

**TSAWOUT FIRST NATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

*Brynjolfson & Co.
Chartered Professional Accountant*

**TSAWOUT FIRST NATION
FINANCIAL STATEMENTS
MARCH 31, 2020**

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FINANCIAL STATEMENTS

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TSAWOUT FIRST NATION
7728 Tetayut Rd
Saanichton, B.C. V8M 2E4

Management's Report

Management's Responsibility for the Financial Statements

The accompanying financial statements of Tsawout First Nation are the responsibility of management and have been approved by Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for government entities 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 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 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 financial statements. The external auditors have full and free access to financial management of Tsawout First Nations and meet when required.

On behalf of Tsawout First Nation:



Band Administrator

July 6, 2020
Victoria, B.C.

Chief Nick Claxton
Tsawout First Nation



Brynjolfson & Co.
Chartered Professional Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Members of Tsawout First Nation:

Qualified Opinion

I have audited the financial statements of Tsawout First Nation (the Entity), which comprise the statement of financial position as at March 31, 2020, and the statement of operations, the statement of changes in net debt, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020 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 Qualified 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.

Tsawout First Nation holds an investment in a Government Business Enterprise. This investment has not been recorded in the financial statements of Tsawout First Nation because the entity has not been audited nor their financial information made available during the audit process. Consequently, I am not able to determine the value of this investment, the net income or loss derived from this entity. In the previous year ended March 31, 2018 the investee's financial statements were prepared in accordance with International Financial Reporting Standards and subject to a review engagement by another accounting firm.

The investment in the enterprise is comprised of a 20% ownership, which as at March 31, 2018, the latest available financial statements, is \$254,131 of the shareholders' equity \$111,645 net income for the year ended March 31, 2018.

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.

INDEPENDENT AUDITOR'S REPORT Cont'd

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.

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.

INDEPENDENT AUDITOR'S REPORT Cont'd

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.

July 6, 2020
Victoria, B.C.

Brynjulson + Co.

Chartered Professional Accountant

STATEMENT 1

Tsawout First Nation




Statement of Financial Position

As at March 31, 2020

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash, Note 3	3,575,516	2,393,541
Accounts Receivable, Note 6	1,957,993	1,817,943
Ottawa Trust Funds, Notes 3 & 4	<u>519,856</u>	<u>2,156</u>
	<u>6,053,365</u>	<u>4,213,640</u>
 Liabilities		
Accounts Payable and Accrued Liabilities, Note 12	631,523	767,986
Deferred Revenue, Note 9	1,097,584	526,920
Long-term Debt, Note 8	6,345,070	6,891,493
Replacement Reserves	<u>1,639,728</u>	<u>1,502,476</u>
	<u>9,713,905</u>	<u>9,688,875</u>
 Net Financial Assets (net debt)	 (3,660,540)	 (5,475,235)
 Non-Financial Assets		
Tangible Capital Assets, Note 7	10,856,807	11,365,996
Prepaid Expenses	<u>45,431</u>	<u>43,234</u>
	<u>10,902,238</u>	<u>11,409,230</u>
 Accumulated Surplus	 <u>7,241,698</u>	 <u>5,933,995</u>

Contingent liabilities, Note 13

Approved by Chief and Council:

		
<u>Marie Underwood</u>	<u>the Chief</u>	
		

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

Tsawout First Nation

Statement of Operations

As at March 31, 2020

	<u>Budget</u>	<u>2020</u>	<u>2019</u>
Revenue			
Indigenous Services Canada (ISC)	5,097,657	2,769,475	3,887,670
Health Canada	1,192,466	1,230,067	1,232,216
Government of Canada – GST	1,832,523	1,961,531	1,810,321
Property Taxation	1,326,742	1,264,330	1,459,741
Rentals and Rental Subsidies	1,083,436	1,051,418	1,072,105
Other	2,823,043	2,743,285	1,927,381
Deferred Revenue	(473,821)	(570,664)	1,159,077
Funding Recoveries	<u>(59,501)</u>	<u>(73,812)</u>	<u>(185,629)</u>
	<u>12,822,545</u>	<u>10,375,630</u>	<u>12,362,882</u>
Expenses			
Governance and Administration	604,653	502,721	578,154
Social Development	1,078,763	1,092,140	1,032,235
Lands Management	1,229,419	1,215,616	1,037,548
Public Works and Infrastructure	1,064,415	1,244,646	1,253,313
Economic Development	645,471	62,736	90,461
Health	1,248,147	1,047,297	1,127,667
Capital Projects	2,887,500	25,025	3,143,910
FNGST Programs	1,487,588	1,563,042	1,475,377
Fisheries	152,970	71,260	116,088
Property Taxation	1,332,407	1,285,135	1,336,811
Recreation and Community Facilities	51,061	30,598	41,604
Social Housing	422,232	309,180	378,292
Education Support	545,139	606,537	653,110
Trust Funds	<u>-</u>	<u>11,995</u>	<u>-</u>
	<u>12,749,765</u>	<u>9,067,928</u>	<u>12,264,570</u>
Annual surplus	<u>72,780</u>	1,307,702	98,312
Accumulated Surplus, Beginning of Year		<u>5,933,996</u>	<u>5,835,684</u>
Accumulated Surplus, End of Year		<u>7,241,698</u>	<u>5,933,996</u>

Segment Disclosure, Note 17 & 18

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

STATEMENT 3**Tsawout First Nation****For the 12 period(s) Ending March 31, 2020****Statement of Change in Net Debt**

	<u>2020</u>	<u>2019</u>
Annual surplus	1,307,702	98,312
Tangible capital assets:		
Acquisition and adjustments of tangible capital assets	-	(552,809)
Amortization of tangible capital assets in operations	<u>509,190</u>	<u>540,026</u>
	<u>1,816,892</u>	<u>86,529</u>
Acquisition of prepaid asset	(45,431)	(43,234)
Use of prepaid asset	<u>43,234</u>	<u>37,794</u>
	<u>(2,197)</u>	<u>(5,440)</u>
Decrease in Net Debt	1,814,695	80,089
Net debt at beginning of year	<u>(5,475,235)</u>	<u>(5,555,324)</u>
Net debt at end of year	<u>(3,660,540)</u>	<u>(5,475,235)</u>

Note: 2020 budget figures are not available.

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

STATEMENT 4

Tsawout First Nation

For the 12 period(s) Ending March 31, 2020

Statement of Cash Flow

	<u>2020</u>	<u>2019</u>
Operating Activities		
Annual surplus	1,307,702	98,312
Items not affecting cash:		
Amortization of tangible capital assets	509,190	540,026
Change in non-cash charges to operations:		
Accounts receivable	(140,050)	316,792
Ottawa Trust	(517,700)	(2,142)
Accounts payable and accruals	(136,463)	336,312
Deferred revenue	570,664	(1,159,077)
Reserves	137,252	260,295
Prepaid expenses	(2,197)	(5,441)
Cash provided by (used in) operating activities	<u>1,728,398</u>	<u>385,077</u>
Capital Activities		
Acquisition of tangible capital assets	<u>-</u>	<u>(552,809)</u>
Financing Activities		
Proceeds from long term debt	-	503,609
Repayment of long term debt	<u>(546,423)</u>	<u>(551,390)</u>
	<u>(546,423)</u>	<u>(47,781)</u>
Increase (decrease) in cash during year	1,181,975	(215,513)
Cash at beginning of year	<u>2,393,541</u>	<u>2,609,054</u>
Cash at end of year	<u>3,575,516</u>	<u>2,393,541</u>
REPRESENTED BY		
Cash	3,067,944	1,922,532
Restricted cash	<u>507,572</u>	<u>471,009</u>
	<u>3,575,516</u>	<u>2,393,541</u>

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

TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

1. NATURE OF OPERATIONS

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

a) Reporting Entity

The reporting entity includes the Tsawout First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

b) Principles of Consolidation

Generally, 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.

There are no controlled entities that are consolidated in the financial statements.

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 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 are Stautw Property Development Corp. and Tkian Developoment Corp. Both corporations are currently inactive.

TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

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) 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.

e) 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.

f) Long-term 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.

Land development is measured at cost for legal, consulting and engineering work needed to prepare the lands for subsequent property development agreement(s).

TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

Amortization is provided for on a straight-line basis, over the the expected useful life of the assets at the following rates:

Infrastructure	2%
Buildings	3%
Non-CMHC Housing	5%
CMHC Housing	6%
Equipment – communication	5%
Equipment – construction & yard	5%
Equipment – classroom	7%
Equipment – marine	10%
Equipment – office	20%
Equipment – computer	33%
Vehicles	20%

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 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.

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.

TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

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 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

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, long-term debt, accounts payable and accrued liabilities. 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 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 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.

k) 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.

**TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020**

1) Employee Future Benefits

Tsawout 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 Tsawout First Nation to the plan are expensed as incurred.

Sick leave benefits also accrue to Tsawout First Nation employees. However, the liability expires at the end of each calendar year for any unused benefits.

3. CASH AND CASH EQUIVALENTS

	2020	2019
	<u>\$</u>	<u>\$</u>
Externally restricted		
Housing – restricted cash	507,572	471,009
Ottawa Trust	<u>519,856</u>	<u>2,156</u>
	<u>1,027,428</u>	<u>473,165</u>
Unrestricted		
Cash and banks	<u>3,067,944</u>	<u>1,922,532</u>
Total Cash and Cash Equivalents	<u>4,095,372</u>	<u>2,395,697</u>

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 funded correctly (2019 over funded by \$ 6,531).

Externally restricted – Replacement Reserves:

Under the terms of the agreement with CMHC, the replacement reserve accounts are to be credited in the amount of \$24,363 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 over funded by \$4,590 (2019 under funded by \$1,494).

**TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020**

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	2020 Total	2019 Total
	\$	\$	\$	\$	\$
Revenue	2,149	7,668	3,839	5,978	2,149
Capital	<u>7</u>	<u>513,871</u>	<u>-</u>	<u>513,878</u>	<u>7</u>
	<u>2,156</u>	<u>521,539</u>	<u>3,839</u>	<u>519,856</u>	<u>2,156</u>

5. ECONOMIC DEPENDENCE

The government of Tsawout 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.

6. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
• CSETS	\$ 93,399	\$ 79,588
• Fisheries	107,415	61,380
• Govt of Canada	93,497	115,785
• Rents Social Housing	798,540	735,929
• Other	485,219	446,612
• Taxation	279,087	289,630
• Utility Fees	<u>698,404</u>	<u>602,525</u>
	2,555,561	2,331,449
Less: Allowance for Doubtful Accounts	<u>(597,568)</u>	<u>(513,506)</u>
	<u>\$1,957,993</u>	<u>\$1,817,943</u>

TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

7. TANGIBLE CAPITAL ASSETS

	COST			AMORTIZATION				
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	2020 Balance	2019 Balance
Buildings	11,144,553	-	11,144,553	3,435,478	283,023	3,718,501	7,426,052	7,709,075
Equipment	758,099	-	758,099	694,043	18,875	712,918	45,181	64,054
Infrastructure	3,397,462	-	3,397,462	1,507,111	67,949	1,575,060	1,822,402	1,890,351
Equipment - auto	173,390	-	173,390	103,310	10,073	113,383	60,007	70,080
Equipment - marine	24,215	-	24,215	21,793	2,422	24,215	-	2,424
Land development	329,763	-	329,763	-	-	-	329,763	329,763
Social Housing	4,603,330	-	4,603,330	3,303,080	126,848	3,429,928	1,173,402	1,300,250
TOTALS	\$20,430,812	-	20,430,812	9,064,815	509,190	9,574,005	10,856,807	11,365,997

* There were no additions or deletions during the year.

8. LONG-TERM DEBT

	<u>2019</u>	<u>2019</u>
Royal Bank of Canada, payable on demand, bearing interest at a fixed rate of 2.16%, blended payments of \$657 per month, due Dec. 2023	\$ 25,675	\$ 32,355
Bank of Montreal, loan bearing interest at prime plus .50%, payable of \$2,696 per month blended, payable on demand	287,490	307,668
Bank of Montreal, fixed rate term loan, interest at P + 3%, payments of \$37,148 per month amortized over 25 years, due July 2030	3,598,384	3,893,889
Bank of Montreal, loan bearing interest at prime plus 1%, payments of \$11,585 per month blended, payable on demand	1,258,871	1,357,395
Mortgage payable with payments of \$2,264 per month including interest at 1.82% per annum, due Sept. 2019, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	113,270	138,261

TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
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Mortgage payable with payments of \$2,333 per month including interest at 1.43% per annum, due April 2022, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	188,770	213,941
Mortgage payable with payments of \$3,042 per month including interest at 1.86% per annum, due April 2024, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	146,479	180,035
Mortgage payable with payments of \$2,838 per month including interest at 2.39% per annum, due March 2023, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	243,675	271,683
Mortgage payable with payments of \$2,261 per month including interest at 2.52% per annum, due Sept. 2023, secured by ministerial guarantee of the Minister of Indigenous Services Canada.	<u>482,456</u>	<u>496,266</u>
Total	<u>6,345,070</u>	<u>6,891,493</u>

Anticipated annual principal repayments over the next five years:

Year 1	579,000
Year 2	598,000
Year 3	617,000
Year 4	633,000
Year 5	600,000

9. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Indigenous Services Canada	\$ 585,065	\$ 404,346
Other	<u>512,519</u>	<u>122,574</u>
	<u>\$ 1,097,584</u>	<u>\$ 526,920</u>

**TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020**

10. 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.

11. EXPENSES BY OBJECT

	<u>2020</u>	<u>2019</u>
Wages	\$ 1,659,678	\$ 1,413,005
Benefits	237,424	225,336
Amortization	509,190	540,056
Contracts	939,489	4,122,997
Grants and donations	498,319	496,250
Lease flow-through	692,500	692,500
Materials and supplies	243,256	436,937
Municipal services	1,375,870	1,122,127
Other	1,844,759	2,061,561
Professional fees	135,382	243,206
Social Assistance	<u>932,061</u>	<u>910,595</u>
	<u>\$ 9,067,928</u>	<u>\$ 12,264,570</u>

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade payables	\$ 591,045	\$ 735,148
Accrued salaries and benefits payable	<u>40,478</u>	<u>32,838</u>
	<u>\$ 631,523</u>	<u>\$ 767,986</u>

**TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020**

13. 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 \$1,427,032 (2019 - \$1,530,593).

14. EMPLOYEE FUTURE BENEFITS

Tsawout First Nation has a group Registered Retirement Savings Plan (“RRSP”) for all eligible employees. All regular employees are eligible to participate in the plan. Contributions are 3.5% of annual salary by both the employer and the employee. RRSP contributions made and expensed by Tsawout First Nation for the year ended March 31, 2020 are \$26,323 (2019 - \$27,054).

15. BUDGETED FIGURES

Unaudited budget figures have been provided for comparison purposes and have been derived from the estimates approved by Tsawout First Nation Chief and Council.

16. GOVERNMENT TRANSFERS

	2020			2019		
	Operating	Capital	Total	Operating	Capital	Total
Federal Govt Transfers:						
Indigenous Services Canada	2,643,765	125,710	2,769,475	2,491,966	1,395,704	3,887,670
Health Canada	1,189,581	40,486	1,230,067	1,232,216	-	1,232,216
CMHC	93,224	-	93,224	88,454	208,041	296,495
Other	<u>2,039,449</u>	<u>-</u>	<u>2,039,449</u>	<u>2,119,881</u>	<u>36,275</u>	<u>2,156,156</u>
Total	<u>5,966,019</u>	<u>166,196</u>	<u>6,132,215</u>	<u>5,932,517</u>	<u>1,640,020</u>	<u>7,572,537</u>
Provincial Govt	<u>510,115</u>	<u>-</u>	<u>510,115</u>	<u>361,567</u>	<u>-</u>	<u>361,567</u>

TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

17. SEGMENTED INFORMATION

Tsawout First Nation provides a wide range of services to its membership. For management reporting purpose, Tsawout 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) Governance and Administration – this function pertains to all the general and administrative functions of Tsawout First Nation, including management, reception, accounting, human resource management, staff training, information technology and records.

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

(c) Lands Management – this department is responsible for managing all related activities pertaining to First Nations lands; the department records legally enforceable interests as well as ensures the accuracy of the land leases, and related data.

(d) Public Works – responsibilities include the care and maintenance of Tsawout First Nation infrastructure including government buildings, roads, water and sewer, and materials management.

(e) 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.

(f) 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.

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

(h) FNGST - this department administers funds received from the federal government pertaining to the GST sharing agreement; responsibilities include management of the membership recreation grant program.

(i) Fisheries – this department manages the Nation's fisheries program(s).

(j) Property Taxation – this department operates under the Tsawout First Nation property tax system, and ensures that property tax funds are collected, tracked and segregated according to the Property Taxation bylaws and distributed according to the Annual Expenditure and Rates bylaws as per the provisions of the Tsawout First Nation Property Tax Expenditure bylaw.

TSAWOUT FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

(k) Recreation and Community Facilities – this department oversees the use of community facilities such as the gymnasium. It provides membership with activities to keep the community on a positive and productive track.

(l) Social Housing – this department is engaged with the administration of band housing for members.

(m) Education Support Services - the education department supports various education and training related programs including CSETS, the education committee, and daycare support.

(n) Trust Funds – oversees Ottawa Trust funds.

18. SEGMENTED STATEMENT OF OPERATIONS

**Teawout First Nation
Schedule of Segmented Operations
(Unaudited)
For the 12 Months Ended March 31, 2020**

Revenue	Governance & Social Development & Administration		Infrastructure & Public Works		Economic Development		Health Services		Capital Projects		PNOSI Programs		Fisheries		Property Taxation		Recreation & Community Facilities		Education Support Services		Social Housing		Trust Funds		Totals - 2020		Totals - 2019	
ISC	418,402	1,120,886	521,016	415,016	39,876				125,710										128,789							2,769,475	3,702,041	
Health Canada								1,230,087																		1,230,087	1,232,216	
Other Federal Funding			28,768				30,000				1,861,531									233,216		63,224				2,395,889	2,454,357	
Own Source Revenue			762,579	657,053							30,000				1,264,330				11,468		211,123					2,990,398	3,035,461	
Reserve Fund Revenue																						(1,942)				(1,942)	(4,260)	
Program Revenues	(34,330)	(81,261)							(8,201)																	(73,912)	-	
Interest and Other	552,074		11,526	250,000	6,000		18,912						16,530		19,285				257,642		662		521,540		1,666,281	784,052		
Deferred Revenue	(458,648)	(45,403)	(61,850)				15,895		(25,710)										15,242						(670,864)	1,159,077		
	\$477,468	\$1,043,982	\$1,259,939	\$1,322,069	\$47,876		\$1,264,784		\$91,799		\$1,991,531		\$37,780		\$1,263,595		\$23,783		\$546,357		\$303,097		\$571,540		10,375,630	\$12,362,884		
Expenses																												
Salaries and Benefits	266,251	127,704	122,756	293,135			517,878					44,288					29,895		427,205		38,000					1,867,102	1,636,341	
Amortization	5,952			371,974			152				2,423						1,941				126,848					508,190	540,028	
Direct Assistance		932,061																								832,061	810,595	
Debt Servicing and Interest	14,805			196,016											690						27,295					238,598	243,912	
Program Delivery Costs and Other	185,913	32,285	1,002,881	383,619	82,736		509,467		25,025		1,693,042		24,548		1,264,455		(1,380)		179,332		117,037		11,985		5,480,977	6,851,698		
	\$502,721	\$1,062,140	\$1,215,616	\$1,244,848	\$62,736		\$1,047,897		\$25,025		\$1,693,042		\$71,260		\$1,265,135		\$30,698		\$906,537		\$308,190		\$11,995		9,067,928	\$12,264,572		
Annual Surplus	(\$25,253)	(\$48,158)	\$44,323	\$77,423	(\$14,860)		\$216,887		\$66,774		\$298,489		\$26,520		(\$1,540)		(\$5,915)		\$59,820		(\$6,083)		\$509,545		\$1,307,702	\$98,312		

**TSAWOUT FIRST NATION
RECONCILIATION OF ISC REVENUE FROM
FINANCIAL STATEMENTS TO FUNDING CONFIRMATION
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
ISC Revenue Reconciliation		
ISC Revenue per Statement of Operations	\$ 2,769,475	\$ 3,887,670
Less: Education Jordan's Principle	<u>(24,692)</u>	_____ -
Sub-total	2,744,783	3,887,670
Recoveries Adjustment	<u>(67,551)</u>	<u>(128,267)</u>
Net Budget per ISC Funding Confirmation	<u>\$ 2,677,232</u>	<u>\$ 3,759,403</u>