

# Tl'esqox

## CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2021

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of TI'esqox 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 Band'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 TI'esqox 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 Francis Laceese



## **INDEPENDENT AUDITOR'S REPORT**

To the Chief and Council,  
**Tl'esqox**

### **Opinion**

We have audited the consolidated financial statements of Tl'esqox, which comprise the consolidated statement of financial position as at March 31, 2021, 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, 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 Tl'esqox as at March 31, 2021, and its financial performance and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### **Basis for Qualified Opinion**

The Band does not prepare a consolidated budget as is required under Public Sector Accounting Standards.

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 Band 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 Band'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 Band or to cease operations, or has no realistic alternative but to do so.

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



## **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 Band'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 Band'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 municipality to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 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.

**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.

*FBB Charterd Professional  
Accountants LLP*

September 29, 2021  
Quesnel, British Columbia


FBB Chartered Professional Accountants LLP

**Tl'esqox****Consolidated Statement of Financial Position****As at March 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Financial assets</b>		
Cash and investments	\$ 899,479	\$ 427,427
Accounts receivable (Note 2)	458,829	257,868
Inventory for resale	81,842	52,781
Restricted cash (Note 3)	-	80,888
Investments in Band business entities (Note 4)	2,627,797	2,111,896
Ottawa trust funds (Note 5)	111,443	109,333
	<u>4,179,390</u>	<u>3,040,193</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	389,872	234,569
Long-term debt (Note 8)	23,230	59,624
	<u>413,102</u>	<u>294,193</u>
<b>Net financial assets</b>	<u>3,766,288</u>	<u>2,746,000</u>
<b>Non-financial assets</b>		
Prepaid expenses	27,439	23,179
Tangible capital assets (Note 10)	8,831,705	8,535,718
	<u>8,859,144</u>	<u>8,558,897</u>
<b>Accumulated Surplus (Note 11)</b>	<u>\$ 12,625,432</u>	<u>\$ 11,304,897</u>

**Contingent Liabilities (Note 9)**

Approved by Chief and Council:

  
\_\_\_\_\_, Chief

*Violet Fuller*  
\_\_\_\_\_, Councillor

  
\_\_\_\_\_, Councillor

  
\_\_\_\_\_, Councillor

# **Tl'esqox**

## **Consolidated Statement of Operations**

**For the year ended March 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Indigenous Services Canada	\$ 1,743,031	\$ 1,027,276
First Nations Health Authority	705,276	710,592
Canada Mortgage and Housing Corporation	-	15,627
Province of British Columbia	550,274	469,830
Tsilhqot'in National Government	190,772	321,772
Cariboo Chilcotin Aboriginal Training Employment Centre	8,269	21,464
First Nations Education Steering Committee	61,024	5,000
Denisiqi Services Society	426,450	325,612
Interest and other miscellaneous revenue	51,455	52,390
Government of Canada	65,714	-
Natural Resource Canada	321,031	-
ISC - funding recovery	(50,464)	-
Revenue from Ottawa trust funds	2,111	2,528
Administration fees	205,106	205,660
Rental	90,430	89,740
Toosey Enterprises	1,732,134	2,013,479
Earnings (loss) from investment in Band business entities	533,900	1,714,941
Dene Development Corporation	100,000	-
Deferred revenue from prior year	-	767,104
	<u>6,736,513</u>	<u>7,743,015</u>
<b>Expenses</b>		
Administration	631,741	559,693
Agriculture and lands	277,791	206,389
Capital projects	2,299	-
Community Infrastructure	207,500	133,017
Economic development	1,773,267	2,134,765
Education and training	215,677	213,735
Health and wellness	1,478,971	1,203,366
Housing	123,196	97,160
Social development	345,297	310,107
Amortization	360,239	353,822
	<u>5,415,978</u>	<u>5,212,054</u>
<b>Annual surplus (deficit)</b>	1,320,535	2,530,961
<b>Accumulated surplus, beginning of year</b>	<u>11,304,897</u>	<u>8,773,936</u>
<b>Accumulated surplus, end of year (Note 12)</b>	<u><u>\$ 12,625,432</u></u>	<u><u>\$ 11,304,897</u></u>

## Tl'esqox

### Consolidated Statement of Changes in Net Financial Assets For the year ended March 31, 2021

	<u>2021</u>	<u>2020</u>
<b>Annual surplus</b>	\$ 1,320,535	\$ 2,530,961
Amortization	360,239	353,822
Change in prepaid expenses	(4,260)	2,517
Acquisition of tangible capital assets	<u>(656,226)</u>	<u>(457,555)</u>
<b>Increase in net financial assets</b>	1,020,288	2,429,745
<b>Net financial assets, beginning of year</b>	<u>2,746,000</u>	<u>316,255</u>
<b>Net financial assets, end of year</b>	<u><u>\$ 3,766,288</u></u>	<u><u>\$ 2,746,000</u></u>



**Tl'esqox****Consolidated Statement of Cash Flows****For the year ended March 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>NET INFLOW (OUTFLOW) OF CASH:</b>		
<b>Operating activities</b>		
Annual surplus	\$ 1,320,535	\$ 2,530,961
Non-cash charges to operations		
Amortization	360,239	353,822
(Earnings) loss on investment in Band business entities	(533,900)	(1,714,941)
Earnings on Ottawa trust funds	(2,111)	(2,528)
Changes in non-cash operating balances:		
Increase in accounts receivable	(200,961)	(48,706)
Increase (decrease) in accounts payable and accrued liabilities	155,303	(153,588)
Change in restricted cash	80,888	(766)
Change in inventory for resale	(29,061)	7,452
Decrease in deferred revenue	-	(767,365)
(Increase) decrease in prepaid expenses	(4,260)	2,517
	<u>1,146,672</u>	<u>206,858</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	<u>(656,226)</u>	<u>(457,555)</u>
<b>Investing activities</b>		
Repayments (advances) from/to band business entities	<u>18,000</u>	<u>(117,110)</u>
<b>Financing activities</b>		
Repayment of debt	<u>(36,394)</u>	<u>(33,027)</u>
<b>Increase (decrease) in cash and investments</b>	472,052	(400,834)
<b>Cash and investments, beginning of year</b>	<u>427,427</u>	<u>828,261</u>
<b>Cash and investments, end of year</b>	<u><u>\$ 899,479</u></u>	<u><u>\$ 427,427</u></u>

# **Tl'esqox**

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

**For the year ended March 31, 2021**

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### **General**

Tl'esqox (the "Band") is a first nation (formerly known as the Toosey Indian Band) located in the province of British Columbia, and provides various services to its members. Tl'esqox includes the Band'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'esqox. It is the Band'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 Band and the changes thereto. The Consolidated Statement of Financial Position reflects the combined results and activities of the Band'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 Band services.

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

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

#### **iii. Band Business Entities**

The Band 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 Band.

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 Band's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Band 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.

**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 Band 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 Band 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 Band 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 for those amounts designated as unlikely to be collected.

# Tl'esqox

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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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.

The Band earns revenue from a third party for the licensing of the rights to manage, develop, harvest under a forest license, for which the Band receives a fee per volume harvested. Forest revenue is recognized when the revenue amounts are measurable and ultimate collection is reasonably assured, which is when the third party delivers the harvested timber to the mill.

#### d. Investment in Band business entities

Tl'esqox business entities, owned or controlled by the Band's Chief and Council but not dependent on the Band 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 Band. Thus, the Band'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:

- Chilcotin Plateau Enterprises Ltd.
- Toosey Old School Holding LP
  - Toosey Old School Training Centre LP
  - Toosey Old School Construction LP
  - Toosey Old School Wood Products LP
- Toosey Old School Holding Corporation
- Toosey Old School Construction Corporation
- Toosey Old School Wood Products Corporation
- Toosey Old School Training Centre Corporation

Long-term investments in entities that are not owned, controlled or influenced by the Band reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment. Long-term investments in entities that are controlled by the Band are accounted for using the modified equity method.

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)****e. Inventory held 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:

Building and infrastructure	5%
Computer equipment	30%
Contracting equipment	30%
Farming equipment	20%
Equipment	20%
Mobile equipment	30%
Storage	5%

**g. Impairment of tangible capital assets**

The Band 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.

**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: allowance for doubtful accounts, 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 Band conducts its business through nine reportable segments as described in Note 14. These operating segments are established by senior management to facilitate the achievement of the Band'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 Band 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, 2020.

At each financial reporting date, the Band 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 Band 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, 2021, no liability for contaminated sites exists.

# Tl'esqox

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

### 2. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Other receivables	\$ 211,745	\$ 207,650
ISC	23,491	-
FNHA	92,400	-
Tsilhqot'in National Government	100,000	-
Goods and services taxes receivable	10,734	8,820
Toosey Enterprises receivables (gas bar)	127,036	147,975
Allowance for doubtful accounts	<u>(106,577)</u>	<u>(106,577)</u>
	<u>\$ 458,829</u>	<u>\$ 257,868</u>

### 3. RESTRICTED CASH

Under the terms of the agreements with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$7,891 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the replacement reserve is under funded by \$20,435 (2020 - \$20,435).

### 4. INVESTMENT IN BAND BUSINESS ENTITIES

	<u>2020</u>	<u>2019</u>
<b>Wholly Owned Businesses, Investments/Advances:</b>		
Chilcotin Plateau Enterprises Ltd. - equity in earnings	\$ 3,130,404	\$ 2,024,013
Chilcotin Plateau Enterprises Ltd. - advances	882,332	882,132
Toosey Old School Holding LP - equity in losses	(1,484,055)	(911,365)
Toosey Old School Wood Products LP - advances	99,000	117,000
Toosey Old School Construction Corporation	1	1
Toosey Old School Wood Products Corporation	1	1
Toosey Old School Training Centre Corporation	1	1
Toosey Old School Holdings Corporation	1	1
<b>Portfolio Investments - At Cost</b>		
BC First Nations Gaming Limited Partnership	110	110
Dene Development Corporation (33.3%)	1	1
River West Forest Products Ltd. (22%)	<u>1</u>	<u>1</u>
	<u>\$ 2,627,797</u>	<u>\$ 2,111,896</u>

# Tl'esqox

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

### 4. INVESTMENT IN BAND BUSINESS ENTITIES (continued)

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

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>	<u>\$ 5,971,366</u>	<u>\$ 5,117,732</u>
<b>LIABILITIES</b>	4,325,014	4,005,079
<b>EQUITY</b>	<u>1,646,352</u>	<u>1,112,653</u>
	<u>\$ 5,971,366</u>	<u>\$ 5,117,732</u>
<b>TOTAL REVENUE</b>	\$ 3,106,106	\$ 5,431,395
<b>TOTAL EXPENSES</b>	<u>2,572,206</u>	<u>3,716,454</u>
<b>NET EARNINGS (LOSS)</b>	<u>\$ 533,900</u>	<u>\$ 1,714,941</u>

The Band's business enterprises have a different year-end than March 31, 2021, (December 31, 2020). The Band uses the business enterprise year end financial statements to account for its investment in Chilcotin Plateau Enterprises Ltd. Advances are unsecured, non-interest bearing with no specific terms of repayment.

Chilcotin Plateau Enterprises Ltd. ("CPE") has a December 31, 2020 year end, but holds investments in Cariboo Aboriginal Forestry Enterprises Ltd. (50%) and Elhdaqox Developments Ltd. (37.5%) which both have March 31, 2021 year ends. CPE reports the results of these investments on a modified equity basis, so CPE reports the March 31, 2020 results of these investments in its December 31, 2020 financial statements.

In the year ended March 31, 2019, the Band entered into a limited partnership with Toosey Old School Holding Corporation, whereby the Band holds a 99.99% limited partner interest and Toosey Old School Holding Corporation is the general partner and holds a 0.01% interest in the operations of Toosey Old School Holding Limited Partnership.

Toosey Old School Holding Limited Partnership is limited partner for limited partnership agreements with Toosey Old School Wood Products Limited Partnership, Toosey Old School Construction Limited Partnership and Toosey Old School Training Centre Limited Partnership. Toosey Old School Holding Limited Partnership reports 99.9% of the earnings/losses from these limited partnerships in its financial statements and the general partner corporations report the remaining 0.01%. All of the general partner corporations are wholly owned by the Band.



# Tl'esqox

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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### 5. OTTAWA TRUST FUNDS

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 Band on the authorization of the Minister of Indigenous Services Canada, with the consent of the Band's Chief and Council.

	<u>2021</u>	<u>2020</u>
Capital trust	\$ 2,149	\$ 2,149
Revenue trust	<u>109,294</u>	<u>107,184</u>
	<u>\$ 111,443</u>	<u>\$ 109,333</u>

During the year, investment returns were \$2,111 (2020 - \$2,528).

### 6. REVOLVING CREDIT FACILITY

The Band holds three revolving credit facilities to a maximum of \$60,000, available with the Royal Bank of Canada, bearing interest at Royal Bank of Canada prime plus 2%. There are no specified terms of repayment. The credit facilities are secured by a general security agreement and a Band Council Resolution signed by Chief and Council. As at March 31, 2021, \$ nil was drawn on the Royal Bank of Canada line of credit (2020 - \$ nil).

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Trade payables and accrued liabilities	\$ 269,866	\$ 188,071
Wages payable	85,800	32,585
Payroll and withholding taxes	34,206	13,432
Indigenous Services Canada recoveries	<u>-</u>	<u>481</u>
	<u>\$ 389,872</u>	<u>\$ 234,569</u>

# Tl'esqox

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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### 8. LONG-TERM DEBT

#### All Nations Trust Company

Mortgage payable bearing interest at 1.43% per annum, repayable in monthly blended payments of \$1,782, maturing on February 1, 2022, secured by a Ministerial Guarantee.

\$	19,464	\$	40,408
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#### RBC Equipment Financing

Term loan bearing interest at prime plus 1.30% (March 31, 2020 - 5.25%) per annum, repayable in monthly blended payments of \$1,289, renewable June 27, 2020, secured by a general security agreement.

	3,766	19,216
	<u>3,766</u>	<u>19,216</u>
\$	23,230	\$ 59,624
	<u>23,230</u>	<u>59,624</u>

Estimated principal repayments over the next year are as follows:

2022	\$	23,230
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### 9. CONTINGENT LIABILITIES

The Band is involved in a specific claim for compensation of use for certain property. The effects of any contingent claims relating to this dispute are not determinable at the date of this report.

The Band is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2021 might be recovered.

# Tl'esqox

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

### 10. TANGIBLE CAPITAL ASSETS

			2021	2020
	Cost	Accumulated Amortization	Net Carrying Amount	
Building and infrastructure	\$ 13,931,310	\$ 5,249,048	\$ 8,682,262	\$ 8,412,311
Computer equipment	32,579	24,324	8,255	11,793
Contracting equipment	254,415	226,533	27,882	39,832
Farming equipment	61,804	46,863	14,941	18,693
Other equipment	175,986	107,937	68,049	21,745
Mobile equipment	327,272	317,381	9,891	9,844
Storage tanks	82,247	61,822	20,425	21,500
	<u>\$ 14,865,613</u>	<u>\$ 6,033,908</u>	<u>\$ 8,831,705</u>	<u>\$ 8,535,718</u>

Tangible Capital Asset Additions for the year are as follows:

	Cost April 1, 2020	Additions	Cost March 31, 2021
Building and infrastructure	\$ 13,334,365	\$ 596,945	\$ 13,931,310
Computer equipment	32,579	-	32,579
Contracting equipment	254,415	-	254,415
Farming equipment	61,804	-	61,804
Other equipment	119,705	56,281	175,986
Mobile equipment	324,272	3,000	327,272
Storage tanks	82,247	-	82,247
	<u>\$ 14,209,387</u>	<u>\$ 656,226</u>	<u>\$ 14,865,613</u>

Amortization for the year is as follows:

	Balance April 1, 2020	Amortization	Balance March 31, 2021
Building and infrastructure	\$ 4,922,054	\$ 326,994	\$ 5,249,048
Computer equipment	20,786	3,538	24,324
Contracting equipment	214,583	11,950	226,533
Farming equipment	43,111	3,752	46,863
Other equipment	97,960	9,977	107,937
Mobile equipment	314,428	2,953	317,381
Storage tanks	60,747	1,075	61,822
	<u>\$ 5,673,669</u>	<u>\$ 360,239</u>	<u>\$ 6,033,908</u>

# Tl'esqox

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

### 11. ACCUMULATED SURPLUS

	<u>2021</u>	<u>2020</u>
General and capital funds	\$ 3,705,514	\$ 2,719,470
Net assets invested in tangible capital assets*	8,808,475	8,476,094
Ottawa trust funds	111,443	109,333
	<u>\$ 12,625,432</u>	<u>\$ 11,304,897</u>
*Net assets invested in tangible capital assets consists of:		
Tangible capital assets (Note 11)	\$ 8,831,705	\$ 8,535,718
Long-term debt (Note 9)	(23,230)	(59,624)
	<u>\$ 8,808,475</u>	<u>\$ 8,476,094</u>

### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Band'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 Band 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 Band 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 Band provides services may experience financial difficulty and be unable to fulfill their obligations. The Band mitigates this risk by dealing with counterparties management considers to be of high integrity.

The Band is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and interest on long-term debt. No financial instruments are held that mitigate this risk.

# **Tl'esqox**

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

**For the year ended March 31, 2021**

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### **13. SEGMENT REPORTING**

The Band receives revenue from many different projects and sources. For management and reporting purposes, the revenue, expenses, and surplus or deficits are organized by the following segments (Schedule 1):

#### **Administration**

Includes general operations, support and financial management of the Band.

#### **Agriculture and lands**

Includes programs relating to land claims, forestry, wildfire recovery, fisheries and land management.

#### **Capital Projects**

Includes revenue and expenditures of capital projects.

#### **Community Infrastructure**

Includes revenue and expenditures relating to the delivery of community services to members of the Band.

#### **Economic Development**

Includes activities related to the growth of revenue producing projects within the Band, (including the store, Toosey Enterprises).

#### **Education and Training**

Includes revenue and expenses related to post-secondary education of the members of the Band.

#### **Health**

Includes activities related to the provision of health services for the Band.

#### **Social Housing**

Includes revenue and expenditures relating to the operation of Tl'esqox's social housing program.

#### **Social Programs**

Includes revenue and expenditures relating to the delivery of social assistance to members of the Band.

# Tl'esqox

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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### 14. BUDGET

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the Band's actual revenue and expenses. The budgeted revenue and expenses have not been reported in these financial statements. While having no effect on reported revenue, expenses, and annual surplus, omission of this information is considered a departure from PSA standards.

### 15. ECONOMIC DEPENDENCE

The Band 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 Band to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these funding agreements.

### 16. INDIGENOUS SERVICES CANADA (ISC) FUNDING RECONCILIATION

	<u>2021</u>	<u>2020</u>
ISC revenue per confirmation	<u>\$ 1,743,031</u>	<u>\$ 1,027,276</u>
ISC Revenue as per statement of operations	<u>\$ 1,743,031</u>	<u>\$ 1,027,276</u>

### 17. CONTRACTUAL RIGHTS AND OBLIGATIONS

The Band has a Forest license agreement with the Province of BC. The agreement grants the Band the rights to harvest an annual allowable volume of timber on designated crown land and requires the Band to manage, develop and reforest the areas harvested by the Band.

The Band has subcontracted with a third party to manage, develop, harvest, and carry out the reforestation responsibilities under the Forest license agreement. The subcontract is for a 15 year term, commencing June 12, 2018 and ending December 31, 2032. Under the subcontract agreement, the Band receives a fee per volume harvested. The volumes harvested annually depend on decisions made by the third party and are not subject to any minimum amounts.

## Tl'esqox

### Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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#### 18. EXPENSES BY OBJECT

	2021	2020
	Actual	Actual
Administration fees	\$ 204,255	\$ 236,792
Amortization	360,239	353,822
Contracted services	421,094	211,147
Cost of sales	1,461,192	1,789,022
Honouraria	39,856	81,508
Insurance, licences and dues	121,439	93,828
Interest	19,457	27,073
Office	195,007	143,257
Repairs and maintenance	128,412	101,288
Service delivery	531,995	492,611
Supplies	292,942	216,070
Travel	42,901	52,522
Vehicle	37,287	38,699
Wages and benefits	1,559,902	1,374,415
	<u>\$ 5,415,978</u>	<u>\$ 5,212,054</u>

#### 19. COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At this time, these factors continue to present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

**Tl'esqox**
**Schedule 1**
**Consolidated Statement of Operations by Segment  
For the year ended March 31, 2021**

Reporting Segment	ISC Revenue	Other Revenue	Expenses	Net Revenue for the Year	Surplus (Deficit), beginning	Recoveries	Transfers	Surplus (Deficit), ending
Administration	\$ 229,289	\$ 593,911	\$ 682,203	\$ 140,997	\$ (956,043)	\$ -	\$ 1,346,575	\$ 531,529
Agriculture and lands	-	634,340	290,849	343,491	1,351,551	-	(1,387,079)	307,963
Community infrastructure	403,742	20,913	804,447	(379,792)	508,856	-	122,849	251,913
Economic development	43,641	-	43,641	-	(32,241)	-	-	(32,241)
Education and training	260,142	8,269	215,678	52,733	53,601	-	-	106,334
Health	306,115	1,352,665	1,538,255	120,525	236,494	-	11,671	368,690
Social Programs	500,103	-	345,297	154,806	(76,969)	-	-	77,837
Capital	-	656,227	313,869	342,358	8,891,682	-	-	9,234,040
Investment and Trust Funds	-	2,268,146	1,757,350	510,796	1,477,243	-	-	1,988,039
Social Housing	-	153,768	124,616	29,152	(149,277)	5,469	(94,016)	(208,672)
	<u>\$ 1,743,032</u>	<u>\$ 5,688,239</u>	<u>\$ 6,116,205</u>	<u>\$ 1,315,066</u>	<u>\$ 11,304,897</u>	<u>\$ 5,469</u>	<u>\$ -</u>	<u>\$ 12,625,432</u>