



Tla-o-qui-aht First Nation Annual General Meeting

For the year ended March 31, 2020

Presented by: **Kali Friday, CPA, CA, CAFM**

Date: **November 5, 2020**

Our Responsibilities as your Auditor

- Gather appropriate and sufficient evidence to support the amounts on the financial statements
- Form an opinion of whether the financial statements are free of material misstatement, whether due to fraud or error
- The International Ethics Standards Board (IESBA) for Accountants requires auditors to maintain independence
- Management is responsible for the financial statements themselves

Audit Opinion

- Unqualified opinion
 - *The consolidated financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards*

Audit Findings

- Excellent assistance from management and staff
- MNP LLP is independent from Tla-o-qui-aht First Nation
- No significant audit issues were identified

Organizational Structure

The audited financial statements include:

100% Consolidated

- Tla-o-qui-aht First Nation
- CMHC Social Housing

% of Earnings

- Tla-o-qui-aht First Nation Master Limited Partnership
 - TFN Seafoods Limited Partnership
 - TWR Resort Limited Partnership (Tin Wis)
 - TFN Micro Power Limited Partnership
 - Haa-ak-suuk Creek Hydro Limited Partnership
 - Winchie Creek Hydro Limited Partnership
 - Canoe Creek Hydro Limited Partnership
- Tsix-Waa-Cahs Holdings Ltd.

Consolidated Financial Statements

Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of Tla-o-qui-aht First Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net debt, cash flows and the related schedules 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 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.

Consolidated Statement of Financial Position (Page 1)



	2020	2019
Financial assets		
Cash resources	2,981,225	2,291,379
Accounts receivable (Note 3)	1,750,198	1,657,650
Guaranteed investment certificate	-	716,195
Funds held in trust (Note 4)	356,222	299,620
Restricted cash (Note 5)	893,261	837,964
Advances to related Nation entities (Note 6)	83,507	110,908
Investment in Nation business entities (Note 7)	278,768	418,248
Total financial assets	6,343,181	6,331,964

Major changes

Cash resources:

- Repayment of long-term debt of \$800K, new debt acquired of \$105K, capital purchases of \$291K, BC Gaming Funding of \$732k unspent at year-end, GIC matured \$716k

Guaranteed investment certificate:

- Matured during the year – included in cash resources

7. Investments in Nation business entities

Summary financial information for each Nation business entity, accounted for using the modified equity method, for their respective year-ends are as follows:

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Distributions and other adjustments</i>	<i>2020 Total investment</i>
Wholly-owned Businesses:					
Tla-o-qui-aht First Nation Economic Development Corporation	1,125,774	-	(7,840)	-	1,117,934
Tsiix Waa Cahs Holdings Ltd.	49,016	9,114	(400)	-	57,730
	1,174,790	9,114	(8,240)	-	1,175,664
First Nation Business Partnerships – Modified Equity:					
TFN Master Limited Partnership (99.9%)	(756,542)	466,830	43,516	(650,700)	(896,896)
	418,248	475,944	35,276	(650,700)	278,768

Share of Earnings:

TFN Seafoods LP	\$749K
Micro Hydro's	(\$1,003K)
TWR Resort LP	\$523K
TFN Master LP	<u>(\$225K)</u>
	\$43K

Consolidated Statement of Financial Position (Page 1)



	2020	2019
Liabilities		
Accounts payable and accruals	719,163	1,186,342
Deferred revenue (Note 8)	588,897	655,698
Long-term debt (Note 9)	16,294,605	16,989,951
Treaty loan (Note 10)	-	5,614,886
Total liabilities	17,602,665	24,446,877

Major changes:

Accounts payable → Timing difference – increase in prior year related to capital projects

Long-term debt → New BMO loan of \$54K, New NEDC loan Tribal Parks Boat \$51K, less repayments of \$800K

Treaty loan → The federal government forgave prior debt to negotiate comprehensive claims and treaties.

Consolidated Statement of Financial Position (Page 1)



	2020	2019
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	50,325,730	53,292,951
Prepaid expenses	58,002	73,623
Total non-financial assets	50,383,732	53,366,574

Major changes:

- Tangible capital assets → Purchases of \$291K less amortization of \$3M
- Additions included water taxi, tribal parks boat, vehicle and trailer

Financial Position



	2020	2019
Total financial assets	6,343,181	6,331,964
Total liabilities	17,602,665	24,446,877
Total non-financial assets	50,383,732	53,366,574
Accumulated surplus (Note 11)	39,124,248	35,251,661

Accumulated Surplus (Page 15)

11. Accumulated surplus

Accumulated surplus consists of the following:

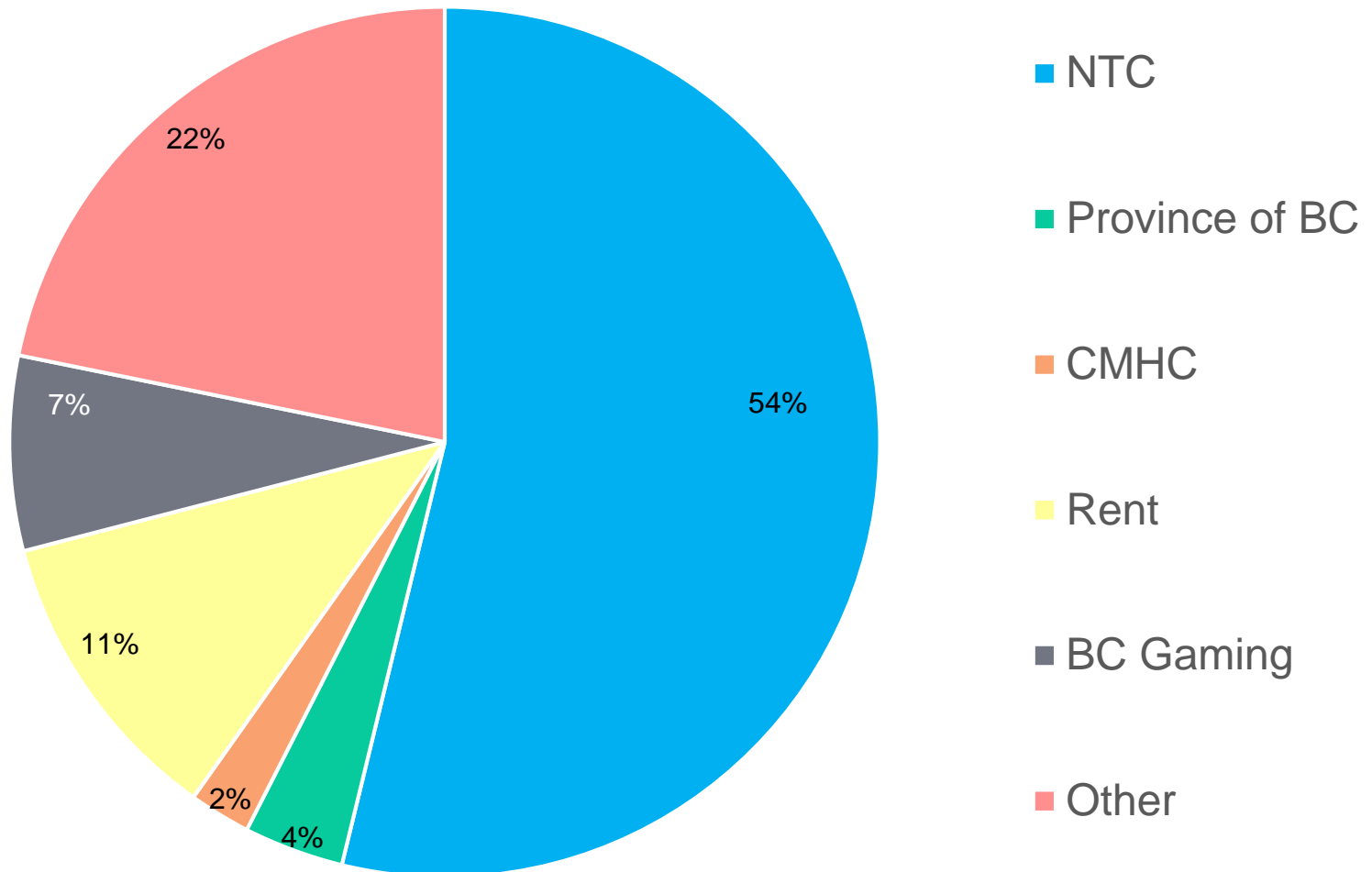
	2020	2019
Equity in Ottawa Trust funds	356,222	299,620
Deficit in operating fund	(1,696,734)	(8,405,682)
Equity in tangible capital assets	39,493,258	42,074,901
Investment in First Nation business entities (enterprise fund)	278,768	418,248
Replacement and operating reserves	692,734	864,574
	39,124,248	35,251,661

Consolidated Statement of Operations (Page 2)



	<i>Schedules</i>	<i>2020 Budget (Note 14)</i>	<i>2020</i>	<i>2019</i>
Revenue				
Nuu-chah-nulth Tribal Council		5,240,703	5,445,782	4,574,324
Other revenue and recoveries		793,954	1,236,047	1,500,158
BC Gaming		-	732,437	-
Province of British Columbia		388,000	376,115	315,302
Canada Mortgage and Housing Corporation		320,606	232,118	231,268
Department of Fisheries and Oceans		130,809	130,809	130,809
First Nations Health Authority		215,029	30,253	219,338
Rental income		922,130	1,130,030	911,856
Property tax income		177,000	308,369	177,000
Lease income		132,900	144,929	122,616
British Columbia Treaty Commission		-	121,233	-
Interest income		61,500	178,594	165,691
Earnings from investment in Nation business entities		1,272,631	35,276	815,380
Donations		15,000	20,632	11,500
Administration fees		629,859	-	-
Total revenues		10,300,121	10,122,624	9,175,242

2020 Revenue



Consolidated Statement of Operations (Page 2)



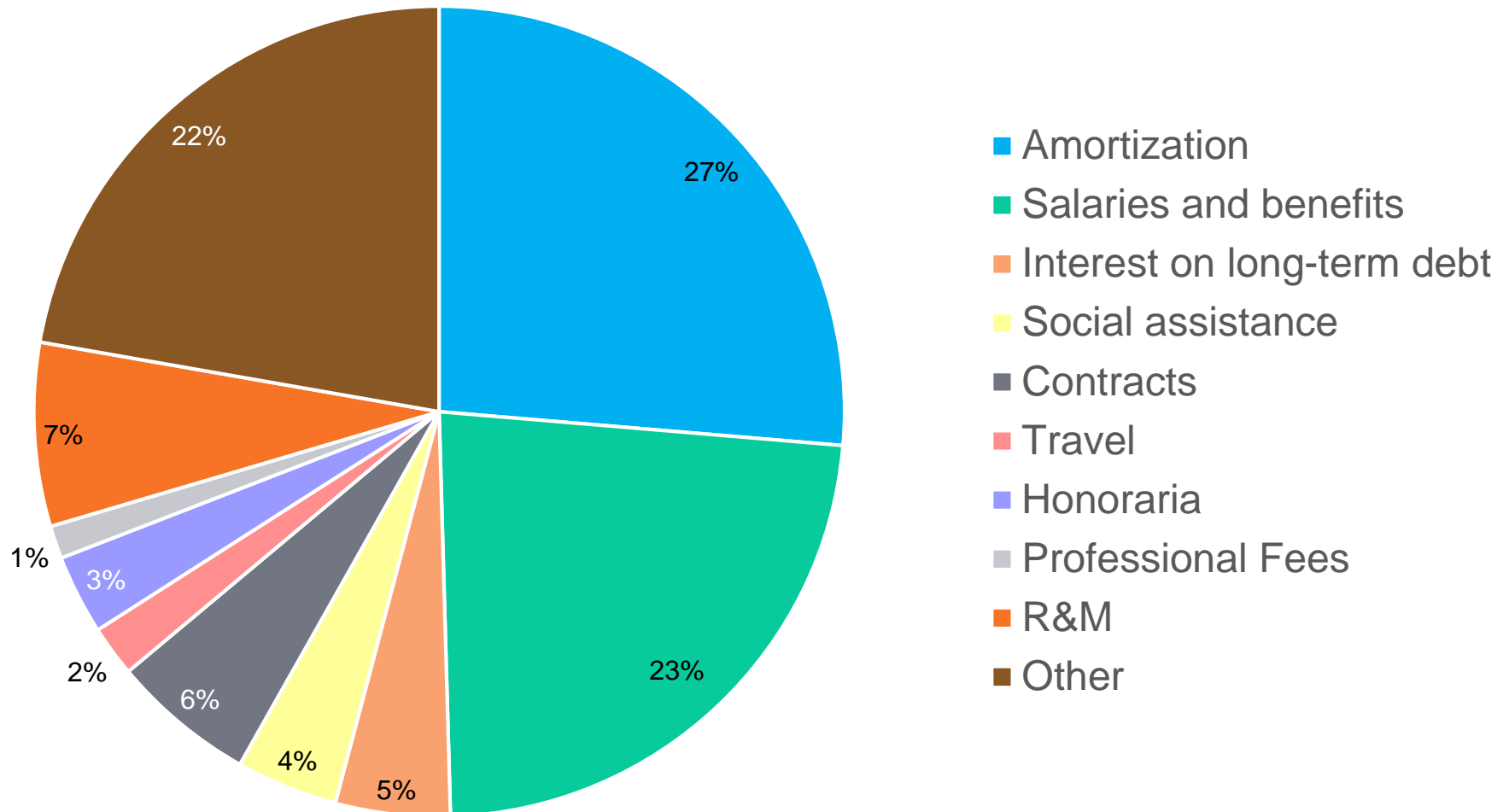
	<i>Schedules</i>	<i>2020 Budget (Note 14)</i>	<i>2020</i>	<i>2019</i>
Program expenses				
Administration	3	1,364,225	804,236	950,531
Public Works	4	1,980,432	4,885,194	5,092,648
Community and Human Services	5	1,645,431	1,764,507	1,621,416
Natural Resources	6	1,744,345	1,202,616	1,379,845
Education	7	830,669	823,687	800,264
Housing	8	2,474,710	2,384,683	1,623,577
Total expenditures		10,039,812	11,864,923	11,468,281
Annual surplus (deficit) before other income		260,309	(1,742,299)	(2,293,039)
Other revenue and transfers				
Transfers between programs		317,577	-	-
Treaty loan forgiveness <i>(Note 10)</i>		-	5,614,886	-
Annual surplus (deficit)		577,886	3,872,587	(2,293,039)
Accumulated surplus, beginning of year		35,251,661	35,251,661	37,544,700
Accumulated surplus, end of year		35,829,547	39,124,248	35,251,661



Consolidated Expenses by Object (Page 20)

	2020 Budget (Note 14)	2020	2019
Consolidated expenses by object			
ACRS projects	226,509	5,073	194,692
Administration (recovery)	645,573	(4,502)	(1,503)
Amortization	232,527	3,125,384	3,032,961
Bad debts	50,000	68,852	-
Bank charges and interest	9,820	4,948	12,465
Community events	20,000	47,761	31,009
Community garden	5,000	1,000	6,558
Contracted services	938,251	680,174	1,053,284
Donations and contributions	2,000	-	3,738
Elders costs	-	13,714	13,510
Election, membership code	-	5,725	5,804
Equipment and furniture	1,289,328	605,583	151,984
Equipment lease	12,250	14,206	12,421
Family support	47,403	109,644	105,380
Fees, licences and dues	4,500	15,795	5,398
Food bank	-	13,080	10,809
Food fish	78,835	70,246	55,664
Freight and postage	3,078	4,326	3,493
Fuel	46,693	64,766	30,298
Honoraria	345,430	376,484	339,753
Insurance	113,063	125,213	111,060
Interest on long-term debt	482,529	542,290	667,546
Janitorial and supplies	96,565	86,288	77,453
MTSA	207,380	250,894	278,791
Materials	260,957	202,830	115,262
Medical Travel	243,218	302,520	203,825
Meeting	58,805	48,199	54,142
Miscellaneous	9,000	13,034	-
National child benefit	14,000	10,030	13,963
Professional fees	72,710	156,195	327,645
Rent	138,000	164,400	131,600
Repairs and maintenance	586,987	868,642	717,418
Salaries and benefits	2,751,263	2,754,076	2,515,884
Social assistance	509,500	481,390	519,548
Student expenses	23,000	23,863	26,531
Technical support	7,500	17,955	10,224
Telecommunications	65,508	55,595	62,693
Training	143,348	122,491	111,607
Travel	107,882	239,878	239,316
Utilities	191,400	176,881	216,055
	10,039,812	11,864,923	11,468,281

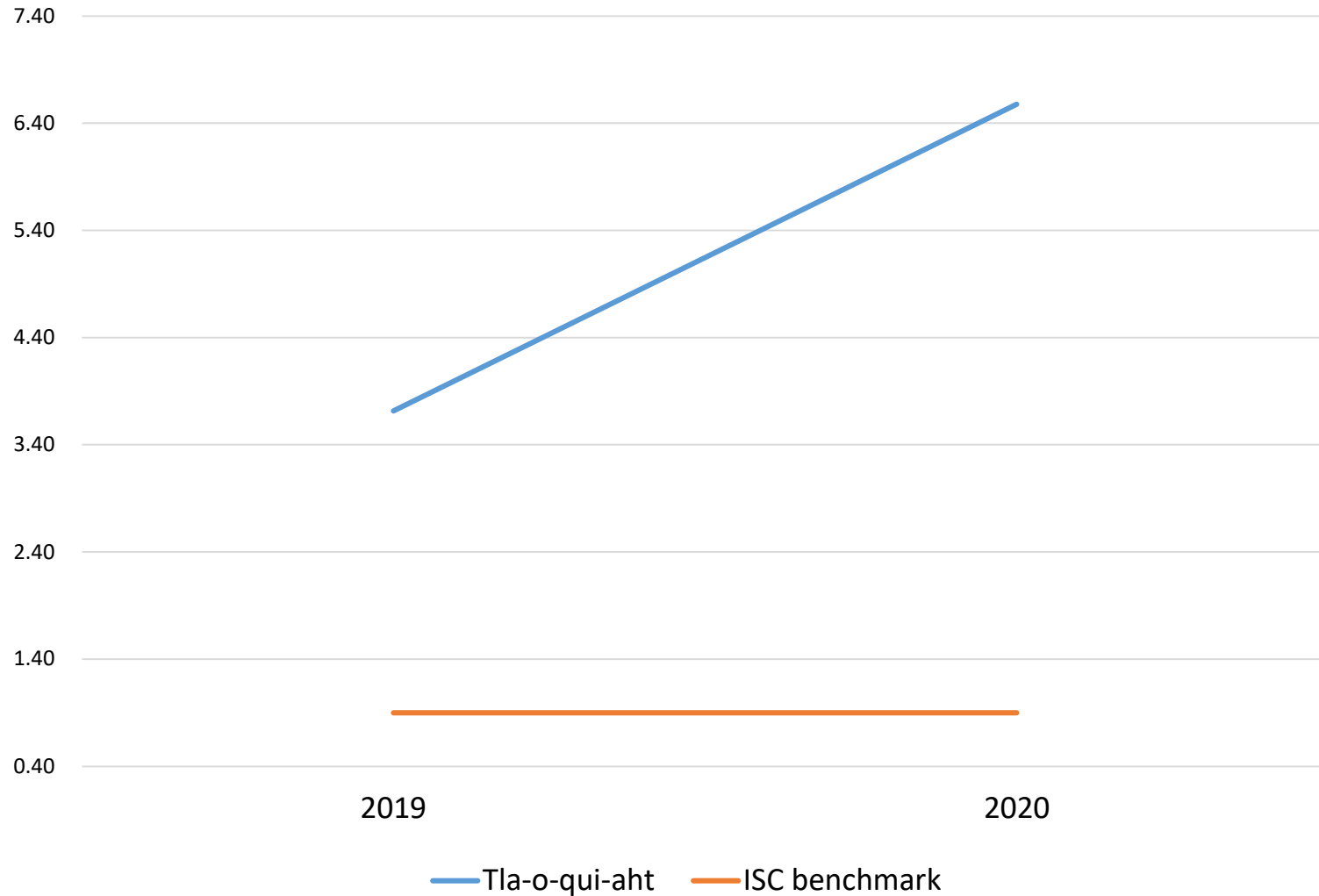
2020 Expenses



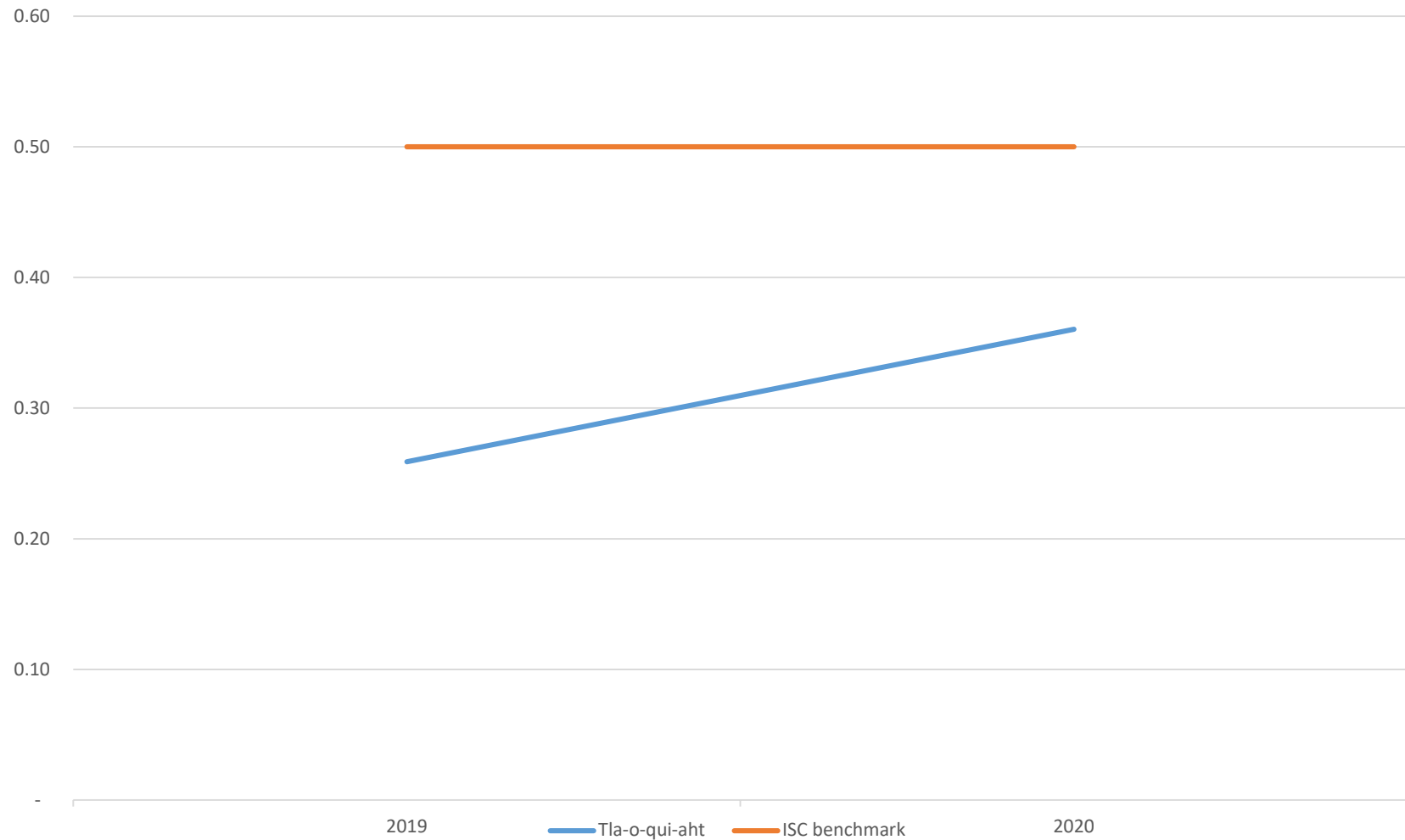
Financial Indicators

- **Liquidity**
 - Measures short-term health
- **Sustainability**
 - Measures ability to operate into the future
- **Working Capital to Revenue**
 - Assessment of “cushion”

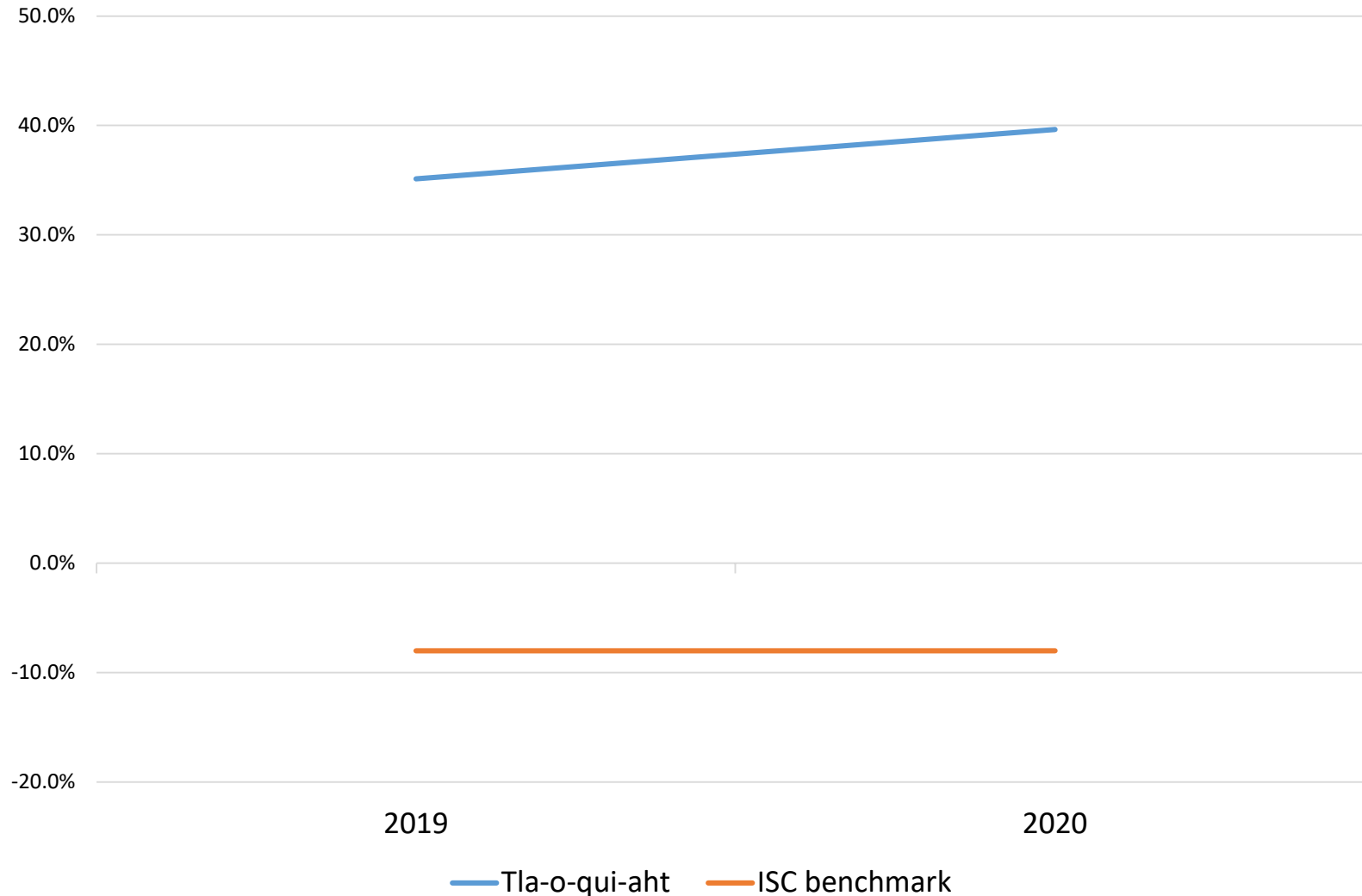
Liquidity (Short-Term Health)



Sustainability (Longer Term Health)



Working Capital to Revenue



Terminology Used in the Next Slides

Revenue

- Increase in economic resources
- Revenue from financial statements

Expenditures

- Decrease in economic resources
- Expenses from financial statements

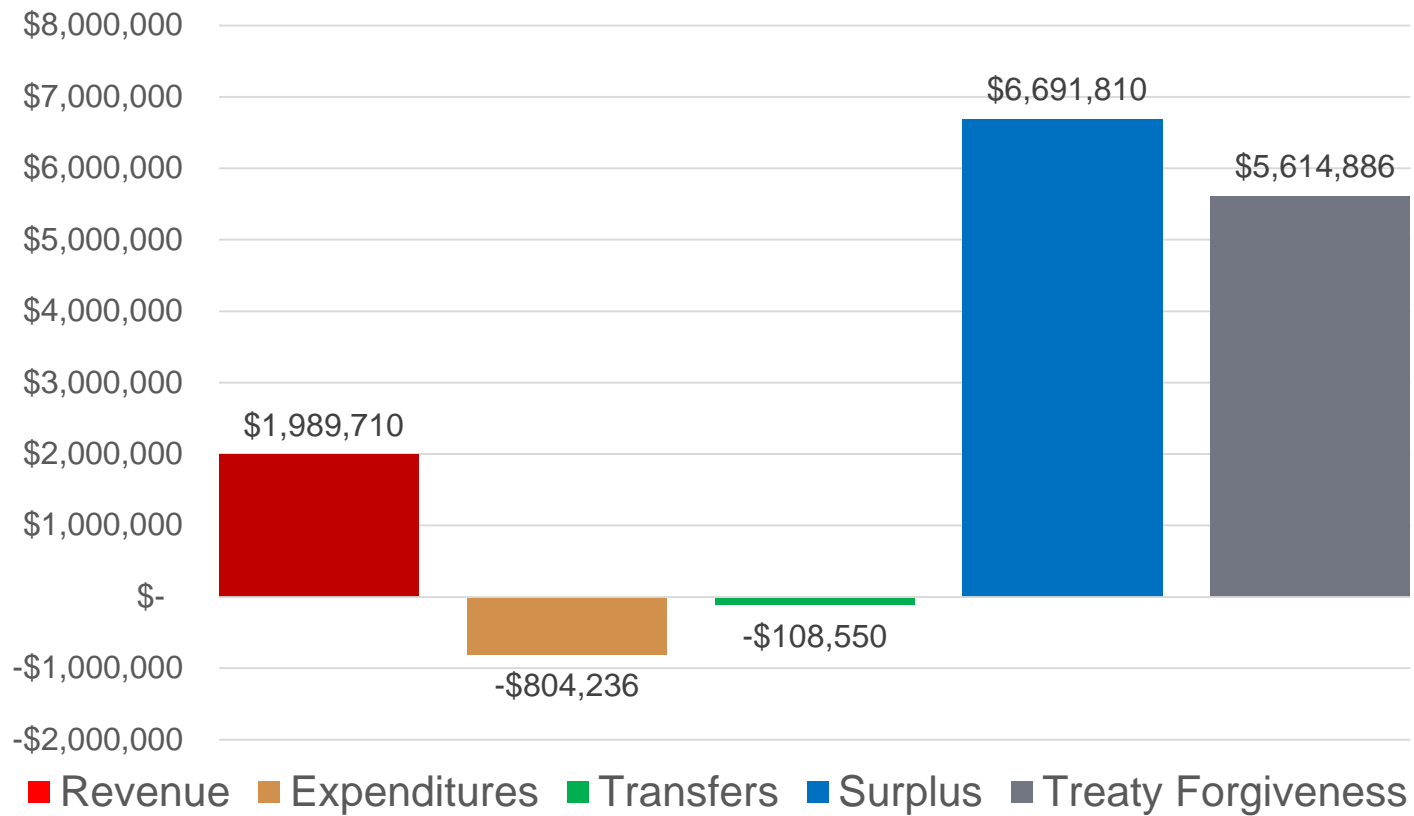
Transfers

- Transfers between departments (administration fees, etc)

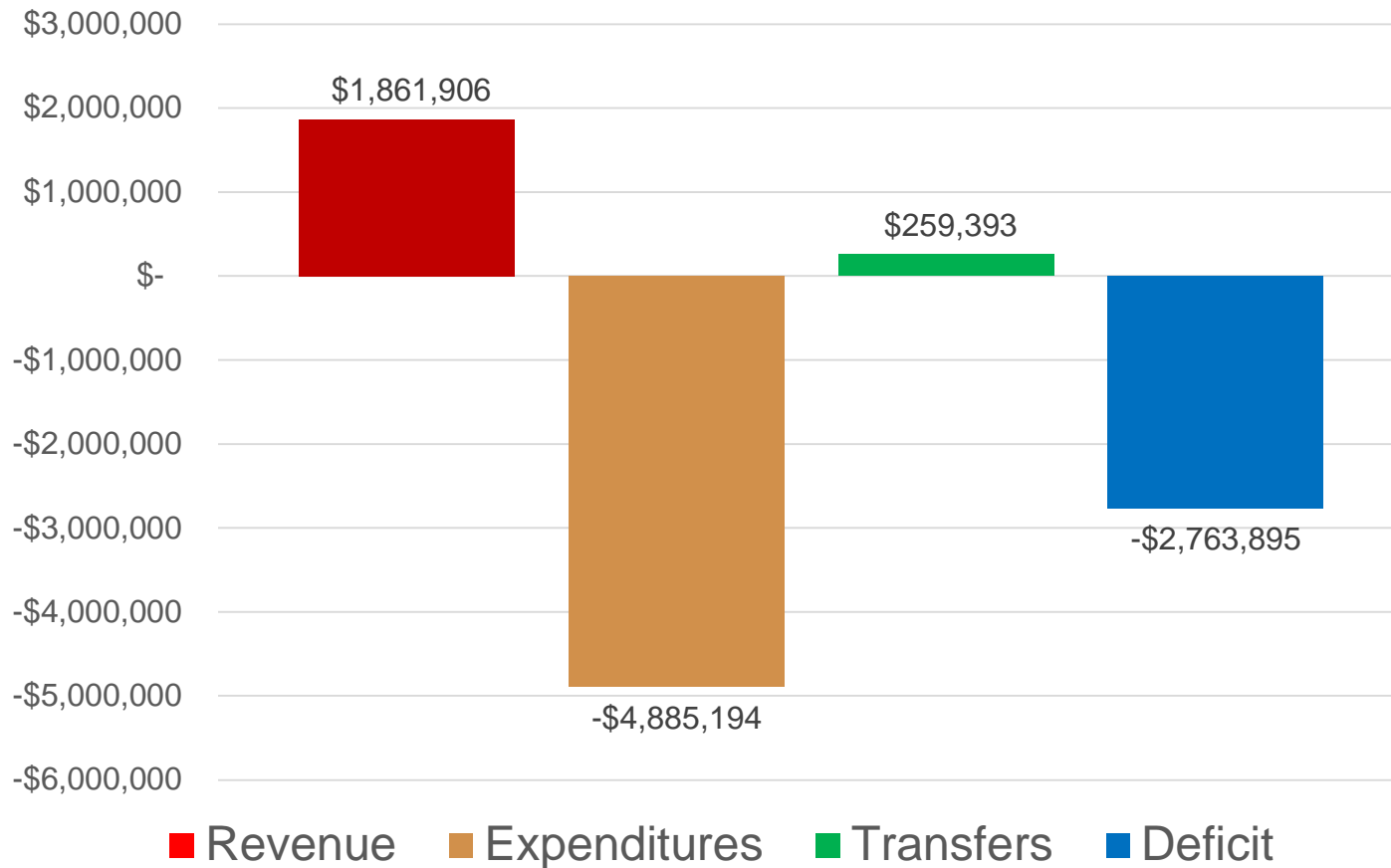
Excess (deficiency)

- The result of combining all of the above

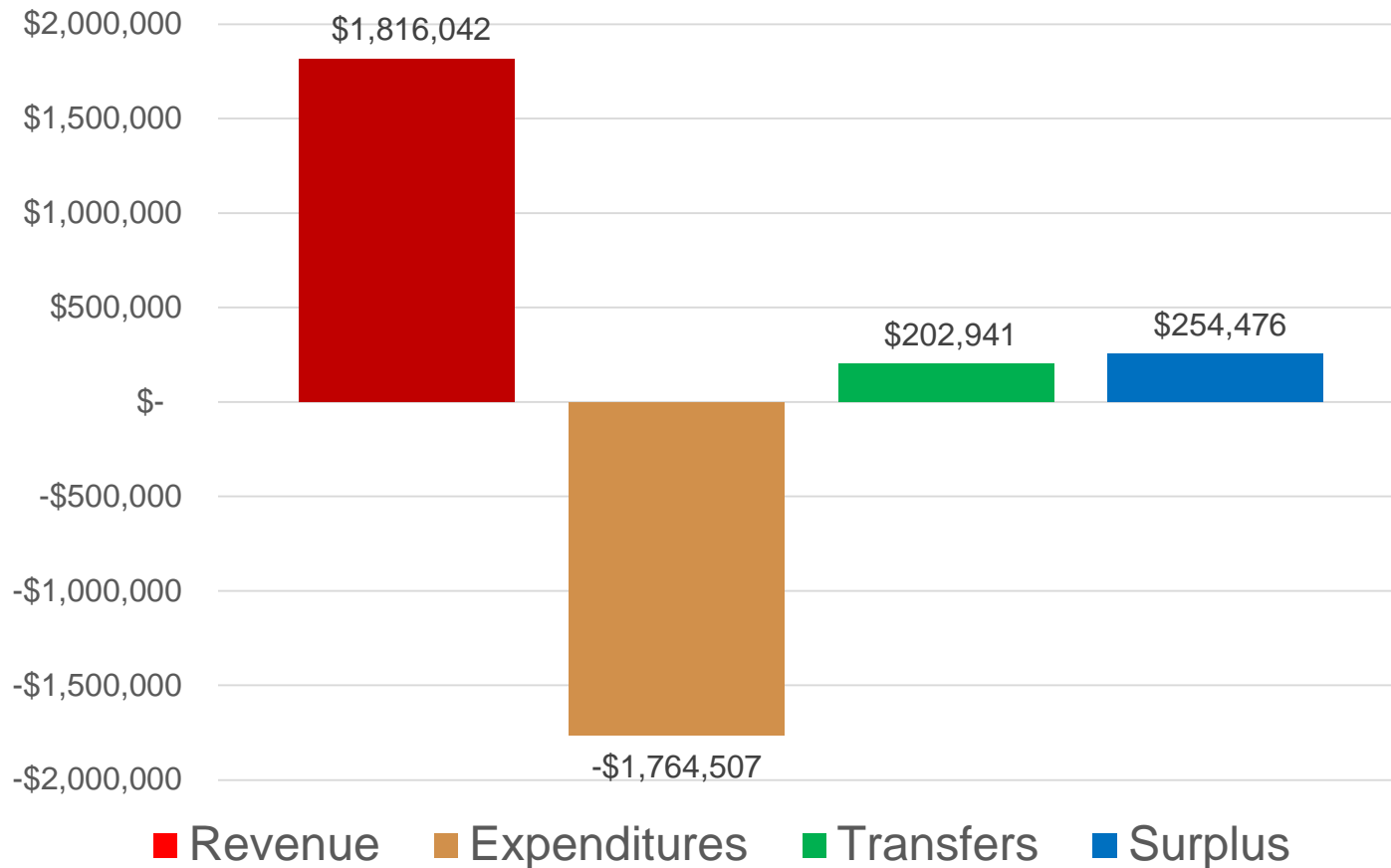
Administration



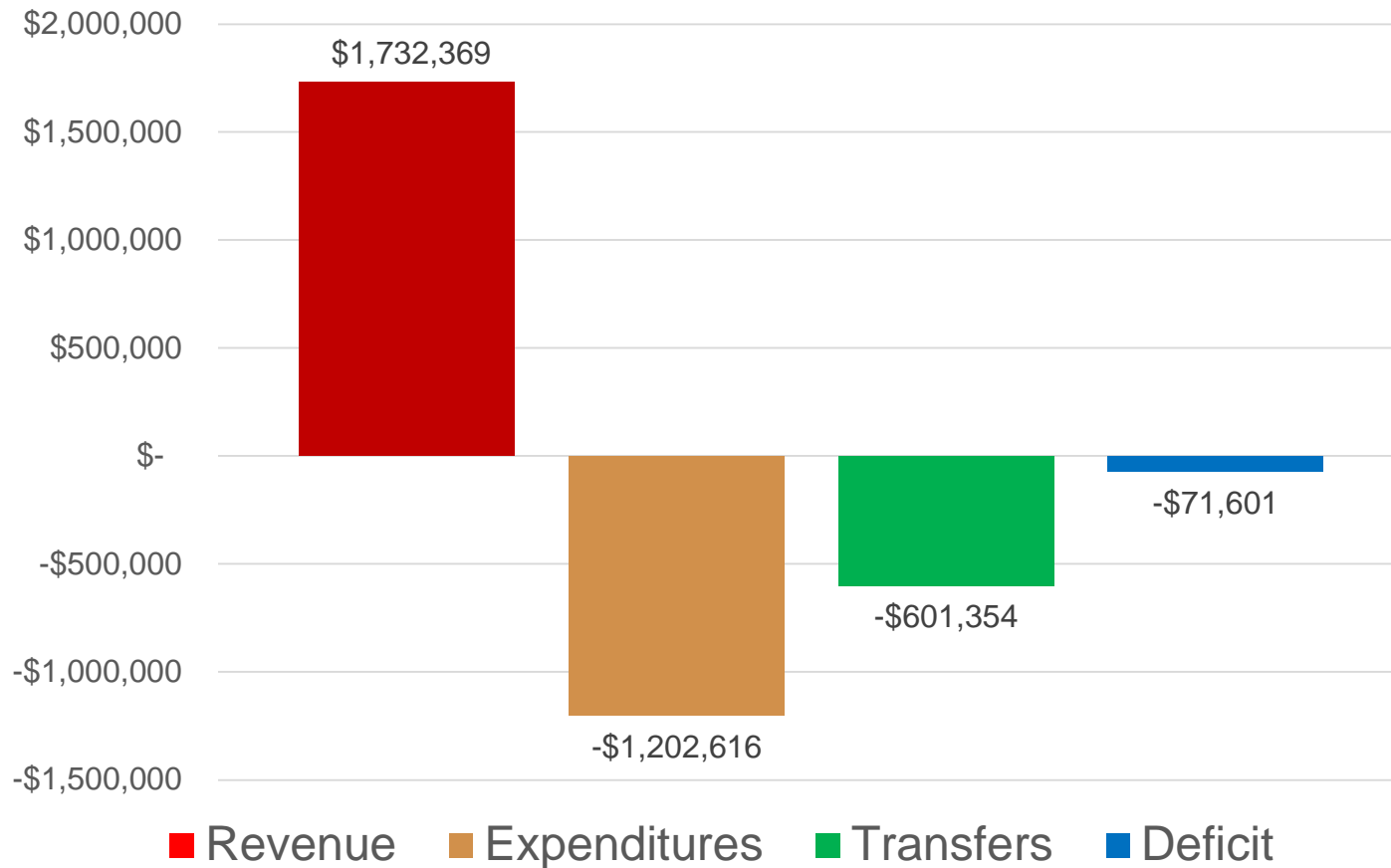
Public Works



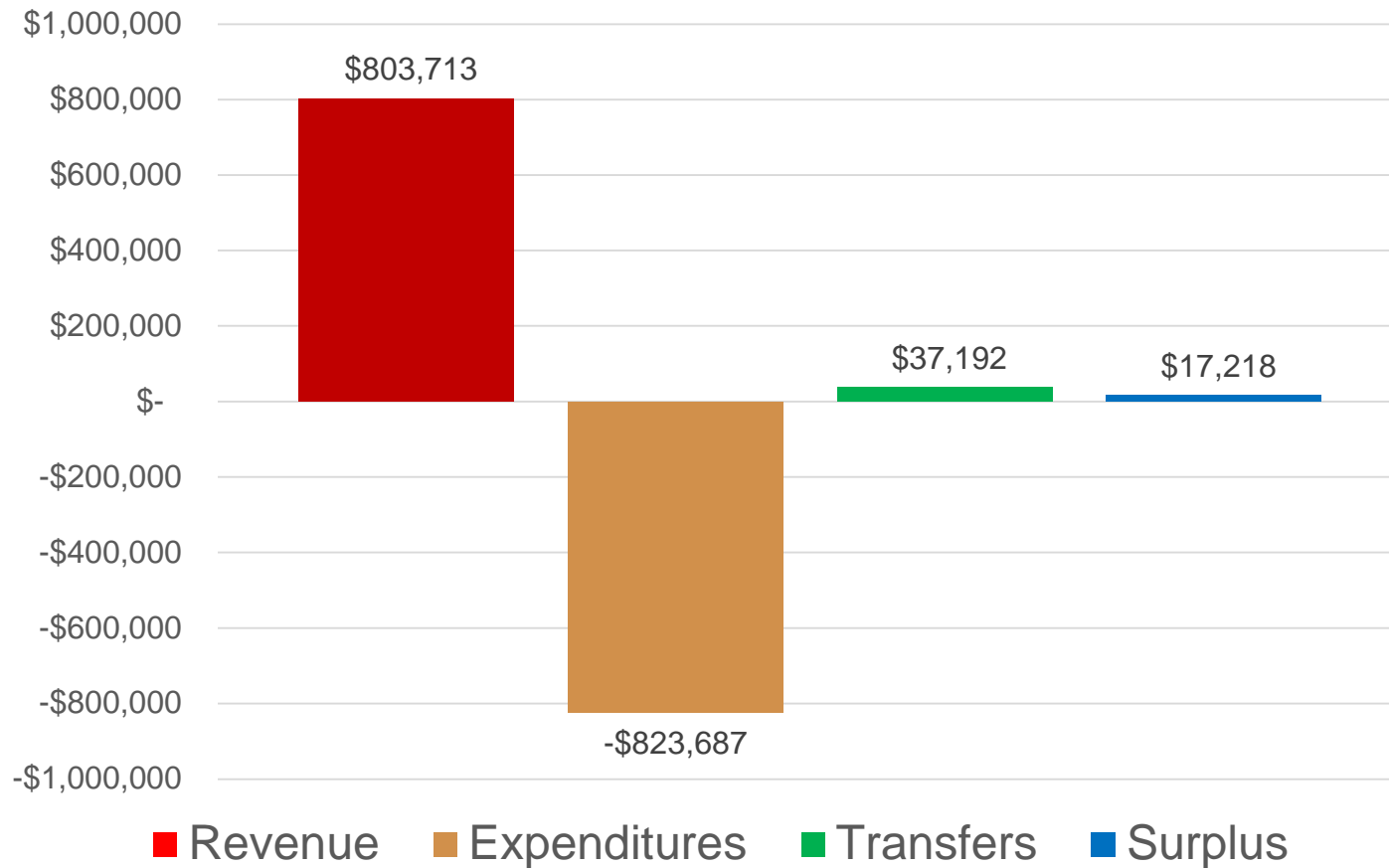
Community and Human Services



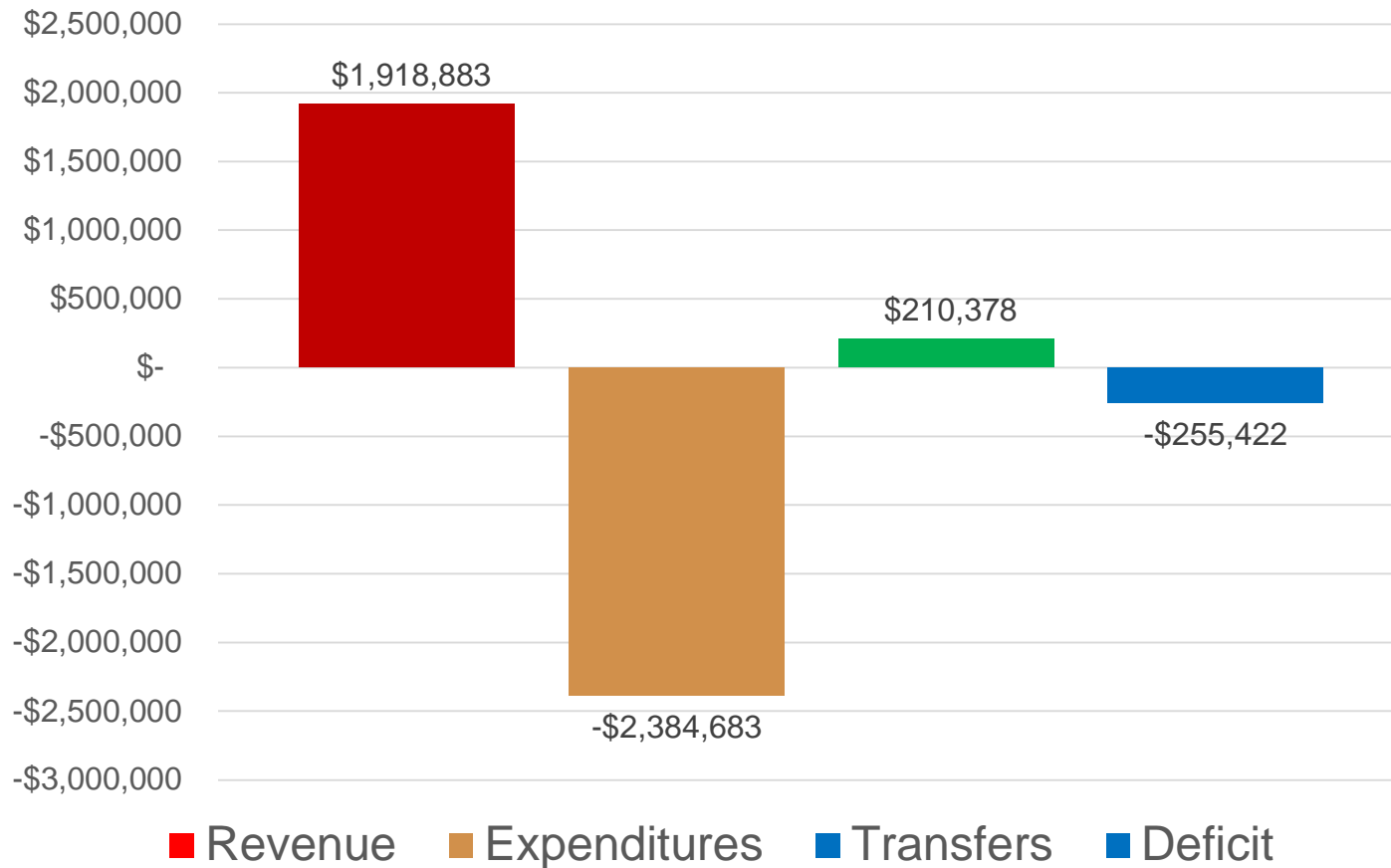
Natural Resources



Education



Housing





Thank you!

Questions?