

# TOMBE HERRINGTON

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Member of Canadian Institute of Chartered Business Valuators  
Members of Chartered Professional Accountants of BC

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Incorporated Professionals

## INDEPENDENT AUDITOR'S REPORT

**To the Council and Members of Xeni Gwet'in First Nations Government**

### **Qualified Opinion**

We have audited the consolidated financial statements of Xeni Gwet'in First Nations Government (the "Government"), which comprise the consolidated statement of financial position as at March 31, 2020, the consolidated statements of operations and accumulated surplus, 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, except for the effects of the matter described in the "**Basis for Qualified Opinion**" section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2020 and its results of operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

As noted in Note 1 - Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long-term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in tangible capital assets.

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 Government 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of these 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 Government'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 Government or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Government'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 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 Government's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure 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 Government'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 Government 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.
- 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.



Chartered Professional Accountants LLP

Kamloops, British Columbia  
July 30, 2020

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2020**

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash	\$ 3,988,729	\$ 3,606,150
Restricted cash (Note 3)	252,697	268,916
Accounts receivable (Note 4)	519,771	510,369
Long-term investments (Note 5)	1,103	1,103
	<u>4,762,300</u>	<u>4,386,538</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	506,614	611,552
Damage deposits payable	3,600	3,600
Deferred revenue (Note 6)	233,571	929,366
Long-term debt (Note 7)	847,287	911,769
Obligation under capital lease (Note 8)	563,088	-
Replacement reserve (Note 9)	108,341	118,259
Operating reserve (Note 10)	4,568	15,143
	<u>2,267,069</u>	<u>2,589,689</u>
<b>NET FINANCIAL ASSETS</b>	<b>2,495,231</b>	<b>1,796,849</b>
<b>NON-FINANCIAL ASSETS</b>		
Inventory	19,976	34,277
Prepaid expenses	123,920	61,720
Tangible capital assets (Note 11)	12,611,659	10,032,702
	<u>12,755,555</u>	<u>10,128,699</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<b>\$ 15,250,786</b>	<b>\$ 11,925,548</b>

ECONOMIC DEPENDENCE (Note 2)

CONTINGENT LIABILITIES (Note 13)

APPROVED ON BEHALF OF THE MEMBERS:



Chief



Councilor

See accompanying notes to consolidated financial statements

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	2020 Budget	2020 Actual	2019 Actual
<b>REVENUES</b>			
Indigenous Services Canada	\$ -	\$ 2,311,767	\$ 2,129,607
CMHC	-	57,732	57,732
Social housing	-	84,375	82,028
Xeni Gwet'in Enterprises	-	1,890,960	1,174,707
Eniyud Health Services	-	2,261,623	1,714,115
Other revenues	-	4,167,662	1,442,460
	<b>-</b>	<b>10,774,119</b>	<b>6,600,649</b>
<b>EXPENSES (Note 15)</b>			
Economic development	-	259,309	342,593
Education	-	392,038	274,832
Social development	-	548,583	439,817
Capital facilities and community	-	229,087	87,208
Social housing	-	142,107	139,760
Xeni Gwet'in Enterprises	-	2,558,102	1,996,793
Eniyud Health Services	-	1,349,295	1,436,751
Band support	-	1,973,320	1,885,179
	<b>-</b>	<b>7,451,841</b>	<b>6,602,933</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>			
	<b>-</b>	<b>3,322,278</b>	<b>(2,284)</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>			
	<b>-</b>	<b>11,925,548</b>	<b>11,924,122</b>
<b>INTEREST EARNED ON OTTAWA TRUST FUNDS</b>			
	<b>-</b>	<b>2,960</b>	<b>3,710</b>
<b>ACCUMULATED SURPLUS, end of year</b>			
	<b>\$ -</b>	<b>\$ 15,250,786</b>	<b>\$ 11,925,548</b>

See accompanying notes to consolidated financial statements

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ -	\$ 3,322,278	\$ (2,284)
Purchases of tangible capital assets	-	(3,502,173)	(2,963,011)
Amortization of tangible capital assets	-	923,216	616,138
Interest earned on Ottawa Trust funds	-	2,960	3,710
Consumption (acquisition) of inventory	-	14,301	(9,045)
Use (increase) of prepaid expenses	-	(62,200)	1,152
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	-	698,382	(2,353,340)
<b>NET FINANCIAL ASSETS, beginning of year</b>	-	1,796,849	4,150,189
<b>NET FINANCIAL ASSETS, end of year</b>	\$ -	\$ 2,495,231	\$ 1,796,849

See accompanying notes to consolidated financial statements

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 3,322,278	\$ (2,284)
Adjustment for items not involving cash:		
Amortization of tangible capital assets	923,216	616,138
Increase (decrease) in replacement reserve and operating reserves	(20,493)	(4,468)
Net change in non-cash working capital	<u>(838,855)</u>	<u>582,971</u>
Cash flows from operating activities	3,386,146	1,192,357
<b>FINANCING ACTIVITIES</b>		
Repayments of long-term debt	(64,482)	(63,642)
Repayments of obligation under capital lease	<u>(89,912)</u>	-
Cash flows from financing activities	<u>(154,394)</u>	<u>(63,642)</u>
<b>CAPITAL ACTIVITY</b>		
Purchase of tangible capital assets	(2,849,173)	(2,963,011)
<b>INCREASE (DECREASE) IN CASH</b>	<b>382,579</b>	<b>(1,834,296)</b>
<b>Cash, beginning of year</b>	<b>3,606,150</b>	<b>5,440,446</b>
<b>Cash, end of year</b>	<b>\$ 3,988,729</b>	<b>\$ 3,606,150</b>
 Cash paid during the year for interest	 \$ 30,187	 \$ 12,810

See accompanying notes to consolidated financial statements

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements of the Xeni Gwet'in First Nations Government have been prepared in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, which encompass the following principles:

**a) Reporting Entity and Principles of Financial Reporting**

The reporting entity includes the Xeni Gwet'in First Nations Government and all entities that are controlled by the First Nations Government. All controlled entities are consolidated in the Xeni Gwet'in First Nations Government's consolidated financial statements according to the First Nations Government's percentage ownership. Accounting policies of consolidated entities are conformed to those of the First Nations Government and inter-organizational balances and transactions are eliminated upon consolidation.

The consolidated financial statements consolidate the assets, liabilities, and results of operations for the following entity:

- 1224366 B.C. Ltd.

Investments in non-controlled entities and not subject to significant influence are recorded at the lower of cost and net realizable value. These include Xeni Gwet'in First Nations Government investments in Cariboo Indian Enterprises Ltd., Tsilhqot'in Economic Development Corp., Tsilhqot'in Forest Products Inc., Tsilhqot'in Economic Advancement GP Ltd. and Dandzen Development Limited Partnership.

**b) Revenue Recognition**

Government grants and transfers, which include Federal funding agreements, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, provided the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. When eligibility criteria is not met, transfers received are reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Rental revenue is recognized when a tenant commences occupancy and rent is due. The First Nations Government retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Periodic revenue is recognized on an accrual basis commencing at the beginning of the month.

**c) Ottawa Trust Monies**

Ottawa Trust monies are recorded using the accrual method of accounting for revenue earned in the Trust fund.

**d) Inventory**

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Tangible Capital Assets**

Tangible capital assets, including property and infrastructure expenditures incurred after April 1, 1990, are initially recorded at acquisition cost. Expenditures incurred previous to April 1, 1990 are reflected at a nominal amount. Tangible capital assets are stated at cost less accumulated amortization. Costs include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of the tangible capital assets are amortized over their estimated useful lives using the straight-line method at the following rates:

Office furniture and equipment	30%
Buildings	4%
Mobile home	4%
Band houses	4%
Infrastructure	4%
Other equipment	20%
Excavating equipment	30%
Automotive equipment	30%

Social Housing assets acquired under Canada Mortgage and Housing Corporation (CMHC) subsidized housing programs are amortized at a rate equivalent to the annual principal reduction in the related long-term debt, as required for CMHC reporting purposes.

**f) Leased Assets**

A lease that transfers substantially all of the benefits and risks of ownership to the lessee is recorded as a tangible capital asset and the incurrence of a capital lease obligation. At inception, a tangible capital asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments, excluding executory costs, and the leased property's fair value at the beginning of the lease. The discount rate used to determine the present value of the lease payments is the lower of Xeni Gwet'in First Nations Government's rate for incremental borrowing or the interest rate implicit in the lease. Leased tangible capital assets are amortized in a manner consistent with the tangible capital assets owned by Xeni Gwet'in First Nations Government, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

**g) Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on 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 year. Actual results could be different from those estimates.

**2. ECONOMIC DEPENDENCE**

A significant portion of the First Nation's revenue is comprised of funding received from Indigenous Services Canada ("ISC") and other government departments.

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**3. RESTRICTED CASH**

	2020	2019
Social Housing replacement reserve - cash	\$ 95,084	\$ 114,419
Social Housing operating reserve - cash	32,639	32,482
Ottawa Trust Monies - cash	124,974	122,015
	<b>\$ 252,697</b>	<b>\$ 268,916</b>

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. These funds are restricted in their use. The Xeni Gwet'in First Nations Government is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenditures of the 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.

The Social Housing restricted cash is derived under the terms of the agreement with CMHC, the account is to be credited 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.

**4. ACCOUNTS RECEIVABLE**

	2020	2019
Chief, councilors and band members	\$ 13,310	\$ 11,530
Indigenous Services Canada	111,391	480
CCATEC	-	18,200
CMHC	4,811	17,010
First Nations Health Authority	117,657	121,679
GST rebate	58,286	36,448
Ministry of Children and Family Development	80,000	50,000
Interior Roads	25,098	23,042
Other	60,582	13,437
Province of BC	2,300	3,000
Social Housing rents receivable	774	363
Tsilhqot'in National Government	55,123	215,180
	529,332	510,369
Less: allowance for doubtful accounts	(9,561)	-
	<b>\$ 519,771</b>	<b>\$ 510,369</b>

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**5. LONG TERM INVESTMENTS**

	<b>2020</b>	<b>2019</b>
Cariboo Indian Enterprises Ltd. - shares, at cost (inactive)	\$ 1	\$ 1
Tsilhqot'in Economic Development Corp. - shares, at cost (inactive)	1	1
Tsilhqot'in Forest Products Inc. - shares, at cost (inactive)	1	1
Tsilhqot'in Economic Advancement GP Ltd. - shares, at cost	1,000	1,000
<b>Dandzen Development Limited Partnership - partnership interest, at cost</b>	<b>100</b>	<b>100</b>
	<b>\$ 1,103</b>	<b>\$ 1,103</b>

**6. DEFERRED REVENUE**

	<b>2020</b>	<b>2019</b>
Indigenous Services Canada		
Waste Diversion (ICMS #9-00128113)	\$ 233,571	\$ 620,697
Ministry of Children and Family Development	-	308,669
	<b>\$ 233,571</b>	<b>\$ 929,366</b>

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**7. LONG TERM DEBT**

	<b>2020</b>	<b>2019</b>
All Nations Trust Company mortgage, repayable in monthly instalments of \$3,734 including interest at 1.30% per annum, renewal date June 2022	\$ 500,960	\$ 538,994
All Nations Trust Company mortgage, repayable in monthly instalments of \$2,637 including interest at 1.44% per annum, renewal date February 2022	346,327	372,775
	<b>\$ 847,287</b>	<b>\$ 911,769</b>

The Social Housing mortgages are secured by a ministerial guarantee from the federal government.

The principal portion of debt due over the next three years are as follows:

2021	\$ 65,357
2022	358,532
2023	<u>423,398</u>
	<b><u>\$ 847,287</u></b>

**8. OBLIGATION UNDER CAPITAL LEASE**

	<b>2020</b>	<b>2019</b>
Royal Bank of Canada capital lease, repayable in monthly instalments of \$12,014 including interest at 3.96%, secured by specific equipment with a net book value of \$457,100, due June 2024	\$ 563,088	\$ -

Capital lease repayments (principal and interest) due within the next five years are estimated as follows:

2021	\$ 144,173
2022	144,173
2023	144,173
2024	144,173
2025	<u>36,045</u>
	<b><u>612,737</u></b>
Less: Imputed interest	<b><u>49,649</u></b>
	<b><u>\$ 563,088</u></b>

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**9. REPLACEMENT RESERVE**

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$14,000 (2019 - \$14,000) annually. Withdrawals are credited to interest first and then principal.

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 118,259	\$ 113,001
Allocation as per budget	14,000	14,000
Interest income	1,854	574
Purchases during the year	(25,772)	(9,316)
 Balance, end of year	 \$ 108,341	 \$ 118,259

**10. OPERATING RESERVE**

Under the terms of agreement with CMHC, after the payment of all costs and expenses including the allocation to the Replacement Reserve, any surplus revenue will be retained by the First Nation within an Operating Reserve fund. Interest earnings must accrue to and be maintained in the Operating Reserve fund. The Project's Operating Reserve fund may only be used for the ongoing operating cost of the housing projects committed under the 1997 On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. The First Nation agrees to maintain an Operating Reserve fund insured by the Canada Deposit Insurance Corporation, or as may otherwise be mutually agreed to by the First Nation and CMHC.

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 15,143	\$ 24,869
Allocation for the year	(10,733)	(9,726)
Interest earned	158	-
 Balance, end of year	 \$ 4,568	 \$ 15,143

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**11. TANGIBLE CAPITAL ASSETS**

	<b>2020</b>			<b>2019</b>		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
<b>First Nations Government</b>						
Land	\$ 214,000	\$ -	\$ 214,000	\$ -	\$ -	\$ -
Office furniture and equipment	85,614	76,558	9,056	85,614	76,558	9,056
Buildings	1,031,105	508,971	522,134	888,800	470,899	417,901
Mobile home	67,300	67,300	-	67,300	67,300	-
Band houses	814,713	697,753	116,960	814,713	665,164	149,549
Infrastructure	8,665,515	4,138,438	4,527,077	8,516,969	3,791,819	4,725,150
Infrastructure under construction	3,004,185	-	3,004,185	1,821,412	-	1,821,412
Automotive	273,008	142,613	130,395	116,887	116,887	-
Other equipment	735,376	511,545	223,831	455,587	455,587	-
Pre-1991 assets	1	1	-	1	1	-
	<b>14,890,817</b>	<b>6,143,179</b>	<b>8,747,638</b>	<b>12,767,283</b>	<b>5,644,215</b>	<b>7,123,068</b>
<b>Social Housing Project</b>						
Buildings	2,160,027	681,837	1,478,190	2,160,027	617,353	1,542,674
<b>Health</b>						
Buildings	1,477,184	593,194	883,990	1,477,184	534,106	943,078
Buildings under construction	886,814	-	886,814	191,331	-	191,331
Office furniture and equipment	148,223	125,702	22,521	148,223	100,819	47,404
Automotive equipment	225,727	200,906	24,821	225,727	182,289	43,438
	<b>2,737,948</b>	<b>919,802</b>	<b>1,818,146</b>	<b>2,042,465</b>	<b>817,214</b>	<b>1,225,251</b>
<b>Enterprises</b>						
Office furniture and equipment	48,517	48,517	-	48,517	48,517	-
Shop	182,545	78,904	103,641	182,545	71,602	110,943
Excavating equipment	494,353	494,353	-	494,353	494,353	-
Automotive equipment	867,978	403,934	464,044	214,978	184,212	30,766
	<b>1,593,393</b>	<b>1,025,708</b>	<b>567,685</b>	<b>940,393</b>	<b>798,684</b>	<b>141,709</b>
	<b>\$ 21,382,185</b>	<b>\$ 8,770,526</b>	<b>\$ 12,611,659</b>	<b>\$ 17,910,168</b>	<b>\$ 7,877,466</b>	<b>\$ 10,032,702</b>

The tangible capital assets recorded at the nominal value of \$1 included land, automotive equipment, community centre and band office building, daycare building, office equipment, pumphouse and shop equipment. Band houses are owned by the Band during the period the related debt remains outstanding. When the debt is repaid the Band intends to transfer the houses to Band members for \$1.

Infrastructure and buildings under construction have been capitalized at costs incurred to date. No amortization has been recorded on these assets under construction and amortization will commence when the assets are put into operation.

Included in automotive equipment for Enterprises are assets under capital lease with a total cost of \$653,000 (2019 - \$0), accumulated amortization of \$195,900 (2019 - \$0) and net book value of \$457,100 (2019 - \$0). Included in amortization expense is \$195,900 (2019 - \$0) for amortization of assets under capital lease.

During the year, tangible capital assets were acquired at an aggregate cost of \$3,502,173 (2019 - \$2,963,011). Of this total, \$653,000 (2019 - \$0) were acquired by means of obligations under capital lease, with the remaining \$2,849,173 (2019 - \$2,963,011) paid in cash.

**XENI GWET'IN FIRST NATIONS GOVERNMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**11. TANGIBLE CAPITAL ASSETS (Continued)**

**2020**

	Land	Buildings	Automotive	Infrastructure	Furniture and equipment	Excavating equipment	Other equipment	Total
Cost, beginning of year	\$ -	\$ 5,781,900	\$ 557,592	\$ 10,338,381	\$ 282,354	\$ 494,353	\$ 455,587	\$ 17,910,167
Additions	214,000	837,788	839,277	1,331,319	-	-	279,789	3,502,173
Disposals	-	-	(30,156)	-	-	-	-	(30,156)
Cost, end of year	214,000	6,619,688	1,366,713	11,669,700	282,354	494,353	735,376	21,382,184
Accumulated amortization, beginning of year	-	2,426,424	483,388	3,791,819	225,894	494,353	455,587	7,877,465
Amortization	-	201,535	294,221	346,619	24,883	-	55,958	923,216
Disposals	-	-	(30,156)	-	-	-	-	(30,156)
Accumulated amortization, end of year	-	2,627,959	747,453	4,138,438	250,777	494,353	511,545	8,770,525
Net carrying amount, end of year	\$ 214,000	\$ 3,991,729	\$ 619,260	\$ 7,531,262	\$ 31,577	\$ -	\$ 223,831	\$ 12,611,659

**2019**

	Buildings	Automotive	Infrastructure	Furniture and equipment	Excavating equipment	Other equipment	Total
Cost, beginning of year	\$ 5,579,563	\$ 529,516	\$ 7,682,363	\$ 239,753	\$ 494,353	\$ 455,587	\$ 14,981,135
Additions	202,337	62,055	2,656,018	42,601	-	-	2,963,011
Disposals	-	(33,979)	-	-	-	-	(33,979)
Cost, end of year	5,781,900	557,592	10,338,381	282,354	494,353	455,587	17,910,167
Accumulated amortization, beginning of year	2,230,079	467,250	3,451,140	196,897	494,353	455,587	7,295,306
Amortization	196,345	50,117	340,679	28,997	-	-	616,138
Disposals	-	(33,979)	-	-	-	-	(33,979)
Accumulated amortization, end of year	2,426,424	483,388	3,791,819	225,894	494,353	455,587	7,877,465
Net carrying amount, end of year	\$ 3,355,476	\$ 74,204	\$ 6,546,562	\$ 56,460	\$ -	\$ -	\$ 10,032,702

**12. ACCUMULATED SURPLUS**

Accumulated surplus is comprised of the following:

	2020	2019
Operating equity	\$ 3,923,425	\$ 2,681,499
Equity in Ottawa Trust	124,974	122,015
Equity in investments	1,103	1,103
Equity in tangible capital assets	11,201,284	9,120,931
	<b>\$ 15,250,786</b>	<b>\$ 11,925,548</b>

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**13. CONTINGENT LIABILITIES**

**Related to funding from Indigenous Services Canada**

Under the terms of the contribution agreements with Indigenous Services Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the Band.

**Litigation**

- a) The Band has completed court actions which assert aboriginal rights and title and seek to stop logging in its trap lines. The Supreme Court of Canada has ruled favourably in the Band's behalf. Further outcomes arising from these matters have yet to be determined.
- b) The Band has either been billed or has accumulated legal services in the amount of \$36,389,000 with respect to asserting aboriginal title. The legal advisors have agreed that no amount is payable to them by the band unless funds are obtained from outside sources, including court-award damages or a negotiated settlement with the Province of BC and Canada.
- c) Retainer agreements and sharing agreements also provide for payments to Assembly of First Nations, Douglas Lambert, Western Canada Wilderness Committee and David Suzuki Foundation. However, the amount of such payments cannot be determined at this time. None of these amounts have been recorded in the books of account. However, they will be netted against funds obtained from outside sources, as discussed in b) above.

**On-reserve housing**

The Band has guaranteed certain band member loans. The total amount guaranteed amounts to \$119,860 (2019 - \$119,860) with \$48,285 being outstanding at March 31, 2020 (2019 - \$48,285).

**14. BUDGET INFORMATION**

The Budget information disclosed has been approved by Council.

**15. EXPENSES BY OBJECT**

	<b>2020</b>	<b>2019</b>
Administration fees	\$ 1,140	\$ 16,234
Allowances	284,729	161,233
Amortization	923,216	616,139
Bad debts	10,421	152
Fuel, propane and oil	687,733	659,049
Honorarium	86,844	77,168
Insurance	115,246	88,587
Interest on long-term debt	30,111	12,737
Material and supplies	827,185	701,070
Other	609,588	514,540
Professional fees	276,570	504,324
Repairs and maintenance	168,357	103,076
Service contracts	1,037,193	876,394
Social assistance payments	295,361	269,238
Telephone	49,570	37,462
Travel, training and workshops	470,141	487,370
Wages and benefits	1,578,436	1,478,160
	<b>\$ 7,451,841</b>	<b>\$ 6,602,933</b>

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**16. EMPLOYEE BENEFITS**

Xeni Gwet'in First Nations Government sponsors a defined contribution plan providing pension benefits for certain employees. Under the plan, Xeni Gwet'in First Nations Government matches the employee's contributions. During the year, Xeni Gwet'in First Nations Government contributed \$16,841 (2019 - \$14,786) and this employer's portion is recorded as employee benefits in the period when the benefit is earned.

**17. SEGMENT DISCLOSURE**

Xeni Gwet'in First Nations Government provides a wide range of services. Services are delivered through distinguishable functional segments for which financial information is available and is evaluated regularly by Council and management in allocating resources and assessing results.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

2020	Economic development		Social development		Capital facilities and community		Social Housing		Enterprises		Eniyud health services		Band support		Total
	ISC	Other	Education	Education	Social development	Social development	Capital facilities and community	Social Housing	Social Housing	Enterprises	Enterprises	Eniyud health services	Band support		
<b>REVENUE</b>															
ISC	\$ 34,027	\$ 220,396	\$ 361,234	\$ 3,098	\$ 427,399	\$ 271,209	\$ 1,175,087	\$ 142,107	\$ -	\$ 1,890,960	\$ -	\$ 314,020	\$ 1,954,366	\$ 2,311,767	\$ 8,462,352
Other															
	<b>254,423</b>	<b>364,332</b>	<b>698,608</b>	<b>2,893,680</b>	<b>142,107</b>	<b>1,890,960</b>	<b>2,261,623</b>	<b>2,261,623</b>	<b>2,268,386</b>	<b>2,268,386</b>	<b>10,774,119</b>				
<b>EXPENSES</b>															
Amortization	-	-	-	-	-	-	64,482	227,024	102,587	529,123	923,216				
Operating expenses	198,403	353,059	497,631	50,952	172,461	56,626	77,625	2,008,053	777,282	865,675	4,950,189				
Wages & benefits	60,906	38,979	548,583	537,366	229,087	740,862	-	323,025	469,426	578,522	1,478,160				
	<b>259,309</b>	<b>392,038</b>	<b>548,583</b>	<b>537,366</b>	<b>229,087</b>	<b>740,862</b>	<b>142,107</b>	<b>2,558,102</b>	<b>1,349,295</b>	<b>1,973,320</b>	<b>7,451,841</b>				
<b>SURPLUS (DEFICIT)</b>	<b>\$ (4,886)</b>	<b>\$ (27,706)</b>	<b>\$ 150,025</b>	<b>\$ 2,664,593</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (667,142)</b>	<b>\$ 912,328</b>	<b>\$ 295,066</b>	<b>\$ 3,322,278</b>					

2019	Economic development		Social development		Capital facilities and community		Social Housing		Enterprises		Eniyud health services		Band support		Total
	ISC	Other	Education	Education	Social development	Social development	Capital facilities and community	Social Housing	Social Housing	Enterprises	Enterprises	Eniyud health services	Band support		
<b>REVENUE</b>															
ISC	\$ 480	\$ 416,248	\$ 370,937	\$ 4,073	\$ 407,924	\$ 129,442	\$ 678,201	\$ 62,661	\$ 139,760	\$ 1,174,707	\$ 1,714,114	\$ 672,066	\$ 830,036	\$ 2,129,608	\$ 4,471,041
Other															
	<b>416,728</b>	<b>375,010</b>	<b>537,366</b>	<b>740,862</b>	<b>139,760</b>	<b>1,174,707</b>	<b>1,714,114</b>	<b>1,502,102</b>	<b>1,502,102</b>	<b>6,600,649</b>					
<b>EXPENSES</b>															
Amortization	-	-	-	-	-	-	63,642	37,335	104,287	410,875	616,139				
Operating expenses	272,254	236,538	381,190	58,627	50,692	36,516	76,118	1,610,421	859,660	1,021,761	4,508,634				
Wages & benefits	70,339	38,294	548,583	537,366	229,087	740,862	-	349,037	472,804	452,543	1,478,160				
	<b>342,593</b>	<b>274,832</b>	<b>439,817</b>	<b>87,208</b>	<b>139,760</b>	<b>1,996,793</b>	<b>1,436,751</b>	<b>1,885,179</b>	<b>6,602,933</b>						
<b>SURPLUS (DEFICIT)</b>	<b>\$ 74,135</b>	<b>\$ 100,178</b>	<b>\$ 97,549</b>	<b>\$ 653,654</b>	<b>\$ -</b>	<b>\$ (822,086)</b>	<b>\$ 277,363</b>	<b>\$ (383,077)</b>	<b>\$ (2,284)</b>						