  
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 Councillor

**Tl'etinqox Government**  
**Consolidated Statement of Operations**  
**For the year ended March 31, 2023**

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	(Budget - Unaudited)		
<b>Revenue</b>			
Indigenous Services Canada	\$ 6,142,951	\$ 10,011,198	\$ 11,655,605
First Nations Health Authority	1,834,102	2,094,633	2,036,112
Province of British Columbia	2,758,270	2,308,980	2,725,676
First Nations Education Steering Committee	625,000	722,814	724,285
Cariboo Chilcotin Aboriginal Training Employment Centre	50,000	98,867	49,324
Government of Canada	-	1,214,165	96,488
Tsilhqot'in National Government	336,073	2,313,162	244,073
Denisigl Services Society	200,000	200,000	200,000
Rental and maintenance	334,673	305,092	298,340
Other	1,097,320	338,069	331,608
Interest and investment earnings	92,500	377,229	10,800
Administration fees	344,596	42,235	62,214
Government of Canada - Drinking water settlement	-	500,000	-
BC First Nation Gaming Revenue Sharing LP	706,447	916,290	388,871
(Loss) earnings from government business entities	-	(858,439)	2,076,861
Change in deferred revenue	992,145	(1,930,933)	(3,076,636)
	<u>15,514,077</u>	<u>18,653,362</u>	<u>17,823,621</u>
<b>Expenses</b>			
Administration	1,483,092	1,666,180	1,466,662
Education and training	4,509,830	3,551,949	3,345,993
Social development	2,718,966	2,733,827	2,017,565
Operations and maintenance	976,919	747,112	529,852
Capital	1,245,652	1,118,587	83,122
Own source	1,020,992	716,882	993,656
Health and wellness	2,757,260	1,976,507	1,616,047
Housing	621,342	267,623	371,125
	<u>15,334,053</u>	<u>12,778,667</u>	<u>10,424,022</u>
<b>Annual surplus</b>	<b>180,024</b>	<b>5,874,695</b>	<b>7,399,599</b>
<b>Accumulated surplus, beginning of year</b>	<b><u>33,203,841</u></b>	<b><u>33,203,841</u></b>	<b><u>25,804,242</u></b>
<b>Accumulated surplus, end of year (Note 12)</b>	<b><u>\$ 33,383,865</u></b>	<b><u>\$ 39,078,536</u></b>	<b><u>\$ 33,203,841</u></b>

**Tl'etinqox Government**

**Consolidated Statement of Changes in Net Financial Assets**

**For the year ended March 31, 2023**

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	Budget (unaudited)	Budget (unaudited)	Budget (unaudited)
<b>Annual surplus</b>	\$ 180,024	\$ 5,874,695	\$ 7,399,599
Amortization	-	1,295,964	1,254,085
Change in prepaid expenses	-	(13,892)	(7,851)
Transfers budgeted	150,000	-	-
Gain/loss on disposal of tangible capital assets	-	-	(27,316)
Proceeds on disposal of tangible capital assets	-	-	158,981
Acquisition of tangible capital assets	<u>(150,000)</u>	<u>(5,442,705)</u>	<u>(3,840,102)</u>
<b>Increase in net financial assets</b>	180,024	1,714,062	4,937,396
<b>Net financial assets, beginning of year</b>	<u>10,265,345</u>	<u>8,551,283</u>	<u>3,613,887</u>
<b>Net financial assets, end of year</b>	<u>\$ 10,445,369</u>	<u>\$ 10,265,345</u>	<u>\$ 8,551,283</u>

**Tl'etinqox Government**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>NET INFLOW (OUTFLOW) OF CASH:</b>		
<b>Operating activities</b>		
Annual surplus	\$ 5,874,695	\$ 7,399,599
Non-cash charges to operations		
Amortization	1,295,964	1,254,085
Earnings on investment in Nation business entities	858,439	(2,076,861)
Gain on disposal of tangible capital assets	-	(27,316)
Earnings on Ottawa trust funds	(7,209)	(14,661)
Changes in non-cash operating balances:		
Increase in accounts receivable	(205,641)	(453,010)
Increase in accounts payable and accrued liabilities	1,149,328	(731,125)
Change in inventory	(74,000)	(11,000)
Increase in deferred revenue	1,930,933	2,931,423
Increase in prepaid expenses	(13,892)	(7,851)
	<u>10,808,617</u>	<u>8,263,283</u>
<b>Capital activities</b>		
Disposition of tangible capital assets	-	158,981
Acquisition of tangible capital assets	<u>(5,442,705)</u>	<u>(3,840,102)</u>
<b>Investing activities</b>		
Transfers from (to) restricted cash	(876,072)	(3,892,945)
Advances from (to) related parties	<u>(33,015)</u>	<u>(402,033)</u>
	<u>(909,087)</u>	<u>(4,294,978)</u>
<b>Financing activities</b>		
Repayment of long-term debt	(160,155)	(215,615)
Proceeds of long-term debt	-	97,279
	<u>(160,155)</u>	<u>(118,336)</u>
<b>Increase in cash and investments</b>	<b>4,296,670</b>	<b>168,848</b>
<b>Cash and investments, beginning of year</b>	<u>2,536,123</u>	<u>2,367,275</u>
<b>Cash and investments, end of year</b>	<b><u>\$ 6,832,793</u></b>	<b><u>\$ 2,536,123</u></b>

# **Tl'etinqox Government**

## **Notes to the Consolidated Financial Statements**

### **For the year ended March 31, 2023**

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#### **General**

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

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Basis of Presentation**

These consolidated financial statements reflect all revenues, expenses, assets and liabilities of Tl'etinqox Government. It is the Nation's policy to follow Canadian public sector accounting standards and apply such principles consistently. The consolidated financial statements have been prepared incorporating guidelines issued by the Public Sector Accounting Board (PSAB) of CPA Canada as required by Indigenous Services Canada.

The focus of Canadian public sector accounting standards is on the financial position of the Nation and the changes thereto. The Consolidated Statement of Financial Position reflects the combined results and activities of the Nation's Operating, Capital and Business Entities Funds. The purposes of these funds are:

###### **i. Operating Funds**

Operating Funds are to be used to record the costs associated with providing services.

###### **ii. Capital Funds**

Capital Funds are used to account for the acquisition costs of the Nation's Tangible Capital Assets, the accumulated amortization thereon, and the funding thereof including related long-term debt.

###### **iii. Government Business Entities**

The Nation has investments in various business entities through direct ownership of share equity and limited partnerships through which the entities carry out business ventures with the prospect of providing returns to the Nation.

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.

#### **Net Financial Assets**

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

# TL'etinqox Government

## Notes to the Consolidated Financial Statements For the year ended March 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **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.

#### **b. 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.

#### **c. Revenue recognition**

##### **Ottawa trust funds**

The 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.

##### **Government transfers**

The 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 Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

##### **Canada Mortgage and Housing Corporation**

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

##### **Housing rental revenue**

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

## **Tl'etinqox Government**

### **Notes to the Consolidated Financial Statements** **For the year ended March 31, 2023**

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#### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **c. Revenue recognition (continued)**

###### **Other Revenue**

Other revenue is recognized when goods are sold, amounts are reasonably estimated and collection is reasonably assured.

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. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the statement of financial position.

##### **d. Investment in government business entities**

Tl'etinqox Government business entities, owned or controlled by the Nation but not dependent on the Nation for their continuing operations, are included in the 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 Nation. Thus, the 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. The Nation uses the modified equity basis for the following entities:

- Tl'etinqox Government Economic Development
- Tl'etinqox Government Government Economic Development Corporation LLP
  - Chilcotin River Trading Company LLP
  - Dechen Ventures LP
- Dechen Ventures Ltd.
- Chilcotin River Trading Company Ltd.

Long-term investments in entities that are not owned, controlled or influenced by the Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment. Cost method investments include the B.C. First Nation Gaming Revenue Sharing Limited Partnership in which the Nation's share of revenues are recorded as received or receivable.

## **TL'etinqox Government**

### **Notes to the Consolidated Financial Statements**

**For the year ended March 31, 2023**

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#### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **e. Inventory for resale**

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

##### **f. Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, excluding all interest costs. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Assets under development or construction are not amortized until put into use.

Amortization is provided using the declining balance method over their estimated useful lives at the following rates:

Buildings and infrastructure	.4%
Automotive equipment	30%
Computers and software	100%
Office and furnishings	20-30%
Equipment	20-30%

##### **g. Impairment of tangible capital assets**

The Nation performs impairment testing on tangible capital assets 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 losses are recognized when an asset's service potential is reduced. 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 surplus (deficit) for the year.

## **TL'etinqox Government**

### **Notes to the Consolidated Financial Statements**

#### **For the year ended March 31, 2023**

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## **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **h. Use of Estimates**

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, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimates include: inventory provision for obsolete items, amortization and useful life of tangible capital assets and these areas represent the best estimates of management based on information available. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

### **i. Segments**

The Nation conducts its business through its reportable segments as described in Note 14. These operating segments are established by senior management to facilitate the achievement of the 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 and the accounting policies used in these segment is consistent with those used in the preparation of the consolidated financial statements.

### **j. Liability for Contaminated Sites**

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 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, 2023.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The 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, 2023, no liability for contaminated sites exists.

## Tl'etinqox Government

### Notes to the Consolidated Financial Statements For the year ended March 31, 2023

#### 2. RESTRICTED CASH

	2023	2022
<b>Internally restricted</b>		
Capital account	\$ 4,624,587	\$ 4,493,160
B.C. FN Gaming Revenue Sharing funds	2,108,600	1,363,955
<b>Ottawa Trust Funds</b>		
Capital trust	78,387	78,387
Revenue trust	<u>41,301</u>	<u>34,092</u>
	<u><u>\$ 6,852,875</u></u>	<u><u>\$ 5,969,594</u></u>

During the year, investment returns on Ottawa Trust Funds were \$7,209 (2022 - \$14,661).

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.

Capital and revenue trust monies are transferred to the Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Nation's Chief and Council.

#### 3. ACCOUNTS RECEIVABLE

	2023	2022
Government	\$ 2,145,171	\$ 1,365,991
Other	289,579	373,607
GST receivable	27,959	15,781
Wildfire expense reimbursement accrued	-	813,504
Allowance for doubtful accounts on wildfire accrual	<u>-</u>	<u>(311,815)</u>
	<u><u>\$ 2,462,709</u></u>	<u><u>\$ 2,257,068</u></u>

During the year, the Nation settled with Indigenous Services Canada for \$452,000 for the wildfire expenses from 2017 which were paid by the Nation. The reduction from the recorded amount of \$501,689 has been recorded as a reduction of the 2023 annual surplus.

## TL'etinqox Government

### Notes to the Consolidated Financial Statements For the year ended March 31, 2023

#### 4. INVESTMENT IN GOVERNMENT BUSINESS ENTITIES

	<u>2023</u>	<u>2022</u>
<b>Wholly Owned Businesses, Investments:</b>		
TL'etinqox Government Economic Development LLP - 99%	\$ 1,526,078	\$ 2,370,205
TL'etinqox Government Economic Development Corp - 100%	142,867	162,386
Dechen Ventures Ltd. - 100%	4,753	11,392
Chilcotin River Trading Company Ltd. - 100%	(1,982)	(4,050)
<b>Portfolio Investments - At Cost</b>		
BC First Nations Gaming Limited Partnership	<u>110</u>	<u>110</u>
	<u><u>\$ 1,671,826</u></u>	<u><u>\$ 2,540,043</u></u>

Unaudited financial statement excerpts for the government business enterprises are as follows:

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>	<u><u>\$ 5,710,086</u></u>	<u><u>\$ 3,665,074</u></u>
<b>LIABILITIES</b>	<u><u>4,036,911</u></u>	<u><u>1,104,162</u></u>
<b>EQUITY</b>	<u><u>1,673,175</u></u>	<u><u>2,560,912</u></u>
	<u><u>\$ 5,710,086</u></u>	<u><u>\$ 3,665,074</u></u>
<b>TOTAL REVENUE</b>	<u><u>\$ (516,996)</u></u>	<u><u>\$ 2,159,835</u></u>
<b>TOTAL EXPENSES</b>	<u><u>347,686</u></u>	<u><u>62,246</u></u>
	<u><u>\$ (864,682)</u></u>	<u><u>\$ 2,097,589</u></u>
<b>NET EARNINGS</b>		

TL'etinqox Government Economic Development LLP is a limited liability partnership between the Nation and TL'etinqox Government Economic Development Corporation and is registered under the Companies Act of British Columbia. The partnership operates primarily as an equipment rental business.

TL'etinqox Government Economic Development Corporation is a wholly owned subsidiary of the Nation and is incorporated under the Business Corporations Act of British Columbia. The company was established to act as the general partner of the above mentioned partnership.

Chilcotin River Trading Company Ltd. is a wholly owned subsidiary of the Nation and was incorporated under the Business Corporations Act of British Columbia. The company was established to act as the general partner for the Chilcotin River Trading Company LLP, (the limited partner of Chilcotin River Trading Company LLP is TL'etinqox Government Economic Development LLP).

## **Tl'etinqox Government**

### **Notes to the Consolidated Financial Statements For the year ended March 31, 2023**

#### **4. INVESTMENT IN GOVERNMENT BUSINESS ENTITIES (continued)**

Dechen Ventures Ltd. is a wholly owned subsidiary of the Nation and was incorporated under the Business Corporations Act of British Columbia. The company was established to act as the general partner for the Dechen Ventures LLP, (the limited partner of Dechen Ventures LLP is Tl'etinqox Government Economic Development LLP).

#### **5. DUE FROM (TO) RELATED PARTIES**

	<b>2023</b>	<b>2022</b>
Dechen Ventures Limited Partnership	\$ 159,826	\$ 190,936
Dechen Ventures Ltd.	(100)	(100)
Chilcotin River Trading Company Ltd.	(100)	(100)
Chilcotin River Trading Company LLP	615,454	547,997
Tl'etinqox Government Economic Development Corp.	(100)	(100)
Tl'etinqox Government Economic Development LLP	979,620	979,620
Guzun Ch'ah	236,047	229,601
	<b><u>\$ 1,990,647</u></b>	<b><u>\$ 1,947,854</u></b>

The above related parties are related to the Nation as disclosed in Note 4. The balances are unsecured, non-interest bearing and have no specific terms of repayment.

#### **6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2023</b>	<b>2022</b>
Trade payables and accrued liabilities	\$ 1,824,450	\$ 786,194
Wages payable	230,686	120,826
Payroll and withholding taxes	50,388	49,176
Funding recoverable	96,046	96,046
	<b><u>\$ 2,201,570</u></b>	<b><u>\$ 1,052,242</u></b>

## TL'etinqox Government

### Notes to the Consolidated Financial Statements For the year ended March 31, 2023

#### 7. DEFERRED REVENUE

	2023	2022
<b>Other deferred revenue</b>		
Indigenous Services Canada	\$ 4,822,177	\$ 4,263,543
Province of British Columbia	105,000	179,512
FNHA - Harm reduction funding	50,000	-
TNG Housing Renovations	<u>1,396,811</u>	<u>-</u>
	<u><u>\$ 6,373,988</u></u>	<u><u>\$ 4,443,055</u></u>

#### 8. LONG-TERM DEBT

BMO mortgage term loan repayable in monthly instalments of \$2,566, including interest at 3.95% per annum, secured by a ministerial guarantee from Canada, maturing November 2026	\$ 205,964	\$ 228,788
Peace Hills mortgage term loan repayable in monthly instalments of \$3,575, including interest at 4.25% per annum, secured by a ministerial guarantee from Canada, maturing December 2024	72,446	111,546
BMO demand loan repayable in monthly instalments of \$2,451, including interest at prime plus 0.5% per annum (March 31, 2023 - 7.2%), secured by a general security agreement	147,208	167,784
BMO fixed term loan repayable in monthly instalments of \$4,182, including interest at 3.2% per annum, secured by a general security agreement, maturing February 2027	537,791	557,299
Inland Kenworth conditional sales contract repaid	-	21,207
Ford Credit conditional sales contract repaid	-	2,625
Ford Credit conditional sales contract repaid	-	3,822
Ford Credit conditional sales contract repayable in monthly instalments of \$1,878, including interest at 5.93% per annum, secured by specific equipment, due March 2025	<u>28,281</u>	<u>41,314</u>
Carried forward to subsequent page	<u><u>\$ 991,690</u></u>	<u><u>\$ 1,134,385</u></u>

## TL'etinqox Government

### Notes to the Consolidated Financial Statements For the year ended March 31, 2023

#### 8. LONG-TERM DEBT (continued)

	<u>2023</u>	<u>2022</u>
Carried forward from previous page	\$ 991,690	\$ 1,134,385
Ford Credit conditional sales contract repayable in monthly instalments of \$1,278, including interest at 5.9% per annum, secured by specific equipment, due January 2027	<u>77,007</u>	<u>94,467</u>
	<u><u>\$ 1,068,697</u></u>	<u><u>\$ 1,228,852</u></u>

Estimated principal repayments over the next 5 years are as follows:

2024	\$ 156,304
2025	154,127
2026	114,642
2027	114,053
2028	<u>529,571</u>
	<u><u>\$ 1,068,697</u></u>

#### 9. CONTINGENT LIABILITIES

The Nation may be subject to funding recoveries according to their agreements with federal government and other funding agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2023 might be recovered until funding agencies conduct their final reviews. The amounts will be recorded as reductions to revenue as they are incurred.

## Tl'etinqox Government

### Notes to the Consolidated Financial Statements For the year ended March 31, 2023

#### 10. TANGIBLE CAPITAL ASSETS

			2023	2022
	Cost	Accumulated Amortization	Net Carrying Amount	
Automotive	\$ 1,195,358	\$ 966,328	\$ 229,030	\$ 272,343
Buildings	21,225,690	8,058,140	13,167,550	13,477,126
Computers and software	84,441	66,413	18,028	25,298
Infrastructure	16,215,608	5,734,311	10,481,297	8,911,865
Equipment and furnishings	2,701,330	1,179,474	1,521,856	1,003,643
Assets under construction	3,266,690	-	3,266,690	847,435
	<b><u>\$ 44,689,117</u></b>	<b><u>\$ 16,004,666</u></b>	<b><u>\$ 28,684,451</u></b>	<b><u>\$ 24,537,710</u></b>

Tangible Capital Asset Additions for the year are as follows:

	Cost April 1, 2022	Additions/ Disposals	Cost March 31, 2023
Automotive	\$ 1,195,358	\$ -	\$ 1,195,358
Buildings	20,962,424	263,266	21,225,690
Computers and software	84,441	-	84,441
Infrastructure	14,230,203	1,985,405	16,215,608
Equipment and furnishings	1,926,551	774,779	2,701,330
Assets under construction	847,435	2,419,255	3,266,690
	<b><u>\$ 39,246,412</u></b>	<b><u>\$ 5,442,705</u></b>	<b><u>\$ 44,689,117</u></b>

Amortization for the year is as follows:

	Balance April 1, 2022	Amortization	Balance March 31, 2023
Automotive	\$ 923,015	\$ 43,313	\$ 966,328
Buildings	7,485,298	572,842	8,058,140
Computers and software	59,143	7,270	66,413
Infrastructure	5,318,338	415,973	5,734,311
Equipment and furnishings	922,908	256,566	1,179,474
Assets under construction	-	-	-
	<b><u>\$ 14,708,702</u></b>	<b><u>\$ 1,295,964</u></b>	<b><u>\$ 16,004,666</u></b>

# TI'etinqox Government

## Notes to the Consolidated Financial Statements For the year ended March 31, 2023

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### 10. TANGIBLE CAPITAL ASSETS (continued)

Detailed tangible capital asset additions for the year ended March 31, 2023 are as follows:

<b>Office furnishings and other equipment</b>	
Computer equipment for finance	\$ 5,913
Computer for equine	2,403
Desk and chair	2,916
Propane Generator for CRT	113,544
<b>Infrastructure</b>	
Road upgrades	179,076
Health centre	16,923
Anaham Dam	45,013
Water system upgrades	87,055
Waste management	23,759
Waste water project	68,096
Cattleguards	13,888
Fencing	57,798
Misc.	3,397
Biomass project	1,490,400
<b>Equipment</b>	
Cargo Trailers	21,238
Camera	12,792
Steel frame tents	6,384
Barrel bear trap	14,588
Tell-tale Signs	-
<b>Equine Facility</b>	
Fencing	4,230
<b>School</b>	
Electrical upgrades	54,150
Concrete curbs	20,244
Refrigerated truck	164,642
2022 Ford Terra Transit Bus	232,483
Misc. School Equipment (computers, IPADs, 20' bins, etc.)	166,042
<b>Health and wellness</b>	
Camera	11,590
<b>Culture and Healing/Arena in progress</b>	2,419,255
<b>Daycare</b>	204,886
	<hr/>
	\$ 5,442,705

## TL'etinqox Government

### Notes to the Consolidated Financial Statements For the year ended March 31, 2023

#### 11. ACCUMULATED SURPLUS

	2023	2022
General and capital funds	\$ 11,343,094	\$ 9,782,503
Net assets invested in tangible capital assets*	27,615,754	23,308,858
Ottawa trust funds	119,688	112,480
	<u><u>\$ 39,078,536</u></u>	<u><u>\$ 33,203,841</u></u>

\*Net assets invested in tangible capital assets consists of:

Tangible capital assets (Note 10)	\$ 28,684,451	\$ 24,537,710
Long-term debt (Note 8)	<u>(1,068,697)</u>	<u>(1,228,852)</u>
	<u><u>\$ 27,615,754</u></u>	<u><u>\$ 23,308,858</u></u>

#### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Nation's financial instruments consist of cash and investments, Ottawa trust funds, accounts receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Nation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the Nation provides services may experience financial difficulty and be unable to fulfill their obligations. The Nation mitigates this risk by dealing with counterparties management considers to be of high integrity.

The Nation is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and interest on long-term debt for the variable rate demand loan. Interest-bearing cash savings are held that mitigate the risk of increasing interest rates on the Nation's variable interest rate

#### 13. COMMITMENTS

The Nation is committed to the following future minimum lease payments on operating leases over the next 4 years:

2024	\$ 10,714
2025	6,443
2026	5,696
2027	474
	<u><u>\$ 23,327</u></u>

## **Tl'etinqox Government**

### **Notes to the Consolidated Financial Statements**

**For the year ended March 31, 2023**

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#### **14. SEGMENT REPORTING**

The Nation is a diversified first nation government that provides a wide variety of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information in Schedule 1. The Nation's reporting segments are as follows:

##### **Administration**

Includes general operations, support and financial management of the Nation and any areas that cannot be attributed to another segment.

##### **Education and Training**

Includes educational services and training through the operations of the on-reserve school, post-secondary education support and various other education and training programs.

##### **Social Development**

Includes revenue and expenditures relating to the delivery of social assistance, community and other services to members of the Nation.

##### **Health and Wellness**

Includes activities related to the provision of health and wellness services for the Nation.

##### **Own Source**

Includes activities related to the growth of non-funded revenue producing projects, forest and resource opportunities and investments in government business enterprises.

##### **Social Housing**

Includes revenue and expenditures relating to the Nation's housing for members.

##### **Operations and Maintenance and Emergency Management**

Includes revenue and expenditures relating to the development, maintenance and emergency management of the Nation's assets, infrastructure and common property.

##### **Capital Projects**

Includes revenue and expenditures of capital projects.

## **Tl'etinqox Government**

### **Notes to the Consolidated Financial Statements** **For the year ended March 31, 2023**

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#### **15. BUDGET**

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the Nation's actual revenue and expenses. The budgeted revenue and expenses reported in these consolidated financial statements is based on the 2022/2023 prepared by management and approved by Chief and Council. The budgeted figures are unaudited.

#### **16. ECONOMIC DEPENDENCE**

The Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC) 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 Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these funding agreements.

#### **17. INDIGENOUS SERVICES CANADA (ISC) FUNDING RECONCILIATION**

	<b>2023</b>	<b>2022</b>
ISC revenue per confirmation	<u>\$ 10,011,198</u>	<u>\$ 11,655,605</u>
ISC Revenue as per statement of operations	<u>\$ 10,011,198</u>	<u>\$ 11,655,605</u>

#### **18. PENSION PLAN**

The Nation provides its members with a defined contribution plan providing pension benefits to eligible employees. During the year, the Nation paid total employer contributions of \$123,667, matching its employee contributions of \$123,667 (2022 - \$46,053).

## TL'etinqox Government

### Notes to the Consolidated Financial Statements For the year ended March 31, 2023

#### 19. EXPENSES BY OBJECT

	2023 Budget	2023 Actual	2022 Actual
	(unaudited)		
Bad debt	\$ -	\$ 49,346	\$ 14,796
Administration*	311,806	-	-
Amortization	1,230,365	1,295,964	1,254,085
Contracted services	1,435,962	745,884	682,571
Honouraria and donations	856,600	519,556	339,093
Insurance, licences and dues	255,055	239,927	212,355
Interest and bank charges	66,557	77,386	64,744
Office	42,250	2,942	3,141
Repairs, maintenance, rent and utilities	1,218,340	1,036,929	923,583
Service delivery	2,903,106	3,175,721	2,200,166
Supplies	839,556	816,709	428,143
Travel	436,196	529,144	293,381
Vehicle	110,950	131,132	83,144
Wages and benefits	<u>5,627,310</u>	<u>4,158,027</u>	<u>3,924,822</u>
	<u><u>\$ 15,334,053</u></u>	<u><u>\$ 12,778,667</u></u>	<u><u>\$ 10,424,024</u></u>

\*Inter-departmental administration fees are eliminated on consolidation.

#### 20. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the presentation used the current year. There were no changes in overall assets, liabilities, revenue or expenses.