

TSARTLIP FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended MARCH 31, 2022

**TSARTLIP FIRST NATION
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2022**

CONTENT

	<u>Page</u>
Management's Statement of Responsibility	1
Independent Auditor's Report	2
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets (Debt)	6
Consolidated Statement of Cash Flow	7
Notes to Financial Statements	8

TSARTLIP FIRST NATION
P.O. Box 70
Brentwood Bay, B.C.
V8M 1R3

Management's Statement of Responsibility

The accompanying consolidated financial statements of Tsartlip First Nation 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 prescribed for governments as recommended by the Public Sector Accounting Board of the CPA Canada and as such include amounts that are the best estimates and judgments of management.

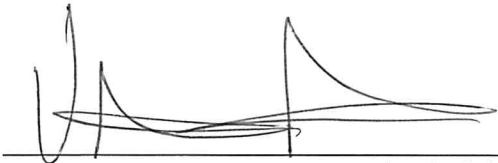
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council meet periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Brynjolfson & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Tsartlip First Nation and meet when required.

On behalf of Tsartlip First Nation:


Band Administrator

August 15, 2022



Brynjolfson & Co.
Chartered Professional Accountant

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Victoria, B.C. V8X 4N9
(Tel: 250-727-7169)
(E-mail: pbrynjolfson@aol.com)

INDEPENDENT AUDITOR'S REPORT

To the Members of Tsartlip First Nation:

Opinion

I have audited the financial statements of Tsartlip First Nation (the Entity), which comprise the statement of financial position as at March 31, 2022, and the statement of operations, the statement of changes in net financial assets (net debt), and the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022 and its results of operations, its changes in its net debt, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT Cont'd

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

I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Entity's audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

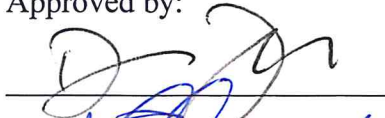


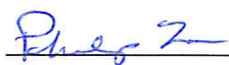




Brynjolfson & Company
Victoria, B.C.
August 15, 2022

TSARTLIP FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2022

	2022	2021
	Actual	Actual
	\$	\$
Financial assets		
Cash, Note 3	3,323,244	336,690
Restricted Cash, Note 3	7,394,849	10,534,544
Trust funds held by federal government, Note 4	205,076	198,992
Accounts Receivable, Note 6	<u>1,268,215</u>	<u>1,813,631</u>
	<u>12,191,384</u>	<u>12,883,857</u>
Liabilities		
Accounts payable and accrued liabilities	1,709,265	1,200,729
Reserves	572,863	510,457
Deferred revenue	7,099,789	6,523,486
Debt, Note 8	<u>7,412,833</u>	<u>7,756,631</u>
	<u>16,794,750</u>	<u>15,991,303</u>
Net financial assets (net debt)	(4,603,366)	(3,107,446)
Non-financial assets		
Tangible capital assets, Note 7	37,077,111	29,000,379
Prepaid Expenses	194,630	106,118
Inventory	<u>289,286</u>	<u>268,013</u>
	<u>37,561,027</u>	<u>29,374,510</u>
Accumulated surplus, Note 15	<u>32,957,661</u>	<u>26,267,064</u>

Approved by:

 _____ Chief	 _____ Councillor
 _____ Councillor	 _____ Councillor
 _____ Councillor	 _____ Councillor

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

TSARTLIP FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2022

	<u>Budget</u>	<u>2022</u>	<u>2021</u>
Revenues			
Indigenous Services Canada (ISC)	\$ 24,211,269	\$ 24,211,269	\$ 26,750,088
ISC - recoveries	-	(4,752)	-
FNHA	1,289,939	1,289,939	1,179,446
Canada Mortgage and Housing Corp.	139,633	139,633	137,175
CSETS	317,564	317,564	254,548
Ottawa Trust – interest/grants	3,800	3,850	4,546
Rental income	525,285	518,082	468,604
Other revenue	12,063,329	10,609,015	15,643,869
Deferred revenue	<u>6,523,487</u>	<u>(576,302)</u>	<u>(6,523,486)</u>
	<u>45,074,306</u>	<u>36,508,298</u>	<u>37,914,790</u>
Program expenses			
Administration	2,017,552	1,755,988	1,675,554
Operations and Maintenance	1,284,729	1,138,910	1,020,812
Health	1,462,165	1,351,691	1,021,906
Social Development	2,948,787	2,967,090	3,102,841
Capital Operations	12,850,211	8,302,477	5,676,763
Education	12,766,302	12,764,047	11,220,079
Economic Development and Jobs	2,646,337	2,280,189	7,205,529
Housing	492,386	439,779	471,912
Band Generated	<u>5,168,081</u>	<u>6,991,762</u>	<u>4,789,233</u>
	<u>41,636,550</u>	<u>37,991,933</u>	<u>36,184,629</u>
Annual surplus (deficit) before adjustment	<u>3,437,756</u>	(1,483,635)	1,730,161
Adjustment for capital acquisitions, Note 13		<u>8,174,232</u>	<u>10,904,045</u>
Annual surplus		6,690,597	12,634,206
Accumulated surplus, beginning of year		<u>26,267,064</u>	<u>13,632,858</u>
Accumulated surplus, end of year		\$ <u>32,957,661</u>	\$ <u>26,267,064</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

TSARTLIP FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
For the year ended March 31, 2022

	2022	2021
	Actual	Actual
	\$	\$
Annual surplus	6,690,597	12,634,206
Acquisition of tangible capital assets	(8,681,846)	(12,198,471)
Amortization of tangible capital assets	<u>605,114</u>	<u>448,162</u>
	<u>(1,386,135)</u>	<u>883,897</u>
Net consumption (acquisition) of supplies inventory	(21,273)	(67,171)
Net use of (acquisition) prepaid expenses	<u>(88,512)</u>	<u>895</u>
	<u>(109,785)</u>	<u>(66,276)</u>
Increase (decrease) in net financial assets	(1,495,920)	817,621
Net financial assets (debt), beginning of year	<u>(3,107,446)</u>	<u>(3,925,067)</u>
Net financial assets (debt), end of year	<u>(4,603,366)</u>	<u>(3,107,446)</u>

Note: 2022 budget figures are not available.

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

TSARTLIP FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended March 31, 2022

	2022	2021
	Actual	Actual
	\$	\$
Operating Activities		
Annual surplus	6,690,597	12,634,206
Changes in non-cash items:		
Amortization	605,114	448,162
Accounts receivable	545,416	1,008,775
Prepaid expenses	(88,512)	895
Accounts payable and accrued liabilities	508,536	(195,258)
Inventory	(21,273)	(67,171)
Reserve	62,406	52,061
Deferred revenue	576,303	6,523,486
Ottawa Trust	<u>(6,084)</u>	<u>(4,547)</u>
Cash provided by operating activities	<u>8,872,503</u>	<u>20,400,609</u>
Capital Activities		
Purchase of tangible capital assets	<u>(8,681,846)</u>	<u>(12,198,471)</u>
Financing Activities		
First Nations debt increase	200,000	1,135,000
First Nations debt retirement	<u>(543,798)</u>	<u>(523,886)</u>
Cash provided by (applied to) financing activities	<u>(343,798)</u>	<u>611,114</u>
Increase (decrease) in cash and cash equivalents	(153,141)	8,813,252
Cash and equivalents – Beginning of year	<u>10,871,234</u>	<u>2,057,982</u>
Cash and equivalents – End of year	<u>10,718,093</u>	<u>10,871,234</u>
REPRESENTED BY:		
Cash	3,323,244	336,690
Cash – Restricted	<u>7,394,849</u>	<u>10,534,544</u>
	<u>10,718,093</u>	<u>10,871,234</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

1. NATURE OF OPERATIONS

Tsartlip First Nation (the “First Nation”) is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Indigenous Services Canada (ISC) and other funding agents to benefit its members. The First Nation also represents its members in the negotiation of treaty settlement and specific lands claims.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Consolidated Financial Statements have been prepared in accordance with Canadian public sector accounting standards for government entities as recommended by the CPA Canada Public Sector Accounting Board.

a) Reporting Entity

The reporting entity includes the Tsartlip First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. The Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Operating Fund
- Trust Fund
- Social Housing Fund
- Capital Fund

b) Principles of Consolidation

These financial statements consolidate the assets, liabilities and results of operations for entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises (GBE), and government business partnerships (GBP), which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The First Nation records its investments in GBE and GBP on the modified equity basis. Under this basis, the GBE and GBP accounting policies are not adjusted to conform with those of the First Nation and inter-entity transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE and GBP in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE and GBP will be reflected as deductions in the investment asset account.

The commercial enterprises and business partnerships accounted for on a modified equity basis include:

1. TFN Holdings Ltd – inactive
2. TFN Meadows Development Limited Partnership - inactive

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

d) Inventory

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

e) Trust Funds

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The trust funds 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.

f) Debt

Loan proceeds related to the financing of tangible capital assets are recorded as revenue in the appropriate fund. The loan amount is also recorded as a liability on the Statement of Financial Position and as a reduction in the Tangible Capital Asset Fund.

Debt payments, including principal and interest, are charged to the fund to which they relate. Principal reductions are reflected as a reduction in the liability with an offsetting increase in the Tangible Capital Asset Fund.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

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

Housing	5%
Buildings and improvements	4%
General equipment	20%
Infrastructure	4%

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

All intangible assets and items inherited by the right of the Nation, such as reserve land, forests, water and mineral resources, are not recognized in the Nation's consolidated financial statements.

h) Revenue Recognition

Government Funding:

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as such. In these circumstances, the First Nation recognized revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

First Nation Capital and Revenue Trust Fund:

The First Nation recognizes revenues 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.

Housing Rental Income:

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.

Own Source Revenue:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

estimation is impracticable.

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.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

i) Financial Instruments

Financial instruments are initially classified upon initial recognition as a fair value or amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the First Nation to be recorded at fair value. All other financial instruments, including financial instruments with related parties for which fair value cannot be estimated, are recorded at an amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at an amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss, calculated as the excess of the net recoverable amount of the asset and its carrying value, is reported in the statement of operations and any unrealized gain is adjusted through the statement of re-measurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement gains and losses are reversed and recognized in the statement of operations.

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and debt. It is management's opinion that the First Nation is not exposed to significant interest rate, market, currency, credit, or liquidity risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.

j) Measurement Uncertainty

In preparing the consolidated financial statements for the First Nation, management is required 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 revenue and expenses during the period. Items requiring the use of significant estimates include allowance for doubtful accounts and amortization. Actual results could differ from these estimates.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

k) Employee Future Benefits

Tsartlip First Nation and its employees make contributions to a group Registered Retirement Savings Plan (RRSP). This plan is a defined contribution plan and contributions by Tsartlip First Nation to the plan are expensed as incurred.

Sick leave benefits also accrue to Tsartlip First Nation employees. Unused benefits are carried forward into the following year.

l) Segmented disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard.

m) Deferred revenue

Under the terms of the contribution agreement between the First Nation, Indigenous Services Canada and certain other agencies, the First Nation may be liable to repay any contributed funds either not expended or not expended in accordance with the agreement. Also, any deficit, supported by claims eligible for reimbursement under the terms and conditions of the funding agreements, may be reimbursed by the contributor subject to the program's terms and conditions. The First Nation has recorded all known unexpended contribution funds as deferred revenue and/or accounts payable.

3. CASH AND CASH EQUIVALENTS

	2022	2021
	<u>\$</u>	<u>\$</u>
Externally restricted		
Mayne Island logging funds	324,785	324,623
Trust funds (Woodwynn Property)	-	1,088,049
Capital project school expansion	6,702,640	9,100,696
Reserve accounts – CMHC Housing	<u>367,424</u>	<u>21,176</u>
	<u>7,394,849</u>	<u>10,534,544</u>
Unrestricted		
Cash	<u>3,323,244</u>	<u>336,690</u>
Total Cash and Cash Equivalents	<u>10,718,093</u>	<u>10,871,234</u>

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

Externally restricted – Operating Reserve:

Under the terms of the agreements with CMHC, excess revenues over expenditures for the Post 1996 phases may be retained in an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds may be used to offset future deficits. Withdrawals are credited to interest first and the principal. At the year end, the reserve was under funded by \$370,512 (2021 under funded by \$374,952).

Externally restricted – Replacement Reserve:

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$49,030 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 reserve was under funded by \$158,129 (2021 under funded by \$457,246).

4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Trust fund accounts arise from moneys 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. The management of these funds are primarily governed by Sections 63 to 69 of the Indian Act.

	Opening Balance	Additions	Withdraws	2022 Total	2021 Total
	\$	\$	\$	\$	\$
Revenue	35,843	6,084	-	41,927	35,843
Capital	<u>163,149</u>	-	-	<u>163,149</u>	<u>163,149</u>
	<u>198,992</u>	<u>6,084</u>	<u>-</u>	<u>205,076</u>	<u>198,992</u>

5. ECONOMIC DEPENDENCE

The government of Tsartlip First Nation receives a major portion of its revenue from Indigenous Services Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

6. ACCOUNTS RECEIVABLE	<u>2022</u>	<u>2021</u>
• Property taxation	\$ 57,789	357,166
• Funding agencies	428,541	682,944
• Housing loan receivable	69,393	73,124
• Other	500,146	331,689
• GST refund	117,125	167,677
• Rents - housing	<u>95,221</u>	<u>201,031</u>
	\$ <u>1,268,215</u>	\$ <u>1,813,631</u>

7. CAPITAL ASSETS

	C O S T			A M O R T I Z A T I O N			2022 Balance	2021 Balance
	Opening Balance	Additions	Closing Balance	Opening Balance	Amorti- zation	Closing Balance		
Land	739,367	-	739,367	-	-	-	739,367	739,367
Land Development	8,802,229	-	8,802,229	-	-	-	8,802,229	8,802,229
Drainage Upgrade	6,142,732	354,753	6,497,485	-	129,950	129,950	6,367,535	6,142,732
Building - School	5,019,663	7,560,187	12,579,850	-	-	-	12,579,850	5,019,663
Equipment – School	-	326,229	326,229	-	-	-	326,229	-
Housing - CMHC	6,216,979	-	6,216,979	1,931,866	211,871	2,143,737	4,073,242	4,285,113
Housing - Band	872,624	-	872,624	495,407	24,829	520,236	352,388	377,217
Building - Admin	1,200,000	-	1,200,000	590,629	24,375	615,004	584,996	609,371
Equipment - Health	109,801	29,864	139,665	73,216	10,303	83,519	56,146	36,585
Building - Health	2,671,362	-	2,671,362	936,074	86,764	1,022,838	1,648,524	1,735,288
Equipment	475,421	145,500	620,921	386,532	32,278	418,810	202,111	88,889
Vessels	-	265,312	265,312	-	26,531	26,531	238,781	-
Building – Store	1,422,340	-	1,422,340	331,259	43,643	374,902	1,047,438	1,091,081
Equipment - Store	<u>252,970</u>	<u>-</u>	<u>252,970</u>	<u>180,126</u>	<u>14,569</u>	<u>194,695</u>	<u>58,275</u>	<u>72,844</u>
TOTALS	<u>\$33,925,488</u>	<u>8,681,845</u>	<u>42,607,333</u>	<u>4,925,109</u>	<u>605,113</u>	<u>5,530,222</u>	<u>37,077,111</u>	<u>29,000,379</u>

* There were no disposals during the year.

8. DEBT

	<u>2022</u>	<u>2021</u>
All Nations Trust loan repayable at \$1,495 per month including interest at 4.74%. Secured by a mortgage on buildings, matures Mar. 1, 2022	77,696	91,910
Bank of Montreal loan for the building of a new house to replace member's home destroyed by fire. Due on demand but is being amortized over 25 years. Repayable at \$542 per month including interest at prime plus 1.75%	63,597	67,328

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

8. Debt (continued)	<u>2022</u>	<u>2021</u>
Bank of Montreal demand loan used for building innovative housing, being amortized over 20 years repayable at \$1,642 per month including interest at prime plus 1.5%	142,552	156,337
Bank of Montreal demand loan non-revolving for the building of the community health centre, repayable at 2,353 per month plus interest at prime plus 1%	195,289	223,525
Bank of Montreal demand loan non-revolving to assist with the construction of the gas bar and convenience store, repayable at \$14,281 per month principal and interest at prime plus 1.25%	1,016,299	1,147,240
Bank of Montreal demand loan non-revolving to assist with Phase 1 of the land development project, repayable at \$5,497 per month principal and interest, at prime plus 1.25%	856,204	892,667
Bank of Montreal demand loan non-revolving to assist with Phase 2 of the land development project, repayable at \$5,749 per month principal and interest, at prime plus 1.25%	865,139	901,238
Talw'awtxw Aboriginal Financing Group repayable at \$3,549 per month principal, with no interest rate charges	162,502	-
Canada Mortgage and Housing Corporation Mortgages, secured by ministerial guarantees from ISC:		
- Loan #220-95475001 repayable at \$2,380 per month, including interest at 1.73%, matures Feb. 1/25	81,190	108,104
- Loan #220-95475002 repayable at \$2,362 per month, including interest at .74%, matures Jan. 1/26	107,102	134,548
- Loan #220-95475003 repayable at \$2,713 per month, including interest at 1.97%, matures Oct. 1/28	200,901	229,213
- Loan #220-95475004 repayable at \$6,143 per month, including interest at 1.72%, matures Mar. 1/35	858,542	917,002
- Loan #220-96475001 repayable at \$2,478 per month, including interest at 2.06%, matures Jan. 1/40	443,888	464,299
- Loan #220-95475001 repayable at \$2,329 per month, including interest at .74%, matures Feb. 1/41	493,251	517,458
- Loan #220-954-75008 repayable at \$3,781 per month, including interest at 2.52%, matures Sept 1/43	753,367	779,489
- Loan #3655-6998-931 repayable at \$6,117 per month, including interest at prime plus 1.75%	<u>1,095,314</u>	<u>1,126,273</u>
Total	\$ <u>7,412,833</u>	\$ <u>7,756,631</u>

**TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022**

8. Debt (continued)

Estimated principal repayments required over the next five years:

2023	\$ 604,500	2026	\$ 593,320
2024	\$ 616,530	2027	\$ 565,760
2025	\$ 618,780		

9. SOCIAL HOUSING RESERVES

a) Replacement Reserve

Under the terms of the agreement with CMHC, a replacement reserve is maintained to provide for future asset replacement. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to expenditures approved by CMHC.

b) Operating Reserve

Under the terms of the agreement with CMHC (Section 95, Post 1997 on Reserve Program), any surplus revenue will be retained within an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to ongoing operating costs of housing projects committed under the Post 1997 On Reserve Program.

10. EXPENSES BY OBJECT

	<u>2022</u>	<u>2021</u>
Wages	\$ 1,753,902	\$ 1,301,820
Benefits	257,598	216,559
Amortization - operations	302,252	288,733
Amortization – equity in tangible capital assets	302,861	159,429
Contracts	8,698,099	5,804,175
Cost of sales	5,134,551	3,900,861
Government transfers to school	12,935,571	11,220,078
Materials and supplies	546,218	427,972
Other	5,095,958	3,397,634
Property purchase	-	6,595,633
Professional fees	327,423	111,004
Social Assistance	<u>2,637,500</u>	<u>2,760,731</u>
	<u>\$ 37,991,933</u>	<u>\$ 36,184,629</u>

The expenses by object are before the adjustment for capital acquisitions in the consolidated statement of operations.

**TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022**

11. CONTINGENT LIABILITIES

- a) Restricted unexpended surpluses can be recovered by the funding agency.
- b) The First Nation has Ministerial Guarantees for loan balances outstanding. The contingent liability as at year-end amounts to \$3,162,193 (2021 \$3,399,584) as per confirmation provided by Indigenous Services Canada. There are also contingent liabilities for outstanding BMO loans totaling \$473,468 (2021 \$499,570).

12. GOVERNMENT TRANSFERS

	2022			2021		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal Govt Transfers:						
Indigenous Services Canada	17,487,233	6,724,036	24,211,269	16,647,962	10,102,126	26,750,088
FNHA	1,289,939	-	1,289,939	1,179,446	-	1,179,446
CMHC	<u>139,633</u>	<u>-</u>	<u>139,633</u>	<u>137,175</u>	<u>-</u>	<u>137,175</u>
Total	<u>18,916,805</u>	<u>6,724,036</u>	<u>25,640,841</u>	<u>17,964,583</u>	<u>10,102,126</u>	<u>28,066,709</u>
Provincial Govt	<u>350,677</u>	<u>-</u>	<u>350,677</u>	<u>1,381,135</u>	<u>6,595,633</u>	<u>7,976,768</u>

13. ADJUSTMENT FOR CAPITAL ACQUISITIONS

Capital acquisitions have been included as an expense item in the Statement of Operations in order to be consistent with the capital funding reports provided to Indigenous Services Canada. For the required presentation under public sector accounting standards, the expense is reversed and capitalized accordingly.

14. SUBSEQUENT EVENTS

In March 2020, there was a global outbreak of COVID-19 (corona virus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	<u>2022</u>	<u>2021</u>
Surplus in operating funds	1,845,292	2,104,565
Surplus in restricted capital fund (school expansion)	1,131,158	2,361,916
Equity in Ottawa Trust funds	205,076	198,992
Equity in tangible capital assets	29,405,623	21,226,639
Operating CMHC reserve fund	<u>370,512</u>	<u>374,952</u>
	<u>\$32,957,661</u>	<u>\$26,267,064</u>

16. BUDGET FIGURES

The budget figures were not audited nor reviewed but compiled from information provided by First Nation management.

17. SEGMENTED INFORMATION

Tsartlip First Nation provides a wide range of services to its membership. For management reporting purpose, Tsartlip First Nation's operations and activities are organized and reported by department. These departments have been separately disclosed in the segmented information, along with the services they provide, as follows:

(a) Administration – this function pertains to all the general and administrative functions of Tsartlip First Nation, including management, reception, accounting, human resource management, staff training, information technology and records.

(b) Operations and Maintenance – responsibilities include the care and maintenance of Tsartlip First Nation infrastructure including government buildings, roads, water and sewer, and materials management.

(c) Health – this department delivers health and prevention services to the community including community nursing services, in home care, drug and alcohol counseling, diabetes counseling, head start programs and patient travel.

(d) Social Development and Training – this department delivers social assistance programs including basic needs, adult in home care and prevention programs.

TSARTLIP FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

(e) Capital - this department is responsible for the planning and construction of new capital facilities and infrastructure, as well as overseeing new housing projects.

(f) Education Support Services - the education department supports various education and parental / community engagement programs as well as providing for the flow-through of ISC education funds to the School Board.

(g) Economic Development – this department assists the community in identifying and developing economic development initiatives, links training opportunities and job creation with community labour needs, and undertakes research and planning.

(h) Housing – this department is engaged with the administration of band housing for members including the CMHC housing program.

(i) Band Generated Programs – this department operates programs that normally have no specific outside funding sources; activities include band store operations, office building rentals and property taxation.

18. SEGMENTED DISCLOSURE

Tsartlip First Nation											
Schedule of Segmented Operations											
For the Year Ended March 31, 2022											
	2022					2021					
	Admin.	Operations & Maintc.	Health	Social Develop.	Capital	Education	Economic Dev & Employment	Housing	Band Generated	Ottawa Trust	TOTAL
Revenue											
ISC	1,299,860	949,252	-	2,956,674	6,724,036	12,092,306	189,141	-	-	-	24,211,269
ISC - recoveries	-	-	-	(4,752)	-	-	-	-	-	-	(4,752)
FNHA	-	-	1,261,359	28,580	-	-	-	-	-	-	1,289,939
CMHC	-	-	-	-	-	-	-	139,633	-	-	139,633
CSETS	-	-	-	-	-	-	317,564	-	-	-	317,564
Deferred	(423,524)	-	-	159,261	(118,480)	-	(193,558)	-	-	-	(576,301)
Other	975,706	142,673	376,527	52,251	77,417	671,741	1,090,729	294,789	7,443,029	6,084	11,130,946
	1,852,042	1,091,925	1,637,886	3,192,014	6,682,973	12,764,047	1,403,876	434,422	7,443,029	6,084	36,508,298
Expenses											
Salaries and Benefits	239,107	47,351	740,448	135,894	-	-	569,314	33,806	245,580	-	2,011,500
Amortization	-	-	-	-	-	-	-	216,021	86,231	-	302,252
Direct Assistance	-	-	-	2,637,500	-	-	-	-	-	-	2,637,500
Education Flow-through	-	-	-	-	-	12,263,830	-	-	-	-	12,263,830
Program and Other Costs	1,516,881	1,091,559	611,243	193,696	8,302,477	500,217	1,710,875	189,952	6,659,951	-	20,776,851
	1,755,988	1,138,910	1,351,691	2,967,090	8,302,477	12,764,047	2,280,189	439,779	6,991,762	-	37,991,933
Annual surplus (deficit) before adjustments	96,054	(46,985)	286,195	224,924	(1,619,504)	-	(876,313)	(5,357)	451,267	6,084	(1,483,635)
Investment in tangible capital assets											8,174,232
Annual surplus											6,690,597
											12,634,206