

Tseshahat First Nation
Consolidated Financial Statements
March 31, 2020

Tseshah First Nation
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For the year ended March 31, 2020

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Management's Responsibility

To the Members of Tseshaht First Nation:

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

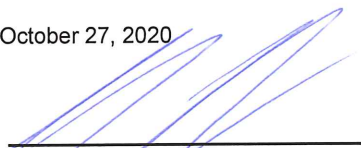
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate 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 Tseshaht First Nation Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by Chief and Council 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 with, both the Chief and Council and management to discuss their audit findings.

October 27, 2020



Director of Finance

Independent Auditor's Report

To the Members of Tseshah First Nation:

Opinion

We have audited the consolidated financial statements of Tseshah First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, 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, 2020, and the results of its consolidated operations 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Nanaimo, British Columbia

October 27, 2020


MNP LLP

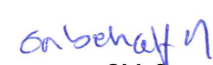
Chartered Professional Accountants

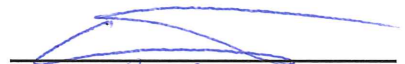
Tseshaht First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial assets		
Cash and cash equivalents	4,578,975	2,816,755
Accounts receivable (Note 3)	1,444,518	1,299,162
Term investments (Note 4)	974,820	966,794
Inventory for resale (Note 5)	229,408	228,141
Restricted cash (Note 6)	1,595,883	1,608,167
Funds held in trust (Note 7)	172,332	166,902
Investment in First Nation business enterprises (Note 8)	6,447,583	5,810,627
Investment in First Nation business partnerships (Note 8)	242,975	197,698
Portfolio investments (Note 8)	25,000	25,000
Total financial assets	15,711,494	13,119,246
Financial liabilities		
Accounts payable	1,576,304	1,329,857
Deferred revenue (Note 9)	1,111,264	847,629
Long-term debt (Note 11)	7,231,961	10,100,505
Total financial liabilities	9,919,529	12,277,991
Net financial assets	5,791,965	841,255
Contingencies (Note 13)		
Significant event (Note 20)		
Non-financial assets		
Tangible capital assets (Schedule 1)	18,355,682	19,380,782
Prepaid expenses	22,130	50,426
Total non-financial assets	18,377,812	19,431,208
Accumulated surplus (Note 14)	24,169,777	20,272,463

Approved on behalf of the Chief and Council


 Councillor


 Chief
 Councillor


 Richard Watts
 Councillor

Tseshaht First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2020

	Schedules	2020 Budget (Note 18)	2020	2019
Revenue				
Sales		55,000	8,717,583	9,989,375
Nuu-chah-nulth Tribal Council - CFNFA		3,573,017	3,850,629	3,905,920
Earnings from investment in First Nation business enterprises (Note 8)		-	1,837,842	110,331
Nuu-chah-nulth Tribal Council - non CFNFA		429,892	1,362,235	730,175
Rental income		89,800	580,012	567,468
BC Gaming		-	533,778	-
Other revenue		60,000	533,494	313,178
First Nations Health Authority		-	405,062	178,231
Province of B.C.		146,000	313,265	483,786
Canada Mortgage and Housing Corporation		-	270,255	227,587
Government of Canada		352,915	255,715	497,263
Fees (Note 15)		39,000	154,154	162,380
First Nation Education Steering Committee		-	108,594	44,670
Interest income		1,200	92,042	105,644
Other grants		10,500	72,084	38,500
Nuu-chah-nulth Employment & Training Board		52,000	69,794	52,000
Lease income		19,400	66,265	62,600
Earnings from investment in First Nation business partnerships (Note 8)		-	45,277	94,248
Fish license fees		242,000	35,215	226,100
Nuu-chah-nulth Economic Development Corporation		-	18,158	13,630
Administration recoveries		-	6,000	6,825
BC Special		-	2,725	2,724
		5,070,724	19,330,178	17,812,635
Expenses (Schedule 2)				
Operating	3	5,666,368	7,752,894	6,471,241
Trust	4	-	10,000	14,000
Social Housing	5	-	707,246	752,550
Enterprise	6	-	8,820,653	9,565,941
Treaty	7	-	952,675	556,261
		5,666,368	18,243,468	17,359,993
Annual surplus (deficit) before other items		(595,644)	1,086,710	452,642
Other revenue				
Treaty loan forgiveness (Note 12)		-	2,810,604	-
Annual surplus (deficit)		(595,644)	3,897,314	452,642
Accumulated surplus, beginning of year		20,272,463	20,272,463	19,819,821
Accumulated surplus, end of year (Note 14)		19,676,819	24,169,777	20,272,463

The accompanying notes are an integral part of these financial statements

Tseshah First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2020

	2020 Budget (Note 18)	2020	2019
Annual surplus (deficit)	(595,644)	3,897,314	452,642
Purchases of tangible capital assets	-	(411,437)	(636,152)
Loss on writedown of tangible capital assets	-	163,012	-
Amortization of tangible capital assets	-	1,273,525	1,303,961
	-	1,025,100	667,809
Acquisition of prepaid expenses	-	(22,130)	(50,424)
Use of prepaid expenses	-	50,426	63,010
	-	28,296	12,586
Decrease in net financial assets	(595,644)	4,950,710	1,133,037
Net financial assets (net debt), beginning of year	841,255	841,255	(291,782)
Net financial assets (net debt), end of year	245,611	5,791,965	841,255

Tseshaht First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	3,897,314	452,641
Non-cash items		
Amortization	1,273,525	1,303,961
Bad debts	14,709	40,418
Earnings from investment in First Nation business partnerships	(45,277)	(94,248)
Earnings from investment in First Nation business enterprises	(1,837,842)	(110,331)
Treaty loan forgiveness	(2,810,604)	-
Loss on writedown of tangible capital assets	163,012	-
	654,837	1,592,441
Changes in working capital accounts		
Accounts receivable	(160,065)	(253,782)
Prepaid expenses	28,296	12,585
Funds held in trust	(5,430)	(8,245)
Inventory for resale	(1,267)	(24,276)
Accounts payable and accruals	246,448	173,849
Deferred revenue	263,635	310,739
	1,026,454	1,803,311
Financing activities		
Advances of long-term debt	595,975	30,633
Repayment of long-term debt	(653,915)	(1,598,156)
	(57,940)	(1,567,523)
Capital activities		
Purchases of tangible capital assets	(411,437)	(636,152)
Investing activities		
Purchase of term investments	(8,026)	(14,035)
Decrease in restricted cash	12,284	31,253
Advances from (to) related parties	636,527	(221,322)
Withdrawal from First Nation business enterprises	564,358	1,200,000
	1,205,143	995,896
Increase in cash and cash equivalents	1,762,220	595,532
Cash and cash equivalents, beginning of year	2,816,755	2,221,223
Cash and cash equivalents, end of year	4,578,975	2,816,755