

Tzeachten First Nation
Consolidated Financial Statements
March 31, 2022

Tzeachten First Nation Contents

For the year ended March 31, 2022

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Management's Responsibility

To the Members of Tzeachten First Nation

The accompanying 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 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 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 financial statements.

The Tzeachten First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the 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 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.

General Manager

Director of Finance

To the Members of Tzeachten First Nation:

Opinion

We have audited the financial statements of Tzeachten First Nation (the "First Nation"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2022, and the results of its operations, changes in its net financial assets and its 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 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 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 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 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 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 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 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 financial statements, including the disclosures, and whether the 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 28, 2022

MNP LLP

Chartered Professional Accountants

Tzeachten First Nation
Consolidated Statement of Financial Position
As at March 31, 2022

	2022	2021
Financial assets		
Cash and cash equivalents	18,108,466	21,261,889
Restricted cash <i>(Note 4)</i>	1,039,992	1,070,944
Portfolio investments <i>(Note 5)</i>	6,840,737	110
Accounts receivable <i>(Note 6)</i>	910,301	2,012,989
Investment in Nation business entities <i>(Note 7)</i>	14,228,015	14,026,359
Total of assets	41,127,511	38,372,291
Liabilities		
Accounts payable and accruals	3,094,225	1,277,099
Deferred revenue <i>(Note 8)</i>	9,843,954	9,820,468
Minors Trust Fund	982,685	947,965
Long-term debt <i>(Note 9)</i>	7,635,891	4,747,003
Total of financial liabilities	21,556,755	16,792,535
Net financial assets	19,570,756	21,579,756
Guarantee <i>(Note 10)</i>		
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	28,821,868	20,225,799
Prepaid expenses	91,181	9,875
	28,913,049	20,235,674
Accumulated surplus <i>(Note 11)</i>	48,483,805	41,815,430
Approved on behalf of the Council		

Chief

Councillor

Tzeachten First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2022

	2022 <i>Budget</i>	2022	2021
Revenue			
Indigenous Services Canada	1,128,831	2,590,723	5,695,300
Tzeachten Investment Income	275,000	1,050,089	2,853,753
Canada Mortgage and Housing Corporation	-	192,250	84,480
Property taxation	4,631,214	4,646,743	4,259,274
Home owners grants	(1,088,043)	(1,080,198)	(1,059,934)
Development Cost Charge Equivalents	676,015	2,672,018	1,555,572
Province of B.C.	2,880,000	2,519,874	-
Property transfer tax	960,000	1,908,360	893,851
Application and registry fees	264,000	827,125	468,481
Gain on sale of tangible capital asset	-	643,877	-
Tzeachten Sales Tax	595,848	555,179	853,459
Other income	285,000	526,129	365,195
Rental income	318,900	338,485	316,204
Lands settlement	135,752	225,752	125,752
Sto:lo Nation	166,190	164,741	150,039
First Nations Education Steering Committee	-	69,689	113,586
Community Contributions	10,000	50,000	491,663
BC Hydro	40,500	40,511	40,511
FN Land Management Resource Centre Inc	-	40,300	52,400
Environment Canada	30,000	30,000	49,500
Portfolio investment and interest income	93,750	25,740	474,738
Donations	2,500	6,350	6,100
	11,405,457	18,043,737	17,789,924
Expenses			
Governance	2,636,500	4,770,104	2,807,281
Facilities and Programs	1,062,490	1,029,859	773,328
Lands Management & Taxation	4,230,173	3,555,202	3,751,986
Public Works and Housing	2,744,310	1,286,238	1,140,803
Capital	11,041,513	733,959	697,152
	21,714,986	11,375,362	9,170,550
Surplus (deficit)	(17,588,618)	6,668,375	8,619,374
Accumulated surplus, beginning of year	41,815,430	41,815,430	33,196,056
Accumulated surplus, end of year	24,226,812	48,483,805	41,815,430

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, 2022

	<i>2022 Budget</i>	<i>2022</i>	<i>2021</i>
Annual surplus (deficit)	(17,588,618)	6,668,375	8,619,374
Purchase of tangible capital assets	-	(8,685,609)	(2,786,493)
Amortization of tangible capital assets	504,000	653,822	672,624
Non-cash loss (gain) on capital asset	-	(564,282)	247,227
Acquisition of prepaid expenses	-	(81,306)	-
Increase (decrease) in net financial assets	(17,084,618)	(2,009,000)	6,752,732
Net financial assets, beginning of year	21,579,756	21,579,756	14,827,024
Net financial assets, end of year	4,495,138	19,570,756	21,579,756

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, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	6,668,375	8,619,374
Non-cash items		
Amortization	653,822	672,624
Equity income from investments	(740,910)	(2,376,889)
Loss (gain) on disposal of asset and issuance of CPs	(564,282)	247,227
	6,017,005	7,162,336
Changes in working capital accounts		
Accounts receivable	1,102,688	(1,553,330)
Prepaid expenses	(81,306)	-
Accounts payable and accruals	1,817,126	(534,727)
Deferred revenue	23,486	375,608
Minors Trust Fund	34,720	74,561
	8,913,719	5,524,448
Financing activities		
Advances of current portion of long-term debt	3,016,440	-
Repayment of long-term debt	(127,552)	(122,647)
	2,888,888	(122,647)
Capital activities		
Purchase of tangible capital assets	(8,685,609)	(2,786,493)
Investing activities		
Change in portfolio investments	(6,840,625)	-
Advances to Nation business entity	(293,599)	(914,323)
Distributions from Nation business entity	832,851	1,451,015
	(6,301,373)	536,692
Increase (decrease) in cash resources	(3,184,375)	3,152,000
Cash resources, beginning of year	22,332,833	19,180,833
Cash resources, end of year	19,148,458	22,332,833
Cash resources are composed of:		
Cash resources total	18,108,466	21,261,889
Restricted cash (Note 4)	1,039,992	1,070,944
	19,148,458	22,332,833

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

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities. Trusts administered on behalf of third parties by Tzeachten First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Property Taxation

All inter-entity balances have been eliminated on consolidation.

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.

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.

Portfolio investments

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Portfolio investments with prices quoted in an active market include cash bonds and equities.

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

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.

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.

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

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. Investment income earned from portfolio investments is recognized in the period the income is earned.

Rental revenue

Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Measurement uncertainty

The preparation of 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 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

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.

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

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 financial statements.

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, 2022.

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, 2022.

3. Recent accounting pronouncement

PS 3280 Asset Retirement Obligations (New)

In August 2018, new PS 3280 Assets Retirement Obligations was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new PS 3280 establishes standards on how to account for and report a liability for asset retirement obligations (ARO). As asset retirement obligations associated with landfills are included in the scope of new PS 3280, PS 3270 Solid Waste Landfill Closure and Post-Closure Liability will be withdrawn.

The main features of this standard are as follows:

- An ARO represents a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner.
- When an asset is no longer in productive use, the associated asset retirement costs are expensed.
- Measurement of the ARO liability should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use.
- The best method to estimate the liability is often a present value technique.

This standard was to be effective for fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

4. Restricted cash

Restricted cash consists of Minors Tust Fund in the amount of \$1,039,992 (2021 - \$1,070,944).

5. Portfolio investments

	2022	2021
Measured at cost:		
BC First Nations Gaming Revenue Sharing LP	100	100
BC First Nations Gaming Sharing General Partner Ltd.	10	10
	110	110
Measured at fair value:		
Portfolio investments managed by Connor, Clark & Lunn Private Capital Ltd.	3,491,356	-
Portfolio investments managed by Leith Wheeler Investment Counsel Ltd.	3,349,271	-
	6,840,627	-
	6,840,737	110

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

6. Accounts receivable

Accounts receivable is comprised of the following:

	2022	2021
Accounts receivable	906,744	2,012,905
Due from TzFN members:		
TzFN housing rent receivable	4,017	3,521
Less: allowance for doubtful accounts	(460)	(3,437)
	3,557	84
	910,301	2,012,989

7. Investments in partnerships and government business entities

The First Nation has investments in the following entities:

	Investment cost	Loans / advances	Cumulative share of earnings (loss)	2022 Total investment
Not for Profit:				
Ch-ihl-kway-uhk Tribe Society	-	-	83,970	83,970
First Nation Government Business Enterprises				
Centre Creek Management Limited - 11%	10	-	-	10
Ch-ihl-kway-uhk Forest Ltd. - 13%	5,769	-	-	5,769
IndigeNATION Strategic Advisors Corporation - 25%	100	-	-	100
Seven Generation Environmental Services Ltd. - 17%	194,968	58,876	(182,346)	71,498
Shxw Kwimel Cha Management Ltd. - 100%	100	155,351	-	155,451
Ts'elxweyeqw Tribe Management Limited - 14%	10	-	-	10
	200,957	214,227	(182,346)	232,838
First Nation Business Partnerships – Modified Equity:				
Centre Creek Limited Partnership - 11%	1	-	170,583	170,584
Ch-ihl-kway-uhk Forestry Limited Partnership - 13%	1	-	191,848	191,849
Shxw Kwimel Cha Limited Partnership - 99%	1	-	10,516,938	10,516,939
Skynest Limited Partnership - 10%	1	200,000	(3,226)	196,775
Ts'elxweyeqw Tribe Limited Partnership - 14%	1	-	2,835,059	2,835,060
	5	200,000	13,711,202	13,911,207
	200,962	414,227	13,612,826	14,228,015

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

7. **Investments in partnerships and government business entities** (Continued from previous page)

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>2021 Total investment</i>
Not for Profit:				
Ch-ihl-kway-uhk Tribe Society	-	-	72,419	72,419
First Nation Government Business Enterprises				
Centre Creek Management Ltd. - 11%	10	-	-	10
Ch-ihl-kway-uhk Forest Ltd. - 13%	5,769	-	-	5,769
IndigeNATION Strategic Advisors Corporation - 25%	100	-	-	100
Seven Generation Environmental Services Ltd. - 17%	194,968	58,876	(178,742)	75,102
Shxw Kwimel Cha Management Ltd. - 100%	100	(88,334)	-	(88,234)
Ts'elxweyeqw Tribe Management Ltd. - 14%	10	-	-	10
	200,957	(29,458)	(178,742)	(7,243)
First Nation Business Partnerships – Modified Equity:				
Centre Creek Limited Partnership - 11%	1	-	166,662	166,663
Ch-ihl-kway-uhk Forestry Limited Partnership - 13%	1	-	116,149	116,150
Shxw Kwimel Cha Limited Partnership - 99%	1	3,308	10,883,588	10,886,897
Skynest Limited Partnership - 10%	1	200,000	(2,396)	197,605
Ts'elxweyeqw Tribe Limited Partnership - 14%	1	-	2,593,867	2,593,868
	5	203,308	13,757,870	13,961,183
	200,962	173,850	13,651,547	14,026,359

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Centre Creek Limited Partnership As At December 31, 2021</i>	<i>Ch-ihl-kway-uhk Forestry Limited Partnership As at December 31, 2021</i>	<i>Shxw Kwimel Cha Limited Partnership As at March 31, 2022</i>	<i>Skynest Limited Partnership As at September 30, 2021</i>	<i>Ts'elxweyeqw Tribe Limited Partnership As at December 31, 2021</i>
Balance Sheet					
Assets	2,340,894	1,684,262	10,657,227	20,285,609	22,438,953
Liabilities	867,083	88,207	9,915,228	18,121,080	2,990,632
Partners' Capital	1,473,811	1,596,055	741,999	2,164,529	19,448,321
Total Liabilities and Partners' Capital	2,340,894	1,684,262	10,657,227	20,285,609	22,438,953
Income Statement					
Revenue	126,000	1,374,996	470,372	28	2,507,648
Expenses	90,350	762,545	6,202	9,148	817,617
Net Income (Loss)	35,650	612,451	464,170	(9,120)	1,690,031

Continued on next page

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

7. Investments in partnerships and government business entities *(Continued from previous page)*

Summary financial information for each First Nation business enterprise, accounted for using the portfolio investment method, for the respective year-end is as follows:

	<i>Centre Creek Management Ltd. As at December 31, 2021</i>	<i>Ch-ihl-kway- uhk Forest Ltd. As at December 31, 2021</i>	<i>IndigeNATION Strategic Advisors Corporation As at December 31, 2021</i>	<i>Seven Generation Environmental Services Ltd. As at March 31, 2022</i>	<i>Shxw Kwimel Cha Management Ltd. As at March 31, 2022</i>	<i>Ts'elxweyeqw Tribe Management Ltd. As at December 31, 2021</i>
Balance Sheet						
Assets	(5,195)	61,387	100	457,007	118,187	352,023
Liabilities	-	-	-	381,280	157,350	881,091
Equity (Deficit)	(5,195)	61,387	100	75,727	(39,163)	(529,068)
Total Liabilities and Equity (Deficit)	(5,195)	61,387	100	457,007	118,187	352,023
Income Statement						
Revenue	331	6,881	-	315,314	12,399	603,886
Expenses	-	-	-	336,952	10,571	724,267
Net income (Loss)	331	6,881	-	(21,638)	1,828	(120,381)

8. Deferred revenue

Deferred revenue consists of prepaid land leases, prepaid property taxes, and prepaid rent.

9. Long-term debt

	2022	2021
First Nations Finance Authority, bearing interest at 2.6%, with monthly payments of \$8,156 plus interest	4,619,451	4,747,003
First Nations Finance Authority, bearing interest at 1.75%, with principal payments due the earlier of five years from the first principal amount drawdown, the date of completion of the purpose of borrowing, or the date upon which the authority issues debt securities to replace the interim long-term financing provided to the Nation	3,016,440	-
	7,635,891	4,747,003

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:

2023	97,870
2024	97,870
2025	97,870
2026	97,870
2027	97,870
	<u>489,350</u>

First Nation Finance Authority debt is secured by income distributions received from Shxw Kwimel Cha Limited Partnership investment and annual distributions received from BC First Nation Gaming Revenue Sharing LP.

Tzeachten First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

10. Guarantee

TzFN has guaranteed RBC mortgages for members totalling \$304,830 (2021 - \$444,501). At March 31, 2022, no liability has been recorded associated with this guarantee.

11. Accumulated surplus

Accumulated surplus consists of the following:

	2022	2021
Equity in capital replacement reserve	3,307,944	2,756,017
Equity in tangible capital assets	20,964,672	15,803,254
Unrestricted surplus	24,211,189	23,256,159
	48,483,805	41,815,430

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

13. 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.

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

For the year ended March 31, 2022

	<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	3,249,294	10,311,675	2,770,784	5,105,462	296,139	80,908	21,814,262
Acquisition of tangible capital assets	947,000	71,146	-	819,093	83,098	-	1,920,337
Construction-in-progress	-	553,889	7,084,491	-	-	-	7,638,380
Disposal of tangible capital assets	-	-	(567,455)	-	-	-	(567,455)
Balance, end of year	4,196,294	10,936,710	9,287,820	5,924,555	379,237	80,908	30,805,524
Accumulated amortization							
Balance, beginning of year	-	2,416,376	582,713	1,588,496	201,539	26,583	4,815,707
Annual amortization	-	290,388	37,976	118,840	46,907	8,091	502,202
Accumulated amortization on disposals	-	-	(189,488)	-	-	-	(189,488)
Balance, end of year	-	2,706,764	431,201	1,707,336	248,446	34,674	5,128,421
Net book value of tangible capital assets	4,196,294	8,229,946	8,856,619	4,217,219	130,791	46,234	25,677,103
			2021				
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

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

For the year ended March 31, 2022

	<i>Subtotal</i>	<i>Land Improvements</i>	<i>Furniture and Equipment</i>	<i>2022</i>	<i>2021</i>
Cost					
Balance, beginning of year	21,814,262	3,321,948	894,849	26,031,059	23,883,515
Acquisition of tangible capital assets	1,920,337	-	69,141	1,989,478	2,509,550
Construction-in-progress	7,638,380	-	-	7,638,380	276,943
Disposal of tangible capital assets	(567,455)	-	-	(567,455)	(638,949)
Balance, end of year	30,805,524	3,321,948	963,990	35,091,462	26,031,059
Accumulated amortization					
Balance, beginning of year	4,815,707	273,687	715,866	5,805,260	5,524,358
Annual amortization	502,202	83,049	68,571	653,822	672,624
Accumulated amortization on disposals	(189,488)	-	-	(189,488)	(391,722)
Balance, end of year	5,128,421	356,736	784,437	6,269,594	5,805,260
Net book value of tangible capital assets	25,677,103	2,965,212	179,553	28,821,868	20,225,799
					2021
Net book value of tangible capital assets	16,998,555	3,048,261	178,983	20,225,799	

Tzeachten First Nation
Schedule 2 - Segmented Information

For the year ended March 31, 2022

	Governance	Facilities and Programs	Lands Management and Taxation	Public Works and Housing	Capital	2022
Revenue						
ISC	\$ 391,534	\$ -	\$ 1,647,400	\$ 551,789	\$ -	\$ 2,590,723
Other government	267,552	57,000	30,000	204,586	2,489,873	3,049,011
Economic activities and other	3,111,459	442,001	8,387,379	457,798	5,367	12,404,003
	3,770,545	499,001	10,064,779	1,214,173	2,495,240	18,043,737
Expenses						
Amortization	-	-	-	-	653,822	653,822
Operating expenses	2,878,205	453,666	1,258,603	932,285	57,499	5,580,259
Salaries, wages and benefits	831,431	481,710	222,340	353,953	10,000	1,899,433
Program and services delivery expenses	1,060,468	94,483	2,074,259	-	12,638	3,241,848
	4,770,104	1,029,859	3,555,202	1,286,238	733,959	11,375,362
Surplus (deficit) before transfers	(999,558)	(530,858)	6,509,577	(72,066)	1,761,280	6,668,375
Transfers between programs	(3,320,544)	7,504,681	(5,729,105)	(813,271)	2,358,240	-
Annual surplus (deficit)	\$ (4,320,103)	\$ 6,973,824	\$ 780,472	\$ (885,337)	\$ 4,119,520	\$ 6,668,375

	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	6,007,287	486,979	4,785,078	297,611	31,635	11,608,590
	6,935,439	491,155	6,976,085	3,355,610	31,635	17,789,924
Expenses						
Amortization	-	-	-	-	672,624	672,624
Operating expenses	926,799	254,468	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	40,883	2,079,250	-	1,738	3,219,582
	2,807,281	773,328	3,751,986	1,140,803	697,152	9,170,550
Surplus (deficit) before transfers	4,128,157	(282,173)	3,224,099	2,214,807	(665,517)	8,619,374
Transfers between programs	(1,536,472)	380,911	(3,080,679)	(531,654)	4,767,894	-
Annual surplus (deficit)	\$ 2,591,685	\$ 98,738	\$ 143,420	\$ 1,683,153	\$ 4,102,377	\$ 8,619,374