

Swan River First Nation
Consolidated Financial Statements
March 31, 2021

Swan River First Nation

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated 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 First Nation maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's Assets are appropriately accounted for and adequately safeguarded.

The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.

Original Signed By Chief

Original Signed By Councilor

Original Signed By Councilor

Original Signed By Councilor

Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
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INDEPENDENT AUDITORS' REPORT

To the Chief and Council

Opinion

We have audited the consolidated financial statements of **Swan River First Nation** (the Entity), which comprise the consolidated statement of financial position as at March 31, 2021, and the results of its operations, changes in its net financial assets and cash flows for the years 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 financial position of the Swan River First Nation as at March 31, 2021, 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 Entity 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 these 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 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 relating to going concern and using the going concern basis of accounting unless management either intends 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 Responsibility 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 judgement 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

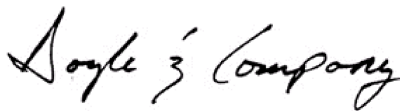
INDEPENDENT AUDITORS' REPORT - continued

- 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Scott Mockford, CPA, CA.



11210 - 107 Avenue NW
Edmonton, Alberta
T5H 0Y1

September 23, 2021

Chartered Professional Accountants

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

| | 2021 | 2020 (Restated) |
|---|-------------------|--------------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | 4,287,452 | 1,161,274 |
| Restricted cash (Note 3) | 4,049,920 | 3,664,107 |
| Investments (Note 4) | 35,607,222 | 32,223,559 |
| Accounts receivable (Note 5) | 729,170 | 1,152,528 |
| Investment in First Nation controlled entities (Note 6) | 2,083,741 | 1,015,835 |
| | 46,757,505 | 39,217,303 |
| LIABILITIES | | |
| Accounts payable (Note 8) | 625,150 | 683,119 |
| Deferred contributions (Note 9) | 3,975,982 | 2,105,641 |
| Long-term liabilities (Note 10) | 4,020,729 | 4,324,230 |
| | 8,621,861 | 7,112,990 |
| NET FINANCIAL ASSETS | 38,135,644 | 32,104,313 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2) | 13,439,322 | 13,347,206 |
| Prepaid expenses | 56,602 | 98,493 |
| | 13,495,924 | 13,445,699 |
| ACCUMULATED SURPLUS (Schedule 1 and Note 14) | 51,631,568 | 45,550,012 |

Approved by the First Nation:

Original Signed By Chief

Original Signed By Councilor

Original Signed By Councilor

Original Signed By Councilor

The accompanying notes form part of these financial statements.

Swan River First Nation
Consolidated Statement of Financial Activities
For the year ended March 31, 2021

| | 2021 Budget | 2021 Actual | 2020 Actual (Restated) |
|--|------------------------|------------------------|---------------------------------------|
| | \$ | \$ | \$ |
| REVENUE | | | |
| Indigenous Services Canada | 9,161,512 | 9,161,512 | 8,178,281 |
| Lesser Slave Lake Indian Regional Council | 30,000 | 30,000 | 30,000 |
| Health Canada | 3,261,973 | 3,261,972 | 2,688,940 |
| First Nations Development Fund | - | 288,156 | 475,160 |
| Indigenous Skills and Employment Training | 441,558 | 441,558 | 375,180 |
| Canada Mortgage and Housing Corporation | - | 1,961,467 | 94,753 |
| Other revenue | 643,857 | 2,429,759 | 3,108,323 |
| Revenue deferred from previous period | 1,402,933 | 2,105,641 | 1,340,737 |
| Revenue deferred to subsequent period | (1,966,847) | (3,975,982) | (2,105,641) |
| | 12,974,986 | 15,704,083 | 14,185,733 |
| EXPENDITURES | | | |
| Administration | 3,432,150 | 3,516,715 | 1,960,626 |
| CMHC Housing | - | 134 | - |
| CMHC Multi-plex | - | 47,846 | 52,287 |
| Child Welfare Committee | 44,457 | 26,302 | 30,923 |
| Consultation | - | 715,321 | 925,363 |
| Cultural Activities | - | 120,516 | 189,704 |
| Economic Development | 1,526,911 | 79,302 | 562,878 |
| Education - Post Secondary | 628,183 | 540,419 | 624,824 |
| First Nations Development Fund | - | 211,961 | 226,357 |
| Health Services | 1,910,447 | 1,711,312 | 1,770,776 |
| Honouring Life | 288,153 | 294,178 | 11,913 |
| Housing | 1,228,520 | 1,599,103 | 1,236,753 |
| Indigenous skills and Employment Training | - | 474,184 | 415,729 |
| School | 2,243,233 | 2,339,651 | 2,182,826 |
| Social Services | 1,318,935 | 1,340,031 | 1,138,305 |
| Water Treatment Plant | 353,997 | 384,840 | 384,737 |
| Agricultural Benefit Trust | - | - | 1,283,703 |
| | 12,974,986 | 13,401,815 | 12,997,704 |
| Excess of Revenue Over Expenditures Before Other Expenditures | - | 2,302,268 | 1,188,029 |
| Other Expenditures | | | |
| Amortization | - | (799,181) | (789,616) |
| EXCESS OF REVENUE OVER EXPENDITURES | - | 1,503,087 | 398,413 |

The accompanying notes form part of these financial statements.

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

| | 2021 | 2020 (Restated) |
|---|-------------------|--------------------|
| | \$ | \$ |
| EXCESS OF REVENUES OVER EXPENDITURES | 6,081,556 | 218,717 |
| Acquisition of tangible capital assets | (891,297) | (1,620,392) |
| Proceeds on disposal of tangible capital assets | - | 119,524 |
| Amortization of tangible capital assets | 799,181 | 789,618 |
| | (92,116) | (711,250) |
| Acquisition of prepaid assets | (56,599) | (98,490) |
| Use of prepaid assets | 98,490 | 133,294 |
| | 41,891 | 34,804 |
| INCREASE (DECREASE) IN NET ASSETS | 6,031,331 | (457,729) |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | 32,104,313 | 32,562,042 |
| NET FINANCIAL ASSETS, END OF YEAR | 38,135,644 | 32,104,313 |

The accompanying notes form part of these financial statements.

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

| | 2021 | 2020 (Restated) |
|--|-------------|--------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from funding agencies and other income | 17,997,782 | 15,199,916 |
| Cash paid to suppliers and employees | (8,839,424) | (13,577,021) |
| | 9,158,358 | 1,622,895 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net increase (decrease) in long-term liabilities | (303,501) | 297,386 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in investments | (3,383,663) | (248,163) |
| Increase in investment in First Nation controlled entities | (1,067,906) | (448,449) |
| Tangible capital assets acquired | (891,297) | (1,620,392) |
| Proceeds on sale of capital assets | - | 119,524 |
| | (5,342,866) | (2,197,480) |
| INCREASE (DECREASE) IN CASH DURING THE YEAR | 3,511,991 | (277,199) |
| CASH, Beginning of year | 4,825,381 | 5,102,580 |
| CASH, End of year | 8,337,372 | 4,825,381 |
| Cash is Comprised of: | | |
| Cash | 4,287,452 | 1,161,274 |
| Restricted cash | 4,049,920 | 3,664,107 |
| | 8,337,372 | 4,825,381 |

The accompanying notes form part of these financial statements.

Swan River First Nation

Consolidated Statement of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2021

| | Unrestricted Surplus \$ | Equity in Tangible Capital Assets \$ | Equity in Enterprise Fund \$ | Equity in Trust Funds \$ | Equity in Reserve \$ | 2021 \$ | 2020 (Restated) \$ |
|---|-------------------------------|--|------------------------------------|--------------------------------|----------------------------|-------------------|--------------------------|
| Balance, Beginning of Year, as originally stated | 1,446,863 | 9,022,976 | 367,709 | 33,958,698 | 105,640 | 44,901,886 | 45,331,295 |
| Prior Period Adjustment (Note 15) | - | - | 648,126 | - | - | 648,126 | - |
| Balance, Beginning of Year, as restated | 1,446,863 | 9,022,976 | 1,015,835 | 33,958,698 | 105,640 | 45,550,012 | 45,331,295 |
| Excess of revenue over expenditures | 1,503,087 | - | (83,968) | 7,919 | - | 1,427,038 | 218,717 |
| Excess of revenue over expenditures - Trust Funds | (641,905) | - | - | 5,296,423 | - | 4,654,518 | - |
| Unrestricted funds transferred to reserve | (1,231,901) | - | 1,151,874 | - | 80,027 | - | - |
| Current years funds used for tangible capital assets | (891,297) | 891,297 | - | - | - | - | - |
| Annual amortization expense | 799,181 | (799,181) | - | - | - | - | - |
| Long-term liabilities repaid | (303,501) | 303,501 | - | - | - | - | - |
| Change in accumulated surplus | (766,336) | 395,617 | 1,067,906 | 5,304,342 | 80,027 | 6,081,556 | 218,717 |
| Balance, End of Year | 680,527 | 9,418,593 | 2,083,741 | 39,263,040 | 185,667 | 51,631,568 | 45,550,012 |

The accompanying notes form part of these financial statements.

Swan River First Nation
Consolidated Statement of Tangible Capital Assets - Schedule 2
For the year ended March 31, 2021

| | Automotive | Buildings & Infrastructure | Furniture & Equipment | 2021 | 2020 |
|--|----------------|----------------------------|-----------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| COST: | | | | | |
| Balance, Beginning of Year | 841,838 | 18,058,391 | 63,055 | 18,963,284 | 17,529,501 |
| Acquisition of tangible capital assets | - | 891,297 | - | 891,297 | 1,620,392 |
| Disposal of tangible capital assets | - | - | - | - | (186,609) |
| Balance, End of Year | 841,838 | 18,949,688 | 63,055 | 19,854,581 | 18,963,284 |
| ACCUMULATED AMORTIZATION: | | | | | |
| Balance, Beginning of Year | 410,101 | 5,151,131 | 54,846 | 5,616,078 | 4,893,536 |
| Annual amortization | 129,521 | 668,018 | 1,642 | 799,181 | 789,618 |
| Accumulated amortization on disposals | - | - | - | - | (67,076) |
| Balance, End of Year | 539,622 | 5,819,149 | 56,488 | 6,415,259 | 5,616,078 |
| NET BOOK VALUE | 302,216 | 13,130,539 | 6,567 | 13,439,322 | 13,347,206 |
| 2020 NET BOOK VALUE | 431,737 | 12,907,260 | 8,209 | 13,347,206 | |

The accompanying notes form part of these financial statements.

Swan River First Nation

Consolidated Statement of Financial Activities by Program - Schedule 3

For the year ended March 31, 2021

| | 2021 | | | | | 2020 |
|----------------------------------|-------------------------|----------------------|------------------------|------------------------|-----------------------------|----------------------------|
| | LSLIRC Revenue \$ | ISC Revenue \$ | Other Revenue \$ | Total Revenue \$ | Total Expenditures \$ | Surplus (Deficit) \$ |
| Administration | - | 2,733,061 | 1,169,299 | 3,902,360 | 3,516,715 | 385,645 |
| CMHC Housing - #1 | - | - | 524,502 | 524,502 | 134 | 524,368 |
| CMHC Multi-plex | - | - | 108,832 | 108,832 | 47,846 | 60,986 |
| Child Welfare Committee | 30,000 | - | 14,457 | 44,457 | 26,302 | 18,155 |
| Consultation | - | - | 688,192 | 688,192 | 715,321 | (27,129) |
| Cultural Activities | - | - | 120,516 | 120,516 | 120,516 | - |
| Economic Development | - | 1,107,331 | 419,582 | 1,526,913 | 79,302 | 1,447,611 |
| Education - Post Secondary | - | 525,588 | 14,831 | 540,419 | 540,419 | - |
| First Nation Development Fund | - | - | 288,156 | 288,156 | 211,961 | 76,195 |
| Health Services | - | - | 1,781,434 | 1,781,434 | 1,711,312 | 70,122 |
| Housing | - | 879,367 | 719,736 | 1,599,103 | 1,599,103 | - |
| Honouring Life | - | - | 288,153 | 288,153 | 294,178 | (6,025) |
| Indigenous Skills and Employment | - | - | 474,184 | 474,184 | 474,184 | - |
| School | - | 2,243,233 | 19,278 | 2,262,511 | 2,339,651 | (77,140) |
| Social Services | - | 1,318,935 | (127,001) | 1,191,934 | 1,340,031 | (148,097) |
| Water Treatment Plant | - | 353,997 | 8,420 | 362,417 | 384,840 | (22,423) |
| Agriculture Benefit Trust | - | - | - | - | - | - |
| | 30,000 | 9,161,512 | 6,512,571 | 15,704,083 | 13,401,815 | 2,302,268 |

The accompanying notes form part of these financial statements.

Swan River First Nation
Consolidated Statement of Expenditures by Object - Schedule 4
For the year ended March 31, 2021

| | 2021 | 2020 |
|-----------------------------|-------------------|-------------------|
| | \$ | \$ |
| EXPENDITURES | | |
| Administration | 1,087,619 | 610,881 |
| Contract labour | 765,613 | 1,254,749 |
| Distributions to members | - | 345,221 |
| Donations | 10,000 | 16,744 |
| Honorarium | 117,256 | 138,578 |
| Insurance | 121,233 | 180,620 |
| Interest and bank charges | 43,884 | 47,700 |
| Office | 223,452 | 312,155 |
| Professional fees | 52,777 | 273,665 |
| Program expenditures | 3,555,329 | 3,037,674 |
| Repairs and maintenance | 123,454 | 72,893 |
| Supplies and materials | 1,011,035 | 714,457 |
| Training | 117,587 | 114,613 |
| Travel | 212,253 | 302,644 |
| Tuition | 1,627,502 | 1,673,454 |
| Utilities | 801,711 | 787,982 |
| Wages and employee benefits | 3,531,110 | 3,113,674 |
| TOTAL EXPENDITURES | 13,401,815 | 12,997,704 |

The accompanying notes form part of these financial statements.

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

NATURE OF OPERATIONS

Swan River First Nation provides local government, education and social development services to its members and was established under the Indian Act (Canada)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements include the assets, liabilities, and results of operations of Swan River First Nation (the "First Nation") and all related entities and organizations subject to control by Chief and Council. No inclusion has been made of assets, liabilities, revenues or expenses of First Nations members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting and Audit Boards ("PSAB"), which encompasses the following principles:

(a) Fund Accounting

The Swan River First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Swan River First Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation Administration.
- The Tangible Capital Assets Fund which reports the capital Assets of the First Nation, together with their related financing.
- The Enterprise Fund which reports the investment made in controlled entities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of bank accounts and temporary investments with maturities of three months or less.

(c) Investments

Investments are recorded at fair market value.

(d) Reporting Entity and Principles of Financial Reporting

The Swan River First Nation reporting entity includes the Swan River First Nation's government and all related entities which are accountable to the First Nation and are either owned or controlled by the Swan River First Nation.

These financial statements consolidate the Assets, liabilities and results of operations for the following entities which lend themselves to consolidation.

- Swan River First Nation Operating Fund
- Swan River First Nation Trust Funds

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(c) Reporting Entity and Principles of Financial Reporting - continued

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Incorporated business entities, which are owned or controlled by the Swan River First Nation and which are not dependent on the First Nation for their continuing operations are included in the summary financial statements using the modified equity method. These include:

- Wapsewsepi Enterprises Ltd.
- Creeland Resources Inc.
- 18805424 Alberta Ltd.

(e) Revenue Recognition

Government transfers and grant revenue are recognized as the First Nations becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Other revenue, including rent and lease revenue, sales of goods and provision of services are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

(f) Non-Financial Assets

Non-financial Assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

Tangible Capital Assets

Tangible capital Assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis over the prescribed rates:

| | Percentage |
|------------------------------|------------|
| Automotive | 30% |
| Buildings and infrastructure | 5% |
| Furniture and equipment | 20% |

Annual amortization is charged in the year of acquisition and not in the year of disposal.

Assets under construction are not amortized until the asset is available for productive use.

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(g) Trust Funds

The Ottawa Trust Accounts 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

First Nation trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds.

(h) Financial Instruments

The Nation initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities, other than investments, at amortized cost. The financial assets subsequently measured at amortized cost include cash and cash equivalents and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. Investments are recorded at fair value.

The Nation's risk exposures related to its financial instruments are outlined as follows:

Credit Risk

The Nation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations.

Interest Rate Risk

The Nation is exposed to risk that the fair value of financial instruments or future cash flows associated with the instrument will fluctuate due to changes in market interest rates.

(i) 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible and intangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the revenue and expenses in the years in which they become known. Actual results could differ from those estimates.

2. ECONOMIC DEPENDENCE

The Swan River First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada.

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

3. RESTRICTED CASH

| | 2021 | 2020 |
|---|------------------|-------------|
| | \$ | \$ |
| Trust Funds | | |
| Band Capital | 342,694 | 342,694 |
| Band Revenue | 295,373 | 287,454 |
| Agricultural Benefits Trust Fund | | |
| Royal Bank | 3,017,752 | 2,337,858 |
| First Nation Development Fund | 70,042 | 422,683 |
| Canada Mortgage and Housing Corporation | 219,093 | 168,356 |
| Government of Alberta - Education grant funding | 104,966 | 105,062 |
| | 4,049,920 | 3,664,107 |

4. INVESTMENTS

| | 2021 | 2020 |
|---|-------------------|-------------|
| | \$ | \$ |
| Agricultural Benefits Trust Fund | | |
| RBC Wealth Management - Minors Trust | 6,283,583 | 5,830,170 |
| RBC Wealth Management - Agricultural Benefits | 29,323,639 | 25,393,389 |
| Guaranteed Investment Certificate | - | 1,000,000 |
| | 35,607,222 | 32,223,559 |

The RBC Wealth Management investment consists of mutual funds and shares.

5. ACCOUNTS RECEIVABLE

| | 2021 | 2020 |
|---|--------------------|-------------|
| | \$ | \$ |
| Trade | 994,988 | 576,217 |
| Indigenous Services Canada | 10,000 | 203,169 |
| First Nation's & Inuit Health Branch | - | 71,128 |
| First Nation Development Fund | - | 127,636 |
| Government of Alberta | - | 192,000 |
| Canada Housing and Mortgage Corporation | - | 95,530 |
| Goods and Service Tax | 1,317 | 6,480 |
| Members | | |
| Rent and other | 886,655 | 907,580 |
| Water | - | 36,749 |
| Less: Allowance for doubtful accounts | (1,163,790) | (1,063,961) |
| | 729,170 | 1,152,528 |

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

6. INVESTMENTS IN FIRST NATION CONTROLLED ENTITIES

| | 2021 | 2020 |
|--|--------------------|-------------|
| | \$ | \$ |
| Creeland Resources Inc. | | |
| Shares | 1,800,100 | 648,226 |
| Advances | 20,599 | 20,599 |
| Accumulated surplus (deficit) in earnings | 9,303 | (15,403) |
| | 1,830,002 | 653,422 |
| Wapsewsepi Enterprises Ltd. | | |
| Shares | 100 | 100 |
| Advances | 2,413,709 | 2,413,709 |
| Accumulated deficit in earnings | (2,266,470) | (2,157,796) |
| | 147,339 | 256,013 |
| 18805424 Alberta Ltd. | | |
| Advances | 106,400 | 106,400 |
| Total investment in controlled entities | 2,083,741 | 1,015,835 |

Unaudited financial information for each of the entities for their respective years ended are as follows:

| | Assets | Liabilities | Revenues | Net Earnings (Loss) |
|------------------------------------|----------------|--------------------|-----------------|--------------------------------|
| | \$ | \$ | \$ | \$ |
| Creeland Resources Inc. (100%) | 32,712 | 23,309 | 34,797 | 24,707 |
| Wapsewsepi Enterprises Ltd. (100%) | 236,739 | 2,503,109 | 171,678 | (108,674) |
| 18805424 Alberta Ltd. (100%) | 106,400 | - | - | - |

7. BANK INDEBTEDNESS

Bank indebtedness represents cheque written in excess of the bank balance.

Swan River First Nation has a \$200,000 line of credit with Peace Hills Trust, which bears interest at prime plus 2% (5.75%).

As at March 31, 2021 none of the line of credit was used.

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

8. ACCOUNTS PAYABLE

| | 2021 | 2020 |
|----------------------------------|----------------|-------------|
| | \$ | \$ |
| Trade | 532,598 | 361,406 |
| Agricultural trust distributions | - | 240,000 |
| Wages and employee benefits | 92,552 | 81,713 |
| | 625,150 | 683,119 |

9. DEFERRED CONTRIBUTIONS

| | 2021 | 2020 |
|--|------------------|-------------|
| | \$ | \$ |
| Consultation | | |
| Government of Alberta | - | 192,000 |
| Cultural Activities | | |
| Government of Alberta | 44,436 | 164,952 |
| Economic Development | | |
| ISC - Infrastructure Transfer Station (QZIA-001) | - | 372,282 |
| Canada Housing and Mortgage Corporation | 1,346,133 | - |
| Education - Post Secondary | | |
| Trust Funds | - | 102,595 |
| Health Canada | 1,051,613 | 175,560 |
| Jordan's Principle | 1,332,400 | 727,914 |
| Honouring Life | | |
| Government of Alberta | - | 288,153 |
| Indigenous Skills and Employment Training | | |
| FNICCI | 55,399 | 57,601 |
| Consolidated Revenue Funds (CRF) | - | 24,584 |
| Social Services | | |
| ISA - Community based initiative (Q2BW-001) | 146,001 | - |
| | 3,975,982 | 2,105,641 |

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

10. LONG-TERM LIABILITIES

| | 2021 \$ | 2020 \$ |
|--|------------------|------------------|
| Canada Mortgage and Housing Corporation Canada mortgage, secured by ministerial guarantee of the Minister of Indigenous Services, is due May, 2038 and is repayable in monthly instalments of \$6,853 including interest charged at 2.49%. | | |
| - Multi-plex loan | 1,151,465 | 1,204,692 |
| Bank of Montreal mortgage, secured by ministerial guarantee of the Minister of Indigenous Services Canada, is repayable in monthly instalments of \$35,497 including interest charged at 4.70%. | | |
| - Housing | 2,869,264 | 3,119,538 |
| | 4,020,729 | 4,324,230 |

Interest paid on long-term liabilities amounted to \$32,845 (2020 - \$37,287) during the year.

Future minimum principal repayments required to meet existing obligations are as follows:

| | \$ |
|------------|------------------|
| 2022 | 353,386 |
| 2023 | 369,119 |
| 2024 | 385,577 |
| 2025 | 402,792 |
| 2026 | 420,802 |
| Thereafter | 2,089,053 |
| | 4,020,729 |

11. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2021 \$ | 2020 \$ |
|---------------------------------------|------------------|------------------|
| Tangible capital assets (Schedule 2) | 19,854,581 | 18,963,284 |
| Accumulated amortization (Schedule 2) | (6,415,259) | (5,616,078) |
| Long-term liabilities (Note 10) | (4,020,729) | (4,324,230) |
| | 9,418,593 | 9,022,976 |

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

12. EQUITY IN ENTERPRISE FUND

| | 2021 | 2020 (Restated) |
|--|-----------|--------------------|
| | \$ | \$ |
| Balance, beginning of year | 1,015,835 | 567,386 |
| Advances to controlled entities | 1,151,874 | 648,126 |
| Earnings (losses) from controlled entities | (83,968) | (199,677) |
| Balance, end of year | 2,083,741 | 1,015,835 |

13. EQUITY IN TRUST FUND

Federal Funds

| | Capital \$ | Revenue \$ | Total \$ |
|----------------------------|---------------|---------------|-------------|
| Balance, beginning of year | 342,694 | 287,454 | 630,148 |
| Earnings | - | 7,919 | 7,919 |
| Balance, end of year | 342,694 | 295,373 | 638,067 |

Agriculture Benefit Funds

| | 2021 \$ | 2020 \$ |
|----------------------------|-------------------|-------------------|
| Balance, beginning of year | 33,328,550 | 34,972,104 |
| Investment income | 1,479,387 | 712,889 |
| Capital gains | 82,525 | - |
| Unrealized gain (loss) | 5,142,167 | (1,072,740) |
| Expenditures | (180,029) | (179,552) |
| Distributions - Nation | (649,039) | (758,930) |
| Distributions - members | (578,588) | (345,221) |
| Balance, end of year | 38,624,973 | 33,328,550 |
| Total Trust Funds | 39,263,040 | 33,958,698 |

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

14. ACCUMULATED SURPLUS

| | 2021 | 2020 (Restated) |
|-----------------------------------|-------------------|----------------------------------|
| | \$ | \$ |
| Unrestricted surplus | 680,527 | 1,446,863 |
| Equity in tangible capital assets | 9,418,593 | 9,022,976 |
| Equity in enterprise fund | 2,083,741 | 1,015,835 |
| Equity in trust funds | 39,263,040 | 33,958,698 |
| CMHC replacement reserve | 94,000 | 105,640 |
| Insurance reserve | 91,667 | - |
| | 51,631,568 | 45,550,012 |

15. PRIOR PERIOD ADJUSTMENT

In the prior year we expensed a payment to Kanaskiy Services Ltd. in the amount of \$648,126. Kanaskiy Services Ltd. is 50% owned by Creland Resources Inc.

The \$648,126, that was previously expensed, should have been recorded as an investment in Creland Resources Inc.

We have restated prior years financial statements to increase the investment in Creland Resources Inc. by \$648,126 with an offsetting increase in Equity in Enterprise Fund.