

Tzeachten First Nation
Consolidated Financial Statements
March 31, 2021

Tzeachten First Nation

Contents

For the year ended March 31, 2021

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Financial Assets.....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements.....	5
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	17
Schedule 2 - Segmented Information.....	19

Management's Responsibility

To the Members of Tzeachten First Nation:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Tzeachten First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 27, 2021

Signed by: James Atebe

General Manager

Signed by: Lori Falys

Director of Finance

To the Members of Tzeachten First Nation:

Opinion

We have audited the consolidated financial statements of Tzeachten First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Chilliwack, British Columbia

July 27, 2021

MNP LLP

Chartered Professional Accountants

Tzeachten First Nation
Consolidated Statement of Financial Position
As at March 31, 2021

	2021	2020
Financial assets		
Cash and cash equivalents	21,261,889	18,307,429
Restricted cash (Note 3)	1,070,944	873,404
Portfolio investments (Note 4)	110	110
Accounts receivable (Note 5)	2,012,989	459,658
Investment in Nation business entities (Note 6), (Note 7), (Note 8)	14,114,593	12,274,396
Total of assets	38,460,525	31,914,997
Liabilities		
Accounts payable and accruals	1,277,099	1,811,825
Deferred revenue (Note 10)	9,820,468	9,444,860
Advances from Nation business entity	88,234	88,234
Minors Trust Fund	947,965	873,404
Long-term debt (Note 9)	4,747,003	4,869,650
Total of financial liabilities	16,880,769	17,087,973
Net financial assets	21,579,756	14,827,024
Guarantee (Note 11)		
Subsequent event (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	20,225,799	18,359,157
Prepaid expenses	9,875	9,875
	20,235,674	18,369,032
Accumulated surplus (Note 14)	41,815,430	33,196,056

Approved on behalf of the Council

Signed by: Chief Derek Epp

Chief

Signed by: Anthony Malloway

Councillor

Tzeachten First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

	<i>2021 Budget</i>	<i>2021</i>	<i>2020</i>
Revenue			
Indigenous Services Canada	2,728,693	5,695,300	1,341,749
Tzeachten Investment Income	1,044,500	2,853,753	1,132,466
Canada Mortgage and Housing Corporation	-	84,480	54,880
Property taxation	4,400,622	4,259,274	3,592,189
Home owners grants	(940,640)	(1,059,934)	(959,205)
Development Cost Charge Equivalents	454,740	1,555,572	329,439
Property transfer tax	1,150,900	893,851	1,596,978
Tzeachten Sales Tax	904,980	853,459	865,041
Community Contributions	10,000	491,663	475,963
Interest income	101,890	474,738	470,177
Application and registry fees	74,000	468,481	129,024
Other income	110,000	365,195	233,577
Rental income	368,900	316,204	281,694
Sto:lo Nation	101,563	150,039	125,635
Lands settlement	135,752	125,752	274,593
First Nations Education Steering Committee	-	113,586	6,250
FN Land Management Resource Centre Inc	-	52,400	55,932
Environment Canada	45,000	49,500	40,000
BC Hydro	40,500	40,511	40,511
Donations	6,500	6,100	16,747
Gain on sale of tangible capital asset	-	-	117,904
	10,737,900	17,789,924	10,221,544
Expenses			
Governance	2,696,000	2,807,281	2,813,457
Facilities and Programs	1,076,253	773,328	873,297
Lands Management & Taxation	4,195,595	3,751,986	2,303,810
Public Works and Housing	1,062,777	1,140,803	557,308
Capital	4,707,000	697,152	588,266
	13,737,625	9,170,550	7,136,138
Surplus (deficit)	(2,999,725)	8,619,374	3,085,406
Accumulated surplus, beginning of year	33,196,056	33,196,056	30,110,650
Accumulated surplus, end of year	30,196,331	41,815,430	33,196,056

The accompanying notes are an integral part of these financial statements

Tzeachten First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2021

	<i>2021 Budget</i>	<i>2021</i>	<i>2020</i>
Annual surplus (deficit)	(2,999,725)	8,619,374	3,085,406
Purchase of tangible capital assets	-	(2,786,493)	(3,980,193)
Amortization of tangible capital assets	504,000	672,624	581,442
Proceeds of disposal of tangible capital assets	-	-	103,882
Non-cash disposals	-	247,227	(5,636)
Acquisition of prepaid expenses	-	-	(6,500)
Increase (decrease) in net financial assets	(2,495,725)	6,752,732	(221,599)
Net financial assets, beginning of year	14,827,024	14,827,024	15,048,623
Net financial assets, end of year	12,331,299	21,579,756	14,827,024

The accompanying notes are an integral part of these financial statements

Tzeachten First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	8,619,374	3,085,406
Non-cash items		
Amortization	672,624	581,442
Equity income from investments - other	(186,186)	(175,723)
Equity income from Shxw Kwimel Cha Limited Partnership	(2,190,703)	(692,409)
Disposal of asset	247,227	(5,639)
	7,162,336	2,793,077
Changes in working capital accounts		
Accounts receivable	(1,553,330)	(158,887)
Prepaid expenses	-	(6,500)
Accounts payable and accruals	(534,727)	1,087,397
Minors Trust Fund	74,561	157,721
Deferred revenue	375,608	2,904,616
	5,524,448	6,777,424
Financing activities		
Repayment of long-term debt	(122,647)	(117,929)
Repayment of Advances from Nation business entity	-	(393)
	(122,647)	(118,322)
Capital activities		
Purchase of tangible capital assets	(2,786,493)	(3,980,193)
Proceeds of disposal of tangible capital assets	-	103,882
	(2,786,493)	(3,876,311)
Investing activities		
Purchase of Investment in BC FN Gaming Revenue Partnership	-	(110)
Advances to Nation business entity	(914,323)	(750,000)
Distributions from Nation business entity	1,451,015	540,000
	536,692	(210,110)
Increase in cash resources	3,152,000	2,572,681
Cash resources, beginning of year	19,180,833	16,608,152
Cash resources, end of year	22,332,833	19,180,833
Cash resources are composed of:		
Cash resources total	21,261,889	18,307,429
Restricted cash (Note 3)	1,070,944	873,404
	22,332,833	19,180,833

The accompanying notes are an integral part of these financial statements

1. Operations

Tzeachten First Nation ("TzFN") is located in the province of British Columbia, and provides various services to its members. Tzeachten First Nation includes TzFN's government and all related entities that are accountable to TzFN and are either owned or controlled by TzFN.

Impact of COVID-19 on operations

In early March 2020, the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on communities through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Nation's operations were not materially impacted by COVID-19.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation's operations 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. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the First Nation's operations.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of presentation

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.

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.

Net financial assets

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

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records for all tangible capital assets. Contributed tangible assets are recorded at their fair value at the date of contribution.

2. **Significant accounting policies** (Continued from previous page)

Amortization

Amortization for tangible capital assets is provided using the following methods at terms intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Term</i>
Buildings	straight-line	40 years
Building and leasehold improvements	straight-line	10 years
Computers	straight-line	4 years
Equipment	straight-line	10 years
Land improvements	straight-line	40 years
Roads	straight-line	20 years
Signs	straight-line	10 years
Small and heavy equipment	straight-line	10 years
Vehicles	straight-line	5 years
Water	straight-line	50 years

Revenue recognition

Funding

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

Government Transfers

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

Externally restricted revenue

TzFN recognizes externally restricted inflows as revenue in the period the resources are used for the purposes specified in accordance with an agreement or legislation. Until this time, TzFN records externally restricted inflows in deferred revenue.

Tax revenue

TzFN recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, TzFN evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

Own source revenue

Own source revenue derived from such sources as housing rents, resource based revenues, management fees, interest income, etc., is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investments

TzFN uses the modified equity method to account for its investments in various business partnerships and corporations whereby the acquisition cost is increased by TzFN's proportionate share of earnings.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related First Nation entities and departments, are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. Tax receivables are evaluated as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When TzFN determines that a long-lived asset no longer has any long-term service potential to TzFN, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Segments

TzFN conducts its operations through a number of reportable segments as described in Note 12. These operating segments are established by senior management to facilitate the achievement of TzFN'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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

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.

Liability for contaminated site

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, TzFN 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, 2021.

At each financial reporting date, TzFN reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. TzFN 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. Management has determined that no liability exists as at March 31, 2021.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

3. Restricted cash

Restricted cash consists of Minors Tust Fund in the amount of \$1,070,944 (2020 - \$873,404).

4. Portfolio investments

	2021	2020
Measured at cost:		
BC First Nations Gaming Revenue Sharing LP	100	100
BC First Nations Gaming Sharing General Partner Ltd.	10	10
	110	110

5. Accounts receivable

Accounts receivable is comprised of the following:

	2021	2020
Accounts receivable	2,012,905	456,929
Due from TzFN members:		
TzFN housing rent receivable	3,521	11,221
Less: allowance for doubtful accounts	(3,437)	(8,492)
	84	2,729
	2,012,989	459,658

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Investment in Vedder Crossing Plaza Inc.

Investment in Vedder Crossing Plaza Inc. consists of:

	2021	2020
Shares	-	10
Equity	-	10,158,156
	-	10,158,166

Financial information for Vedder Crossing Plaza Inc. is as follows:

	2021	2020
Investment in Vedder Crossing Plaza Limited Partnership	-	10,158,166
Share capital	-	10
Equity, beginning of year	10,158,156	10,158,156
Dividends to TzFN upon dissolution	(10,158,156)	-
Equity, end of year	-	10,158,156
	-	10,158,166

Vedder Crossing Plaza Inc. was wound up in a voluntary dissolution under the British Columbia Business Corporations Act on March 30, 2021.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

7. Investment in Shxw Kwimel Cha Limited Partnership

Investment in Shxw Kwimel Cha Limited Partnership consists of:

	2021	2020
Investment in Shxw Kwimel Cha Limited Partnership	10,886,897	(925,280)

Consolidated financial information for Shxw Kwimel Cha Limited Partnership is as follows:

	2021	2020
Current assets	3,444,552	2,524,570
Revenue producing property	10,705,745	11,143,517
Investments	2,842,529	1,870,279
	16,992,826	15,538,366
Current liabilities	455,037	454,517
Long term debt	5,358,740	5,561,528
Vedder Crossing Plaza Inc.	-	10,158,168
	5,813,777	16,174,213
Partnership capital, beginning of year	(635,847)	(1,530,399)
Net income	2,200,245	684,552
Contributions by TzFN	11,065,666	750,000
Distributions to TzFN	(1,451,015)	(540,000)
Partnership capital, end of year	11,179,049	(635,847)
	16,992,826	15,538,366

	2021	2020
Revenue	3,009,005	1,739,242
Expenses	808,760	1,054,690
Net income	2,200,245	684,552

Tzeachten First Nation's investment in Shxw Kwimel Cha Limited Partnership was established for the purpose of managing the activities of the Vedder Crossing Plaza Limited Partnership and to facilitate future business opportunities.

Shxw Kwimel Cha Management Ltd. is the general partner of Shxw Kwimel Cha Limited Partnership and its financial activity has been included in the consolidated financial information above.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

8. Investments - other

Tzeachten First Nation has investments in the following entities:

	%	2021	2020
Centre Creek Limited Partnership	1/9	166,663	164,969
Centre Creek Management Limited - share capital	1/9	10	10
Ch-ihl-kway-uhk Forestry Limited Partnership	1/8	116,150	126,792
Ch-ihl-kway-uhk Forest Ltd. - share capital	1/8	10	10
Ch-ihl-kway-uhk Forest Ltd.	1/8	5,759	5,759
Ch-ihl-kway-uhk Tribe Society	1/9	72,419	69,900
Ts'elxweyeqw Tribe Limited Partnership	1/7	2,593,867	2,418,672
Ts'elxweyeqw Tribe Management Limited - share capital	1/7	7	7
Seven Generations Environmental Services Ltd.	1/6	75,104	56,837
IndigeNATION Strategic Advisors Corporation (formerly Four Corners Tribal Business Corporation) - share capital	1/4	100	100
Skynest Limited Partnership	1/10	197,604	200,000
		3,227,693	3,043,056

Consolidated financial information for Centre Creek Limited Partnership and Centre Creek Management Limited is as follows:

	<i>December 31, 2020</i>	<i>March 31, 2020</i>
Current assets	34,315	21,271
Property and equipment	2,320,473	2,336,554
	2,354,788	2,357,825
Current liabilities	196,761	235,977
Long-term debt	725,507	704,804
	922,268	940,781
Equity, beginning of year	1,417,044	1,406,861
Net income (loss)	15,476	10,183
Equity, end of year	1,432,520	1,417,044
	2,354,788	2,357,825

	2021	2020
Revenue	85,575	114,102
Expenses	70,099	103,919
Net income (loss)	15,476	10,183

Tzeachten First Nation's investment in Centre Creek Limited Partnership was established for the purpose of purchasing or otherwise acquiring real and personal property of all kinds located in the Chilliwack River Valley. The partnership is also responsible for managing the acquired properties.

Tzeachten First Nation's investment in Centre Creek Management Limited was established as the general partner of Centre Creek Limited Partnership.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

8. **Investments - other** (Continued from previous page)

Consolidated financial information for Ch-ihl-kway-uhk Forestry Limited Partnership, Ch-ihl-kway-uhk Forest Limited, and Ch-ihl-kway-uhk Tribe Society is as follows:

	<i>December 31, 2020</i>	<i>March 31, 2020</i>
Current assets	1,515,869	1,545,222
Capital assets	44	57
Due from related party	323,700	302,997
	1,839,613	1,848,276
<hr/>		
Current liabilities	204,147	149,373
<hr/>		
Common shares	100	100
<hr/>		
Equity, beginning of year	1,698,803	1,350,560
Net income (loss)	(63,437)	348,243
Equity, end of year	1,635,366	1,698,803
	1,839,613	1,848,276

	<i>December 31, 2020</i>	<i>March 31, 2020</i>
Revenue	60,766	696,506
Expenses	124,203	348,263
Net income	(63,437)	348,243

Tzeachten First Nation's investment in Ch-ihl-kway-uhk Forestry Limited Partnership was established for the purpose of developing, operating and participating in various forestry operations and activities in and around Chilliwack, B.C.

Tzeachten First Nation's investment in Ch-ihl-kway-uhk Forest Limited was established as the general partner of Ch-ihl-kway-uhk Forestry Limited Partnership.

Tzeachten First Nation's investment in Ch-ihl-kway-uhk Tribe Society was established for the purpose of property rentals.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

8. **Investments - other** (Continued from previous page)

Consolidated financial information for Ts'elxweyeqw Tribe Limited Partnership, Ts'elxweyeqw Tribe Management Limited, and Ts'elxweyeqw Forestry Limited Partnership is as follows:

	2021	2020
Current assets	18,289,700	17,197,040
Property and equipment	40,767	52,053
Due from related parties	74,595	74,595
	18,405,062	17,323,688
<hr/>		
Current liabilities	1,105,052	1,142,101
<hr/>		
Share capital	7	7
<hr/>		
Equity, beginning of year	16,181,580	16,737,146
Net income	1,118,423	970,903
Withdrawals	-	(1,526,469)
Equity, end of year	17,300,003	16,181,580
	18,405,062	17,323,688

	2021	2020
Revenue	2,566,750	2,472,419
Expenses	1,448,327	1,501,516
Net income	1,118,423	970,903

Tzeachten First Nation's investment in Ts'elxweyeqw Tribe Limited Partnership was established for the purpose of managing the activities of the Ts'elxweyeqw Forestry Limited Partnership to ensure the protection of the tribe's interests and heritage.

Tzeachten First Nation's investment in Ts'elxweyeqw Tribe Management Limited was established as the general partner of Ts'elxweyeqw Tribe Limited Partnership and Ts'elxweyeqw Forestry Limited Partnership.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

8. Investments - other (Continued from previous page)

Financial information for Seven Generations Environmental Services Ltd. is as follows:

	2021	2020
Current assets	541,371	418,791
Property and equipment	15,099	19,072
	556,470	437,863
Liabilities	459,105	459,392
Share capital	1,169,808	1,169,808
Deficit, beginning of year	(1,191,337)	(1,182,041)
Net income (loss)	118,894	(9,296)
	(1,072,443)	(1,191,337)
Equity, end of year	97,365	(21,529)
	556,470	437,863

	2021	2020
Revenue	420,584	367,781
Expenses	301,690	377,077
Net loss	118,894	(9,296)

Tzeachten First Nation's investment in Seven Generations Environmental Services Ltd. was established for the purpose of providing environmental monitoring services.

9. Long-term debt

	2021	2020
First Nations Finance Authority, bearing interest at 2.6%, with monthly payments of \$8,156 plus interest	4,747,003	4,869,650

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2022	97,870
2023	97,870
2024	97,870
2025	97,870
2026	97,870
	489,350

First Nation Finance Authority debt is secured by income distributions received from Shxw Kwimel Cha Limited Partnership investment.

10. Deferred revenue

Deferred revenue consists of prepaid land leases, prepaid property taxes, prepaid funding received from Fraser Valley Aboriginal Children & Family Services Society and prepaid rent.

11. Guarantee

TzFN has guaranteed RBC mortgages for members totalling \$444,501 (2020 - \$490,691). At March 31, 2021, no liability has been recorded associated with this guarantee.

12. Segments

Tzeachten First Nation receives revenues and incurs expenses from many different projects and sources. For management and reporting purposes, the revenues, expenses and surpluses or deficits are organized by segments. Schedule 2 discloses TzFN's revenues and expenses in the following segments:

Governance

Includes general operations, support, and financial management of TzFN and own source revenue.

Facilities and Programs

Includes revenues and expenditures related to maintenance of community infrastructure as well as revenue and expenses related to education and awareness through prevention programs and after school programs for the members of TzFN.

Lands Management and Taxation

Includes revenues and expenditures related to conservation and stewardship of TzFN's land and resources and revenues and expenditures related to property taxation.

Public Works and Housing

Includes rent collection and maintenance related to the mortgaged and non-mortgaged homes owned by TzFN as well as public works.

Capital

Includes capital replacement reserve, amortization, and maintenance related to the ongoing capital projects by TzFN.

13. Subsequent event

Subsequent to the year end, on July 3, 2021, there was a water line break in TzFN's land administration building, causing water damage throughout the building. As the assessment of the damage is still on-going, the amount of insurance proceeds expected as a result of this event is still unknown.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

14. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
Equity in capital replacement reserve	2,756,014	2,238,596
Equity in tangible capital assets	15,803,254	13,441,352
Equity in replacement reserve	501,015	-
Unrestricted surplus	22,755,147	17,516,108
	41,815,430	33,196,056

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2021

	<i>Land</i>	<i>Buildings</i>	<i>Housing units</i>	<i>Roads, water and sewer</i>	<i>Vehicles</i>	<i>Small and heavy equipment</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	3,149,294	8,644,402	3,099,878	4,503,153	233,725	67,958	19,698,410
Acquisition of tangible capital assets	100,000	1,667,273	-	602,309	62,414	12,950	2,444,946
Construction-in-progress	-	-	276,943	-	-	-	276,943
Disposal of tangible capital assets	-	-	(606,037)	-	-	-	(606,037)
Balance, end of year	3,249,294	10,311,675	2,770,784	5,105,462	296,139	80,908	21,814,262
Accumulated amortization							
Balance, beginning of year	-	2,121,686	894,609	1,469,656	152,845	18,492	4,657,288
Annual amortization	-	294,690	46,914	118,840	48,694	8,091	517,229
Accumulated amortization on disposals	-	-	(358,810)	-	-	-	(358,810)
Balance, end of year	-	2,416,376	582,713	1,588,496	201,539	26,583	4,815,707
Net book value of tangible capital assets	3,249,294	7,895,299	2,188,071	3,516,966	94,600	54,325	16,998,555
	2020						
Net book value of tangible capital assets	3,149,294	6,522,716	2,205,269	3,033,497	80,880	49,466	15,041,122

Tzeachten First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2021

	<i>Subtotal</i>	<i>Land Improvements</i>	<i>Furniture and Equipment</i>	<i>2021</i>	<i>2020</i>
Cost					
Balance, beginning of year	19,698,410	3,321,948	863,157	23,883,515	20,007,201
Acquisition of tangible capital assets	2,444,946	-	64,604	2,509,550	1,867,261
Construction-in-progress	276,943	-	-	276,943	2,112,935
Disposal of tangible capital assets	(606,037)	-	(32,912)	(638,949)	(103,882)
Balance, end of year	21,814,262	3,321,948	894,849	26,031,059	23,883,515
Accumulated amortization					
Balance, beginning of year	4,657,288	190,638	676,432	5,524,358	4,948,552
Annual amortization	517,229	83,049	72,346	672,624	581,442
Accumulated amortization on disposals	(358,810)	-	(32,912)	(391,722)	(5,636)
Balance, end of year	4,815,707	273,687	715,866	5,805,260	5,524,358
Net book value of tangible capital assets	16,998,555	3,048,261	178,983	20,225,799	18,359,157
		2020			
Net book value of tangible capital assets	15,041,122	3,131,310	186,725	18,359,157	

Tzeachten First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2021

	Governance	Facilities and Programs	Lands Management and Taxation	Public Works and Housing	Capital	2021
Revenue						
ISC	\$ 491,619	\$ 4,176	\$ 2,141,507	\$ 3,057,998		\$ 5,695,300
Other government	436,534	-	49,500	-		486,034
Economic activities and other	6,007,288	486,979	4,785,078	297,611	31,635	11,608,590
	6,935,440	491,155	6,976,085	3,355,609	31,635	17,789,924
Expenses						
Amortization	-	-	-	-	672,624	672,624
Operating expenses	926,799	254,467	1,429,291	891,048	22,789	3,524,395
Salaries, wages and benefits	782,772	477,977	243,445	249,755	-	1,753,949
Program and services delivery expenses	1,097,710	40,884	2,079,251	-	1,739	3,219,585
	2,807,281	773,328	3,751,986	1,140,803	697,153	9,170,550
Surplus (deficit) before transfers	4,128,159	(282,173)	3,224,099	2,214,806	(665,518)	8,619,374
Transfers between programs	(1,536,473)	380,911	(3,080,679)	(531,654)	4,767,894	-
Annual surplus (deficit)	\$ 2,591,686	\$ 98,738	\$ 143,420	\$ 1,683,152	\$ 4,102,376	\$ 8,619,374

	Governance	Facilities and Programs	Lands Management and Taxation	Public Works and Housing	Capital	2020
Revenue						
ISC	\$ 574,871	\$ 3,918	\$ 519,321	\$ 243,639	\$ -	\$ 1,341,749
Other government	421,867	2,000	40,000	-	-	463,867
Economic activities and other	3,201,085	289,884	4,641,959	242,374	40,626	8,415,928
	4,197,823	295,802	5,201,280	486,014	40,626	10,221,544
Expenses						
Amortization	-	-	-	-	581,931	581,931
Operating expenses	883,752	210,603	404,932	355,277	-	1,854,564
Salaries, wages and benefits	697,252	542,504	227,904	179,449	-	1,647,110
Program and services delivery expenses	1,232,452	120,190	1,670,974	22,583	6,335	3,052,533
	2,813,457	873,297	2,303,810	557,308	588,266	7,136,138
Surplus (deficit) before transfers	1,384,365	(577,495)	2,897,470	(71,294)	(547,640)	3,085,406
Transfers between programs	(1,546,829)	520,121	(3,196,122)	86,090	4,136,740	-
Annual surplus (deficit)	\$ (162,464)	\$ (57,374)	\$ (298,652)	\$ 14,796	\$ 3,589,100	\$ 3,085,406