

**T'SOU-KE FIRST NATION**  
**Consolidated Financial Statements**  
**Year Ended March 31, 2022**

**T'SOU-KE FIRST NATION**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The accompanying consolidated financial statements of T'Sou-ke First Nation and all the information in this report are the responsibility of management and have been approved by the Chief and Council of T'Sou-ke First Nation.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The T'Sou-ke First Nation Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The T'Sou-ke First Nation Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Uvision Professional Corporation, in accordance with Canadian public sector accounting standards (PSAS) Uvision Professional Corporation have full access to the Chief and Council.

  
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Chief  
\_\_\_\_\_  
Councillor  
\_\_\_\_\_  
Councillor  
\_\_\_\_\_  
Councillor

Sooke, BC  
August 16, 2022

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of T'SOU-KE FIRST NATION

*Report on the Consolidated Financial Statements*

*Qualified Opinion*

We have audited the consolidated financial statements of T'SOU-KE FIRST NATION (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2022, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

*Basis for Qualified Opinion*

Financial information for Qemqomet Development Limited Partnership (Operating as CEK SNANET CENTER) for the period of January 01 to March 31, 2022 was not available at the audit report date. We were unable to determine whether adjustments to investments in Nation business entities, earnings from investments in Nation business entities, surplus(deficit) and accumulated surplus were necessary.

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 ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 PSAS, 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.

(continues)

Independent Auditor's Report to the Members of T'SOU-KE FIRST NATION (continued)

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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.

Victoria, British Columbia  
August 16, 2022

  
CHARTERED PROFESSIONAL ACCOUNTANTS

**T'SOU-KE FIRST NATION**  
**Consolidated Statement of Financial Position**  
**March 31, 2022**

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 6,068,861	\$ 4,341,667
Investments (Note 4)	1,625,414	1,605,993
Ottawa Trust (Note 7)	2,776	2,726
Accounts receivable (Note 5)	2,270,749	1,800,202
Due from related parties (Note 13)	200,000	-
Investment in First Nation business enterprise (Note 6)	2,551,200	2,399,841
	<u>12,719,000</u>	<u>10,150,429</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	939,939	359,045
Deferred income	1,583	-
Long term debt (Note 10)	342,821	455,088
	<u>1,284,343</u>	<u>814,133</u>
<b>NET FINANCIAL ASSETS</b>	<u>11,434,657</u>	<u>9,336,296</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory	-	-
Prepaid expenses	19,257	34,456
Tangible capital assets (Note 8)	3,432,042	2,529,315
	<u>3,451,299</u>	<u>2,563,771</u>
<b>ACCUMULATED SURPLUS (NOTE 11)</b>	<u>\$ 14,885,915</u>	<u>\$ 11,900,066</u>

CONTINGENT LIABILITIES (Note 12)

**APPROVED BY THE CHIEF AND COUNCIL**

Chief

Chief

Councillor

Chief

Councillor

See notes to financial statements

**T'SOU-KE FIRST NATION**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**Year Ended March 31, 2022**

	2022 <i>Budget</i>	2022	2021
<b>REVENUES</b>			
Indigenous Services Canada	\$ 2,070,345	\$ 2,677,134	\$ 2,011,377
Canada Mortgage and Housing Corporation	92,591	90,051	190,589
Federal - Other	1,751,915	2,517,517	1,251,024
Provincial	533,491	533,288	12,585
Ottawa Trust	-	698	648
Rental	184,490	193,689	193,504
Other	4,741,569	3,938,314	5,039,237
Equity in earnings (loss) of business enterprise	-	171,250	475,147
	<u>9,374,401</u>	<u>10,121,941</u>	<u>9,174,111</u>
<b>EXPENSES</b>			
Band	6,921,152	3,978,789	3,166,071
Health and social services	936,612	1,292,659	983,734
Education and training	801,144	827,127	691,075
Public works	1,326,419	628,907	739,367
Capital projects	45,100	45,100	35,808
Housing	362,301	363,510	395,573
	<u>10,392,728</u>	<u>7,136,092</u>	<u>6,011,628</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	(1,018,327)	2,985,849	3,162,483
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<u>11,900,066</u>	<u>11,900,066</u>	<u>8,737,583</u>
<b>ACCUMULATED SURPLUS - END OF YEAR (Note 11)</b>	<u>\$ 10,881,739</u>	<u>\$ 14,885,915</u>	<u>\$ 11,900,066</u>

See notes to financial statements

**T'SOU-KE FIRST NATION**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended March 31, 2022**

	Budget 2022	2022	2021
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (1,018,327)</b>	<b>\$ 2,985,849</b>	<b>\$ 3,162,483</b>
Amortization of tangible capital assets <i>(Note 8)</i>	330,000	<b>359,416</b>	301,048
Purchase of tangible capital assets <i>(Note 8)</i>	1,100,000	<b>(1,227,175)</b>	(928,437)
Decrease (increase) in prepaid expenses	15,000	<b>15,198</b>	(14,160)
Adjustment to tangible capital assets	-	<b>(34,927)</b>	-
	<u>1,445,000</u>	<u><b>(887,488)</b></u>	<u>(641,549)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>426,673</b>	<b>2,098,361</b>	<b>2,520,935</b>
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	<u>9,336,296</u>	<u><b>9,336,296</b></u>	<u>6,815,361</u>
<b>NET FINANCIAL ASSETS - END OF YEAR <i>(Note 3)</i></b>	<u><b>\$ 9,762,969</b></u>	<u><b>\$ 11,434,657</b></u>	<u><b>\$ 9,336,296</b></u>

See notes to financial statements



**T'SOU-KE FIRST NATION**  
**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 2,985,849	\$ 3,162,483
Items not affecting cash:		
Amortization of tangible capital assets	359,416	301,048
Share of income from First Nation controlled entities	(171,250)	(475,147)
Adjustment to tangible capital assets	(34,927)	-
Accrued interest on long term loans	359	-
	<u>3,139,447</u>	<u>2,988,384</u>
Changes in non-cash working capital:		
Accounts receivable	(470,547)	(27,759)
Ottawa Trust	50	(37)
Accounts payable and accrued liabilities	580,895	(379,169)
Deferred income	1,583	-
Prepaid expenses	15,199	(14,159)
	<u>127,180</u>	<u>(421,124)</u>
Cash flow from operating activities	<u>3,266,627</u>	<u>2,567,260</u>
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	(1,227,163)	(928,437)
Cash flow used by investing activity	<u>(1,227,163)</u>	<u>(928,437)</u>
<b>FINANCING ACTIVITIES</b>		
Advances to related parties	(200,000)	-
Repayment of long term debt	(112,270)	(110,374)
Cash flow used by financing activities	<u>(312,270)</u>	<u>(110,374)</u>
<b>INCREASE IN CASH FLOW</b>	<u>1,727,194</u>	<u>1,528,449</u>
Cash - beginning of year	<u>4,341,667</u>	<u>2,813,218</u>
<b>CASH - END OF YEAR (Note 3)</b>	<u>\$ 6,068,861</u>	<u>\$ 4,341,667</u>

See notes to financial statements

**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

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**1. NATURE OF OPERATIONS**

T'Sou-ke First Nation (the "First Nation") is located in the province of British Columbia, and its principal purpose is to provide for the well-being of its band member. T'Sou-ke First Nation includes the First Nation's members, government and all the related entities that are accountable to and are controlled by the First Nation.

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**2. SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The consolidated financial statements are the representation of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Canada and including the following significant accounting policies.

Reporting entity and basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises and government business partnerships, which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

(a) Consolidated entities:

The First Nation has consolidated the assets, liabilities, and results of operations for the following entities:

- T'Sou-ke First Nation Government Administration
- T'Sou-ke First Nation Trusts Fund
- T'Sou-ke First Nation CMHC Housing Program Fund

(b) Investment in government business enterprises and partnerships:

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

The First Nation's government business enterprise investment consists of the following, with a 100% interest:

- Daxet Development Corporation (Original T'Sou-ke Development Corporation)

The First Nation's government business enterprise investment consists of the following, with a 20% interest:

*(continues)*

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**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

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**2. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

- Salish Strait Seafoods Ltd.

The First Nation's government business partnership investment consists of the following, with a 99.99% interest:

- Qemqomet Development Limited Partnership (Operating as CEK SNANET CENTER)

(c) Investments that are accounted for using the cost basis of accounting:

Investments in entities in which the First Nation does not control individually or jointly are recorded at acquisition cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value. Investments in entities in which the First Nation does not control but has joint control or significant influence in operations are accounted for, similar to government business partnerships, using the modified equity method.

- BC First Nations Gaming Revenue Sharing Limited Partnership

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.

Investments

Investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value. Investments consist of guaranteed investment certificates.

Tangible capital assets

Tangible capital assets are stated at acquisition cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Infrastructure	20 years	straight-line method
Band/Social housing	20 years	straight-line method
Boats	10 years	straight-line method
Motor vehicles	5 years	straight-line method
Computer equipment	5 years	straight-line method
Playground	10 years	straight-line method
Photovolt systems	15 years	straight-line method
Housing betterments	10 years	straight-line method
Equipment	5 years	straight-line method

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

Tangible capital assets under construction, development or acquired during the year but not placed into use are not amortized until they are available to be put into service.

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**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

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**2. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Reserve Funds

Reserve funds represent the replacement and operating reserve funds required under the terms of the agreement with Canada Mortgage and Housing Corporation.

Revenue recognition

Revenue is recognized in the period as it becomes receivable under the terms of applicable funding agreements. Revenue received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

Government transfers and grant revenue are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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 is performed is deferred and recognized when the fee is earned or service performed.

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.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial instruments

T'Sou-ke First Nation's financial instruments consist of cash, investments, accounts receivable, bank indebtedness, accounts payable and accruals, and long-term debt. It is management's opinion that the First Nation is not exposed to significant currency or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate price risk on its loans with fixed interest rates and on its investment portfolio consisting partially of fixed income securities.

Segments:

The First Nation conducts its business through a number of operating segments. These operating segments are established by senior management to facilitate the achievement of the First Nation'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.

**3. CASH AND CASH EQUIVALENTS**

	<b>2022</b>	2021
Unrestricted - Operating	<b>\$ 5,388,668</b>	\$ 3,783,546
Restricted - CMHC Operating	<b>283,897</b>	162,616
Restricted - CMHC Replacement reserve	<b>253,781</b>	253,274
Restricted - CMHC Operating reserve	<b>142,515</b>	142,231
	<b>\$ 6,068,861</b>	\$ 4,341,667

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$24,000 (2021 - \$24,000) annually. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement and Operating Fund.

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Operating Reserve account is to be credited with any surplus amount in phase 4 to 9, based on the minimum rent calculation.

**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

**4. INVESTMENTS**

Investments consist of the following Guaranteed Investment Certificates (GIC).

	2022	2021
GIC with maturity date on April 06, 2022 and earning interest at 0.45% per annum. This GIC is non-redeemable.	\$ 1,105,613	\$ 1,087,488
GIC with maturity date on January 06, 2023 and earning interest at 0.5% per annum. This GIC is redeemable.	519,801	518,505
	<b>\$ 1,625,414</b>	<b>\$ 1,605,993</b>

**5. ACCOUNTS RECEIVABLE**

	2022	2021
<u>Federal government</u>		
Indigenous Services Canada	\$ 188,706	\$ 41,431
Accounts Receivable Fisheries	1,911,088	1,250,429
Accounts Receivable CSETS	16,124	21,224
Accounts Receivable - FNESC	3,116	82,477
Canada Mortgage and Housing Corporation	7,033	7,033
Subtotal	2,126,067	1,402,594
<u>Other</u>		
Members	250	98,646
Accounts Receivable	140,427	293,662
A/R Social Development Clients	4,005	5,300
	-	-
	<b>\$ 2,270,749</b>	<b>\$ 1,800,202</b>

**6. INVESTMENT IN FIRST NATION BUSINESS ENTERPRISES**

The First Nation has investments in the following enterprises:

	2022			
	Investment Cost	Advances	Accumulative share of earnings	Total Investment
Daxet Development Corporation	\$ 1	\$ 1,947,995	\$ 86,789	\$ 2,034,784
Salish Strait Seafoods Ltd.	\$ 2		\$ 516,306	\$ 516,308
BC First Nations Gaming Revenue Sharing LP				\$ 110
				<b>\$ 2,551,202</b>

(continues)

**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

**6. INVESTMENT IN FIRST NATION BUSINESS ENTERPRISES (continued)**

	Daxet Development Corporation	Salish Strait Seafoods Ltd.	2022	2021
Total assets	5,624,366	3,128,718	8,753,084	8,320,326
Total Liabilities	5,537,575	514,689	6,052,264	6,005,081
	86,791	2,614,029	2,700,820	2,315,245
Total revenue	7,732,498	1,527,821	9,260,319	8,252,333
Total expenses	7,664,039	1,098,205	8,762,244	8,126,363
Net income (loss)	68,459	429,616	498,075	125,970

The financial information for Daxet Development Corporation provided in this note is for the period ended December 31, 2021, with comparative information for the year ended March 31, 2021. The nation filed a formal request for change of year end with the Canada Revenue Agency (CRA). At the date of this audit report, the result from the CRA is pending.

Starting January 01, 2022, the business operation under Daxet Development Corporation was moved to Qemqomet Development Limited Partnership. As of the date of the Independent Auditor's Report, the financial information from the period of January 01, 2022 to March 31, 2022 for Daxet Development Corporation and Qemqomet Development LP, is not available.

**7. OTTAWA 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	2022	2021
<b>Capital Trust</b>		
Balance, beginning and end of year	\$ 2,077	\$ 2,077
<b>Revenue Trust</b>		
Balance, beginning of year	649	612
Interest	698	648
Distribution	(648)	(611)
Balance, end of year	699	649
	<b>\$ 2,776</b>	<b>\$ 2,726</b>

**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

**8. TANGIBLE CAPITAL ASSETS**

<u>Cost</u>	<u>2021</u> <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>2022</u> <u>Balance</u>
Photo- voltaic Systems	\$ 780,000	\$ -	\$ -	\$ 780,000
Fish Boat	291,766	261,500	-	553,266
Health Building	295,936	-	-	295,936
Automotive	224,753	47,693	-	272,446
Office Equipment	22,762	-	-	22,762
Band Hall	42,502	-	-	42,502
Fish Loft	59,906	-	-	59,906
Sum Sha Thut Lellum	94,089	-	-	94,089
Playground Equipment	58,950	-	-	58,950
Wasabi Greenhouse	648,000	-	-	648,000
Band Housing	1,018,600	-	1,018,600	-
Social Housing	2,472,918	-	-	2,472,918
Housing Betterments	170,776	-	-	170,776
Construction Development - health building	-	570,228	-	570,228
Construction Development - Gravel pit	-	200,000	-	200,000
Health Equipment	12,274	-	-	12,274
Salish Sea Initiative	599,742	-	-	599,742
Construction Development (Sewer Line)	-	147,754	-	147,754
	<b>\$ 6,792,974</b>	<b>\$ 1,227,175</b>	<b>\$ 1,018,600</b>	<b>\$ 7,001,549</b>

<u>Accumulated Amortization</u>	<u>2021</u> <u>Balance</u>	<u>Amortization</u>	<u>Accumulated</u> <u>Amortization</u> <u>on Disposals</u>	<u>2022</u> <u>Balance</u>
Photo- voltaic Systems	\$ 624,000	\$ 52,000	\$ -	\$ 676,000
Fish Boat	183,848	54,258	-	238,106
Health Building	91,253	14,797	-	106,050
Automotive	115,501	27,784	-	143,285
Office Equipment	10,518	2,721	-	13,239
Band Hall	42,502	-	-	42,502
Fish Loft	59,906	-	-	59,906
Sum Sha Thut Lellum	94,089	-	-	94,089
Playground Equipment	56,660	2,290	-	58,950
Wasabi Greenhouse	226,800	32,400	-	259,200
Band Housing	973,526	-	973,526	-
Social Housing	1,620,483	123,646	-	1,744,129
Housing Betterments	68,310	17,078	-	85,388
Health Equipment	1,227	2,455	-	3,682
Salish Sea Initiative	14,994	29,987	-	44,981
	<b>\$ 4,183,617</b>	<b>\$ 359,416</b>	<b>\$ 973,526</b>	<b>\$ 3,569,507</b>

(continues)



**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

**8. TANGIBLE CAPITAL ASSETS** *(continued)*

<u>Net book value</u>	<u>2022</u>	<u>2021</u>
Photo- voltaic Systems	\$ 104,000	\$ 156,000
Fish Boat	315,160	27,877
Health Building	189,886	204,683
Automotive	129,161	109,252
Office Equipment	9,523	12,244
Playground Equipment	-	2,290
Wasabi Greenhouse	388,800	421,200
Band Housing	-	45,074
Social Housing	728,789	852,435
Housing Betterments	85,388	102,465
Construction Development - health building	570,228	-
Construction Development - Gravel pit	200,000	-
Health Equipment	8,592	11,047
Salish Sea Initiative	554,761	584,748
Construction Development (Sewer Line)	147,754	-
	<b>\$ 3,432,042</b>	<b>\$ 2,529,315</b>

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2022</u>	<u>2021</u>
Accrued salaries and benefits payable	\$ 45,213	\$ 55,543
Other accounts payable and accrued liabilities	889,081	296,783
CMHC - Accounts payable	5,645	6,719
	<b>\$ 939,939</b>	<b>\$ 359,045</b>

**10. LONG TERM DEBT**

	<u>2022</u>	<u>2021</u>
CMHC (#19360056001) loan bearing interest at 0.98% per annum, repayable in monthly blended payments of \$1,945. The loan matures on February 1, 2025.	\$ 67,081	\$ 89,643
CMHC (#19360056002) loan bearing interest at 1.13% per annum, repayable in monthly blended payments of \$785. The loan matures on May 1, 2026.	38,321	47,253
CMHC (#19360056003) loan bearing interest at 1.3% per annum, repayable in monthly blended payments of \$1,694. The loan matures on June 1, 2027.	103,142	122,004
CMHC (#19360056004) loan bearing interest at 2.52% per annum, repayable in monthly blended payments of \$1,595. The loan matures on August 1, 2023.	26,602	44,821

*(continues)*

**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

10. LONG TERM DEBT *(continued)*

	2022	2021
CMHC (#19360056005) loan bearing interest at 1.86% per annum, repayable in monthly blended payments of \$3,002. The loan matures on January 1, 2023.	29,755	64,867
CMHC (#19360056006) loan bearing interest at 0.76% per annum, repayable in monthly blended payments of \$767. The loan matures on December 1, 2030.	77,920	86,500
	<b>\$ 342,821</b>	<b>\$ 455,088</b>

Principal repayment terms are approximately:

2023	\$ 107,856
2024	68,035
2025	58,852
2026	38,038
2027	30,639
Thereafter	39,401
	<b>\$ 342,821</b>

11. Accumulated Surplus (Deficit)

	Operating	Trust	Housing	2022	2021
<u>Accumulated Surplus</u> at the beginning of the year	\$ 10,833,075	\$ 2,726	\$ 1,064,265	<b>\$ 11,900,066</b>	\$ 8,737,583
Annual Surplus (Deficit)	3,013,021	698	(27,870)	<b>2,985,849</b>	3,162,483
Distribution	648	(648)	-	-	-
	<b>\$ 13,846,744</b>	<b>\$ 2,776</b>	<b>\$ 1,036,395</b>	<b>\$ 14,885,915</b>	<b>\$ 11,900,066</b>

12. CONTINGENT LIABILITIES

The First Nation has a contingent liability of \$2,911,964 for various on-reserve housing loan guarantees.

The First Nation is contingently liable for \$3,278,705 with respect to loans from Bank of Montreal should Daxet Development Corporation (borrower) default on the loans.

Various lawsuits have been filed against the Band which arose in the ordinary course of business. In the opinion of management and legal counsel, the outcome of the lawsuits, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

**13. DUE FROM RELATED PARTIES**

	<b>2022</b>	<b>2021</b>
Qemqomet Development Limited Partnership	<b>\$ 200,000</b>	<b>\$ -</b>

Advances to a related entity are unsecured, bear no interest, and have no fixed repayment terms.

**14. EXPENSES BY OBJECT**

The following is a summary of expenses by object

<u>Section heading</u>	<b>2022</b>	<b>2021</b>
Wages and benefits	<b>\$ 1,146,373</b>	<b>\$ 1,046,796</b>
Consultants and professional fees	<b>987,923</b>	<b>604,091</b>
Interest and bank charges	<b>5,705</b>	<b>8,448</b>
Material and program expenses	<b>801,150</b>	<b>724,103</b>
Depreciation	<b>359,414</b>	<b>301,048</b>
Travel	<b>63,016</b>	<b>31,073</b>
Telephone and utilities	<b>49,678</b>	<b>45,173</b>
Repairs and maintenance	<b>285,607</b>	<b>252,196</b>
Insurance	<b>89,236</b>	<b>81,867</b>
Other	<b>3,347,990</b>	<b>2,916,833</b>
	<b>\$ 7,136,092</b>	<b>\$ 6,011,628</b>

**15. COVID - 19**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The First Nation has amended its operations in order to continue to deliver services during this pandemic. Management is actively monitoring the effect on its financial condition, liquidity, operations and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

**16. BUDGET FIGURES**

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

**17. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**T'SOU-KE FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2022**

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**18. SEGMENTS**

T'Sou-ke First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

**Band** - Includes government activities of Chief and Council and band support and membership. It oversees the delivery of all government services including ensuring that adequate policies and procedures are in place to safeguard assets and to properly report financial activities.

**Health services** - Contains activities that provide medical services to the First Nation members.

**Education and training** - Includes activities that provide education to the First Nation members for primary, secondary schooling and reimbursement of tuition costs and living and other allowances to students who are attending post-secondary institutions.

**Public works** - Contains all activities that relate to the maintenance of buildings, road, infrastructure, and land of the First Nation.

**Capital projects** - Includes major capital projects and activities occurring in the First Nation during the year.

**Housing** - Includes activities related to the provision of Band owned housing to the members of the Nation and CMHC program housing to the members of the Nation

Schedule 1 discloses the details of the First Nation's Revenue and expenses by segment.

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**T'SOU-KE FIRST NATION**  
**Segment Disclosure**  
**(Schedule 1)**  
**Year Ended March 31, 2022**

	Band 2022	Band 2021	Health 2022	Health 2021	Education and Training 2022	Education and Training 2021
<b>REVENUES</b>						
Indigenous Services Canada	\$ 768,526	\$ 570,553	\$ 588,732	\$ 504,891	\$ 682,401	\$ 455,808
Federal - Other	1,362,050	97,001	922,732	923,485	232,735	230,538
Rental	39,168	32,328	-	-	-	-
Other	4,118,358	3,928,323	41,160	25,440	319,527	267,465
	<u>6,288,102</u>	<u>4,628,205</u>	<u>1,552,624</u>	<u>1,453,816</u>	<u>1,234,663</u>	<u>953,811</u>
<b>EXPENSES</b>						
Wages and benefits	463,906	439,060	336,192	247,321	262,452	272,950
Consultants and professional fees	176,999	(32,165)	-	-	31,887	1,949
Interest and bank charges	668	1,369	-	-	-	-
Material and program expenses	52,041	58,648	616,492	387,444	102,830	62,632
Depreciation	201,606	127,746	14,797	16,025	2,290	5,895
Other	3,083,569	2,571,413	325,178	332,944	427,668	347,649
	<u>3,978,789</u>	<u>3,166,071</u>	<u>1,292,659</u>	<u>983,734</u>	<u>827,127</u>	<u>691,075</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 2,309,313</u>	<u>\$ 1,462,134</u>	<u>\$ 259,965</u>	<u>\$ 470,082</u>	<u>\$ 407,536</u>	<u>\$ 262,736</u>

See notes to financial statements

**T'SOU-KE FIRST NATION**

**Segment Disclosure  
(Schedule 1 continued)**

**Year Ended March 31, 2022**

	Public Works 2022	Public Works 2021	Capital Projects 2022	Capital Projects 2021	Housing 2022	Housing 2021
<b>REVENUES</b>						
Indigenous Services Canada	\$ 530,858	\$ 458,738	\$ 106,617	\$ 35,808	\$ -	\$ -
Canada Mortgage and Housing Corporation	5,000	15,000	-	-	85,051	175,589
Rental	-	-	-	-	154,521	161,176
Other	163,714	952,878	-	-	791	339,090
	<u>699,572</u>	<u>1,426,616</u>	<u>106,617</u>	<u>35,808</u>	<u>240,363</u>	<u>675,855</u>
<b>EXPENSES</b>						
Wages and benefits	83,822	87,465	-	-	-	-
Consultants and professional fees	282,929	192,698	-	-	170,754	240,508
Interest and bank charges	-	-	-	-	5,037	7,080
Material and program expenses	29,787	215,379	-	-	-	-
Depreciation	-	-	-	-	140,723	110,373
Other	232,369	243,825	45,100	35,808	46,996	37,612
	<u>628,907</u>	<u>739,367</u>	<u>45,100</u>	<u>35,808</u>	<u>363,510</u>	<u>395,573</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 70,665</u>	<u>\$ 687,249</u>	<u>\$ 61,517</u>	<u>\$ -</u>	<u>\$ (123,147)</u>	<u>\$ 280,282</u>

See notes to financial statements

## Appendix A - Expected Form of Report

To the Members of T'SOU-KE FIRST NATION

### *Report on the Consolidated Financial Information*

#### *Opinion*

We have audited the consolidated financial information of T'SOU-KE FIRST NATION (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial information, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial information present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and the consolidated results of its operations and consolidated cash flow for the period then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

#### *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 ethical requirements that are relevant to our audit of the consolidated financial information 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 information in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial information that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial information, 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 Information*

Our objectives are to obtain reasonable assurance about whether the consolidated financial information as a whole is 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 this consolidated financial information.

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 information, 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.

## **Appendix A (continued)**

- 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 information 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 information, including the disclosures, and whether the consolidated financial information 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.

### *Report on Other Legal and Regulatory Requirements*

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the consolidated financial information in accordance with Canadian Public Sector Accounting Standards have been applied on a basis consistent with that of the preceding year.