

Halfway River First Nation
Consolidated Financial Statements
March 31, 2022

Halfway River First Nation

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For the year ended March 31, 2022

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Independent Auditor's Report

To the Members of Halfway River First Nation:

Qualified Opinion

We have audited the consolidated financial statements of Halfway River 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, 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 and other explanatory information.

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 financial position of the First Nation as at March 31, 2022, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As explained in Note 14, the First Nation has not disclosed the budget information as required by Canadian Public Sector Accounting Standards.

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 qualified 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 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.

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- 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.

Surrey, British Columbia

July 10, 2024

MNP LLP

Chartered Professional Accountants

Halfway River First Nation

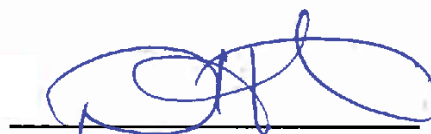
Consolidated Statement of Financial Position

As at March 31, 2022

	2022	2021
Financial assets		
Cash resources (Note 3)	17,121,385	13,218,905
Accounts receivable (Note 4)	3,611,745	3,439,387
Investment in First Nation partnerships and business entities (Note 5)	31,069,381	23,508,125
Funds held in trust (Note 6)	3,468,539	3,279,195
Total of financial assets	55,271,050	43,445,612
Financial liabilities		
Accounts payable and accruals (Note 7)	1,221,987	1,531,453
Deferred revenue (Note 8)	14,851,872	10,777,473
Promissory notes payable (Note 9)	3,323,685	3,323,685
Long-term debt (Note 10)	1,204,134	1,331,707
Total of financial liabilities	20,601,678	16,964,318
Net financial assets	34,669,372	26,481,294
Contingent liabilities (Note 11)		
Subsequent event (Note 20)		
Non-financial assets		
Tangible capital assets (Note 12) (Schedule 1)	13,467,997	14,036,477
Prepaid expenses	-	105,000
Total non-financial assets	13,467,997	14,141,477
Accumulated surplus (Note 13)	48,137,369	40,622,771
Approved on behalf of the Council		

 _____

Councilor

 _____

Councilor

Halfway River First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2022

	<i>Schedules</i>	2022	<i>2021</i>
Revenue			
Indigenous Services Canada		2,076,034	2,518,202
Province of British Columbia		3,650,377	3,324,436
Oil and gas and mining revenue		1,719,886	1,362,990
Canada Mortgage and Housing Corporation		672,559	128,790
First Nations Health Authority		639,778	637,968
Industry agreement revenue		428,008	1,468,649
BC First Nation Gaming Revenue Sharing LP		185,900	323,690
Rental income		482,132	423,283
Interest income		140,638	139,456
Donations		104,960	214,100
Other revenue		1,786,305	921,146
Earnings from investment in First Nation partnerships and business entities		7,563,350	7,786,373
		19,449,927	19,249,083
Expenses			
Administration	3	3,820,789	2,323,957
Child and Family Development	4	204,800	119,258
Community Activities	5	898,997	694,366
Education	6	944,598	943,081
First Nation Businesses	7	128,619	297,666
Health	8	602,130	550,731
Housing	9	894,195	853,887
Lands	10	2,691,710	2,312,449
Operations and Maintenance	11	860,942	626,402
Social Assistance	12	250,033	191,709
Treaties and Claims	13	638,516	417,384
		11,935,329	9,330,890
Surplus		7,514,598	9,918,193
Accumulated surplus, beginning of year		40,622,771	30,704,578
Accumulated surplus, end of year		48,137,369	40,622,771

Halfway River First Nation

Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31, 2022

	2022	2021
Annual surplus	7,514,598	9,918,193
Acquisition of tangible capital assets	(439,146)	(1,190,519)
Amortization of tangible capital assets	1,007,626	924,383
Use of prepaid expenses	105,000	10,147
Increase in net financial assets	8,188,078	9,662,204
Net financial assets, beginning of year	26,481,294	16,819,090
Net financial assets, end of year	34,669,372	26,481,294

Halfway River First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Surplus	7,514,598	9,918,193
Non-cash items		
Amortization	1,007,626	924,383
Earnings from investment in First Nation partnerships and business entities	(7,563,350)	(7,786,373)
	958,874	3,056,203
Changes in working capital accounts		
Accounts receivable	(172,358)	(632,908)
Accounts payable and accruals	(309,466)	555,905
Deferred revenue	4,074,399	4,712,052
Prepaid expenses	105,000	10,147
	4,656,449	7,701,399
Financing activities		
Repayments of long-term debt	(127,573)	(125,851)
Capital activities		
Acquisition of tangible capital assets	(439,146)	(1,190,519)
Investing activities		
Advances from First Nation partnerships and business entities	2,094	4,099,111
Dividends received	-	(3,931,000)
Increase in funds held in trust	(189,344)	(77,542)
	(187,250)	90,569
Increase in cash resources	3,902,480	6,475,598
Cash resources, beginning of year	13,218,905	6,743,307
Cash resources, end of year	17,121,385	13,218,905

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

1. Operations

The Halfway River First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Halfway River First Nation includes the First Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the First Nation.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The First Nation's operations continued to be impacted by COVID-19 due to closure of offices and service delivery buildings such as the school and health centre, delays in some capital and maintenance operations projects and other operational disruptions. The operational impact of COVID-19 has been partially offset by available government programs for which the First Nation was eligible and additional government transfers for program support.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards established by the Chartered Professional Accountants of Canada and are consistent with the accounting policies set out by Indigenous Services Canada. Significant aspects of the accounting policies adopted by the First Nation are as follows:

Reporting entity

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

The First Nation's business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Six Nations Ventures Limited Partnership
- Halfway River Ventures GP Ltd.
- Halfway River Holdings Limited Partnership
- Halfway River Holdings Ltd.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The consolidated financial assets of the First Nation are determined by its consolidated financial assets less its liabilities. Consolidated net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated surplus.

Cash resources

Cash resources include cash and term deposit securities with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash as disclosed in Note 3.

Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the assets.

Contributed tangible assets are recorded at their fair value at the date of contribution.

All intangibles and items inherited by right of the First Nation, such as reserve lands, forests, water, and mineral resources, are not recognized as assets in the First Nation's consolidated financial statements.

Historic works of art and treasures are not recorded as assets in these consolidated financial statements.

Amortization

Tangible capital assets are amortized annually on a straight line basis over their estimated useful lives.

	Rate
Buildings and infrastructure	20 - 25 years
Automotive equipment	3 - 10 years
Furniture and equipment	5 - 10 years

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

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in operations for the year.

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

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Funds held in trust

The First Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Other revenue

Other revenue is recognized when services have been provided, all significant contractual obligations have been satisfied and collectability is reasonably assured.

Oil and gas royalties are paid in trust to the Government of Canada on behalf of the Halfway River First Nation pursuant to the provision of the *Indian Oil and Gas Act* and Regulations. This revenue is recognized in the accounts of Halfway River First Nation when reported by the Government of Canada.

Oil and gas company revenue regarding monitoring invoices issued by Halfway River First Nation are recorded when the amounts to be received can be reasonably estimated and collections are reasonably assured. Rental and other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses 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. Amounts due from First Nation members and investments in First Nation partnerships and business entities are stated after evaluation as to their collectability and recoverability and an appropriate allowance for impairment is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the periods in which they become known.

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

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contamination site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for when the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2022, there is no liability for contaminated sites accrued in these consolidated financial statements.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Segments

The First Nation conducts its business through eleven reportable segments: Administration, Child and Family Development, Community Activities, Education, First Nation Businesses, Health, Housing, Lands, Operations and Maintenance, Social Assistance, and Treaties and Claims. 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;
- help users of the consolidated financial statements identify the resources allocated to support the major activities of the First Nation;
- help users of the consolidated financial statements make more informed judgments about the First Nation and about its major activities;
- helps users of the consolidated financial statements better understand the manner in which the organizations in the First Nation are organized and how the First Nation discharges its accountability obligations;
- enhance the transparency of financial reporting; and
- help users of the consolidated financial statements better understand performance of the segments and the First Nation.

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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed above.

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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

Recent accounting pronouncement

PS 3280 Asset Retirement Obligation (New)

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

The main features of this standard are as follows:

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

This standard was to be effective for fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted. The Nation does not expect application of the new standard to have a material effect on the consolidated financial statements.

3. Cash resources

	2022	2021
Externally restricted	14,076,468	10,741,810
Unrestricted	3,044,917	2,477,095
	17,121,385	13,218,905

Externally restricted cash resources consist of funded housing reserves and funds held in trust by a third party. The funds held in trust by a third party are released as certain agreements or conditions are met and reports are submitted for approval.

The First Nation has available a \$250,000 (2021 - \$250,000) revolving demand facility with an authorized limit of \$250,000 bearing interest at the Royal Bank of Canada's prime plus 2.11% (2021 - prime plus 2.11%). As at March 31, 2022 the prime rate was 2.70% (2021 - 2.45%). At March 31, 2022, the outstanding demand facility balance was \$NIL (2021 - \$NIL).

Security for the demand facility includes band council resolutions signed by a quorum of the Chief and Council of the First Nation authorizing the borrowings as contemplated in the credit facilities agreement. The First Nation is subject to certain covenants. As at March 31, 2022 the First Nation is in compliance with all such covenants.

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

4. Accounts receivable

	2022	2021
Indigenous Services Canada	243,897	262,727
Canada Mortgage and Housing Corporation	590,089	62,915
First Nations Health Authority	192,346	206,755
Province of British Columbia	677,129	476,702
Due from members	437,768	353,334
Rent receivable	1,498,548	1,202,888
Other receivables	542,662	1,104,789
Allowance for doubtful accounts	(570,694)	(230,723)
	3,611,745	3,439,387

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

5. Investment in First Nation partnerships and business entities

On October 1, 2020, the First Nation underwent a corporate restructuring of its interests in the business entities in which the First Nation had proprietary interests, directly or indirectly, or controlled or operated by entities that were controlled, directly or indirectly, by the First Nation and related affiliated or subsidiary business entities.

The First Nation has investments in the following entities:

						2022
	Investment cost	Loans / advances	Cumulative share of earnings (loss)	Share of earnings (loss) for the year & other adjustments	Group Restructuring	Total investment
Wholly-owned Businesses - Modified Equity:						
Halfway River Holdings Ltd.	3	-	(40,585)	(1,573)	-	(42,155)
Halfway River Holdings Limited Partnership	1	18,471,540	4,727,767	7,589,313	-	30,788,621
	4	18,471,540	4,687,182	7,587,740	-	30,746,466
First Nation Business Partnership - Modified Equity:						
Six Nations Ventures Limited Partnership - 16.67%	20	-	347,285	(24,390)	-	322,915
	24	18,471,540	5,034,467	7,563,350	-	31,069,381

	Investment cost	Loans / advances	Cumulative share of earnings (loss)	Group restructuring	2021 Total investment
Wholly-owned Businesses - Modified Equity:					
Halfway River Ventures Ltd.	-	3,911,759	21,923	(3,933,682)	-
Halfway River Resources Ltd.	-	1,809	(16,603)	14,794	-
Halfway River Ventures GP Ltd.	2	3,915,453	(3,814)	-	3,911,641
Halfway River Holdings Ltd.	3	3,346	(43,930)	-	(40,581)
Halfway River Limited Partnership	-	-	14,554,627	(14,554,627)	-
Halfway River Holdings Limited Partnership	1	14,554,631	4,735,129	-	19,289,761
	6	22,386,998	19,247,332	(18,473,515)	23,160,821
First Nation Business Partnership – Modified Equity:					
Six Nations Ventures Limited Partnership - 16.67%	20	-	-	347,284	347,304
	26	22,386,998	19,247,332	(18,126,231)	23,508,125

The First Nation's investment in Halfway River Ventures Ltd. was established for the purposes of offering right of way clearing, and clean up services for utility and oil companies.

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

5. Investment in First Nation partnerships and business entities *(Continued from previous page)*

On October 1, 2020, Halfway River Ventures Ltd. and Halfway River Resources Ltd. were amalgamated to form a new company, Halfway River Ventures GP Ltd. to function as the general partner of Halfway River Limited Partnership and to repurpose and rename the limited partnership as Halfway River Ventures Limited Partnership. Halfway River Holdings Limited Partnership, a newly formed limited partnership, holds 99.99% partnership interests for limited partnership units of Halfway River Ventures Limited Partnership.

The First Nation's investment in Halfway River Holdings Limited Partnership was established for the purposes of designating and empowering the limited partnership as the investment holding and treasury agencies for the business interests of the First Nation in those enterprises and entities in which the First Nation had a direct or indirect proprietary interest and providing financing by investing funds in limited partnership units of Halfway River Holdings Limited Partnership.

The First Nation's investment in Six Nations Ventures Limited Partnership was established for the purposes of operating as a log sort yard on a contract basis and providing contract hauling and janitorial services in the Fort St. John area.

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

	<i>Halfway River Ventures GP Ltd. As at March 31, 2022</i>	<i>Halfway River Holdings Ltd. As at March 31, 2022</i>	<i>Six Nations Ventures Limited Partnership As at December 31, 2021</i>	<i>Halfway River Holdings Limited Partnership As at March 31, 2022</i>
Assets				
Cash	14,962	-	706,721	19,051,198
Accounts receivable	6,630	-	147,106	1,968,063
Inventory	-	-	-	335,078
Prepaid expenses	-	-	19,944	-
Property and equipment	-	-	1,095,616	1,820,575
Due From Related parties	-	-	4,619	3,656
Investments	1,914	1,236	-	7,970,670
Total assets	23,506	1,236	1,974,006	31,149,240
Liabilities				
Accounts payable and accruals	11,841	2,350	54,165	345,215
Due to related parties	25,270	44,387	-	-
Note payable	-	-	-	18,487,387
Total liabilities	37,111	46,737	54,165	18,832,602
Equity	(13,605)	(45,501)	1,919,841	12,316,638
Total revenue	(4,314)	777	622,444	8,894,754
Total expenses	5,478	2,350	745,518	1,125,277
	(9,792)	(1,573)	(123,074)	7,769,477

At March 31, 2021, Halfway River Holdings Limited Partnership owed the First Nation a \$18,487,387 note payable which is unsecured, due on demand and bears no interest.

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

6. Funds held in trust

Funds held in trust include the Ottawa Trust accounts which arise from moneys 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*. Capital and revenue trust moneys are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2022	2021
Capital Trust		
Balance, beginning of year	2,195,141	2,171,179
Additions	109,515	23,962
Balance, end of year	2,304,656	2,195,141

	2022	2021
Revenue Trust		
Balance, beginning of year	1,084,054	1,030,474
Additions	79,829	53,580
Balance, end of year	1,163,883	1,084,054
	3,468,539	3,279,195

7. Accounts payable and accruals

	2022	2021
Other accounts payable and accrued liabilities	1,152,973	1,470,765
First Nations Health Authority	-	60,688
Indigenous Services Canada	69,014	-
	1,221,987	1,531,453

8. Deferred revenue

Deferred revenue consists of funds received for specific purposes which were not completed at the end of the fiscal year.

	<i>Balance, beginning of year</i>	<i>Revenue received</i>	<i>Transferred to revenue net of other adjustments</i>	<i>Balance, end of year</i>
Indigenous Services Canada	31,677	3,166,340	2,145,049	1,052,968
Other deferred revenue	10,745,796	5,375,277	2,322,169	13,798,904
	10,777,473	8,541,617	4,467,218	14,851,872

Other deferred revenue consists of funds received for various industry agreements. The First Nation recognizes revenue in the period the resources are used for purposes specified in accordance with the underlying agreements.

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

9. Promissory notes payable

The Council has filed a specific claim in the British Columbia Supreme Court for damage for injunctive relief, infringement of Treaty Rights and for related declaration of rights pursuant to Treaty 8 and Trapline Registration System. Negotiations towards an out of court settlement are currently in progress. The outcome is not certain and presently undeterminable. The Council received funding from Indigenous Services Canada as advance for the negotiation of this claim. Under the terms of the funding agreement, these advances are to be repaid by the Council out of their claim settlements. These advances have been recorded as a liability, as the Council has provided promissory notes to the Government of Canada in 2015 in accordance with the Native Claims Loan Agreement. The first note of \$2,927,071 (2021 - \$2,927,071) is non-interest bearing, unsecured and is due on date on which the Specified Claim is settled. The second note of \$396,614 (2021 - \$396,614) is non-interest bearing, unsecured and is due on which the Specified Claim is settled.

10. Long-term debt

	2022	2021
ANTCO		
Mortgage bearing interest at 1.30% per annum, repayable in monthly payments of \$4,073 including interest. The loan is secured by a Government of Canada ministerial guarantee. The loan matures on April 1, 2036.	628,891	669,383
Mortgage bearing interest at 1.01% per annum, repayable in monthly payments of \$2,324 including interest. The loan is secured by a Government of Canada ministerial guarantee. The loan matures on August 1, 2026.	250,407	275,608
Mortgage bearing interest at 3.00% semi-annually, repayable in monthly payments of \$1,214 including interest. The loan is secured by a Government of Canada ministerial guarantee. The loan matures on January 1, 2032.	115,135	124,458
Mortgage repaid in the current year.	-	18,077
RBC		
Mortgage bearing interest at 1.89% per annum, repayable in monthly payments of \$1,180 including interest. The loan is secured by a Government of Canada ministerial guarantee. The loan matures on January 1, 2026.	115,232	129,082
Mortgage bearing interest at 1.94% per annum, repayable in monthly payments of \$1,893 including interest. The loan is secured by a Government of Canada ministerial guarantee. The loan matures on May 24, 2026.	94,469	115,099
	1,204,134	1,331,707

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment, and long-term debt subject to refinancing is renewed, are estimated as follows:

2023	109,170
2024	111,689
2025	113,397
2026	115,138
2027	109,223
	<hr/>
	558,617
Thereafter	645,517
	<hr/>
Total	1,204,134

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

11. Contingent liabilities

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

Included in the First Nation's tangible capital assets are costs related to sewer upgrades completed in 2018 which may potentially be impaired. There has not been any formal assessment conducted to support impairment or to estimate the costs required to rectify the potential impairment. Accordingly, as at the date of these consolidated financial statements, the First Nation was unable to reasonably estimate the potential liability and accordingly no provision has been made in the consolidated financial statements.

The First Nation is contingently liable for decommissioning costs that will be incurred at the end of the operating life of the First Nation's gas station. The ultimate decommissioning liability is uncertain and can vary in response to many factors including environmental factors, new restorative techniques and changes in legal requirements. As a result, the First Nation is unable to measure the potential liability at the date of these consolidated financial statements and, accordingly, no provision has been made in the accounts.

12. Tangible capital assets

Tangible capital asset additions for the year include the following construction projects that are in progress at March 31, 2022 and are therefore not being amortized.

	2022	2021
Meat plant	47,942	23,086
Health centre	34,000	8,800
Housing	25,979	-
Water system upgrade	61,760	-
Ambulance bay	155,000	155,000
Cannabis store	-	421,789
Other construction	-	70,064
	324,681	678,739

13. Accumulated operating surplus

	2022	2021
Restricted cash	368,391	339,225
Trust Funds held by Federal Government - capital and revenue account	3,468,539	3,279,195
Investment in tangible capital assets	12,263,863	12,704,770
Investment in First Nation business entities	31,069,381	23,508,125
Unrestricted operating deficit	967,195	791,456
	48,137,369	40,622,771

14. Budget information

Canadian public sector accounting standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The consolidated budgeted revenue and expenses, and surplus have not been reported in these consolidated financial statements. While having no effect on reported revenue, expenses and surplus, omission of this information is considered a departure from Public Sector Accounting standards.

15. Defined contribution pension plan

The First Nation provides a defined contribution pension plan covering substantially all full-time employees. Members are required to contribute 5.5% (2021 - 5.5%) of their salary up to a maximum of 18.0% (2021 - 18.0%). The First Nation contributes 5.5% (2021 - 5.5%) and the contributions are directed to the member's contribution account. Pension expense in the amount of \$141,620 (2021 - \$113,757) is included in salaries and benefits. There were no changes to the pension plan during the year.

16. Trust funds

Halfway River First Nation Trust

The Halfway River First Nation Trust ("the Trust") was established on October 18, 2007, amended and restated November 18, 2015, amended and restated October 22, 2019 was further amended and restated March 31, 2022. As at March 31, 2022, the balance of funds held in trust was \$20,745,056 (2021 - \$20,199,545) and the fair market value of the investments held in trust was \$23,997,009 (2021 - \$23,028,028).

Halfway River First Nation G2G Escrow

The Halfway River First Nation G2G Escrow agreement was established on November 2, 2017 with the Royal Trust Corporation of Canada ("RTC") appointed as the escrow agent. As at March 31, 2022, the balance of funds held in trust by RTC on behalf of the First Nation was \$Nil (2021 - \$1,286,869). The First Nation's revenue for the year included distributions from funds held in trust by RTC of \$2,321,199 (2021 - \$1,160,000).

Under Canadian Public Sector Accounting Standards, these trusts are not recorded as assets with the corresponding equity in accumulated surplus of the First Nation as the trusts are not controlled by the First Nation, they are controlled by a third party for the benefit of the First Nation membership.

17. Compliance with laws and regulations

The First Nation is required by the First Nations Financial Transparency Act to submit its consolidated financial statements to Indigenous Services Canada, and post its consolidated financial statements on a website, within 120 days of year-end. As the First Nation had not done this, it is not in compliance with this law. The potential effect of the non-compliance is unknown.

18. Segments

During year, the First Nation had eleven reportable segments listed below. These segments are differentiated by major activities.

Administration - This segment provides band support and administrative services for the operations of the First Nation, including various financial functions such as payroll, accounts receivable and accounts payable.

Community Activities - This segment provides community programs and activities which are internally funded.

Child and Family Development - This segment is comprised of programs that promote early childhood development, and culture to children and young families.

Education - This segment is responsible for managing and delivering K to grade 12 education programs and services both on and off reserve. This includes language and culture, employment counselling services and the management of post-secondary student funding and support programs.

First Nation Businesses - This segment is comprised of business activities that are performed in the pursuit of economic and business development. This includes community economic development planning and capacity building initiatives pursued to benefit the First Nation's community by enhancing employment, income generation activities, economic infrastructure and business opportunities.

Health - This segment administers the delivery of the health programs and services.

18. Segments *(Continued from previous page)*

Housing - This segment activities reflect housing rental units and repairs.

Lands - This segment is responsible for ensuring that interests of the First Nation are represented in matters of lands and natural resources.

Operations and Maintenance - This segment implements capital projects undertaken by the First Nation and maintains community infrastructure. Community infrastructure includes buildings, roads and bridges, fire protection, water and electrical systems and wastewater treatment.

Social Assistance - This segment administers benefits and services to individuals and families living on reserve who are in need of support. Department services include income assistance, assisted living, family violence prevention and awareness, and low income family immediate needs.

Treaties and Claims - This segment reflects the activities of treaty and claim negotiations which are ongoing with the Government of Canada.

19. Economic dependence

Halfway River First Nation receives a significant portion of its revenue from the Province of British Columbia and Indigenous Services Canada as a result of funding agreements. The ability of the First Nation to continue operations is dependent upon the Province of British Columbia and Indigenous Services Canada's continued financial commitments.

20. Subsequent event

Subsequent to year end, The Halfway River First Nation Trust received \$89,935,953 with regards to a settlement agreement between the First Nation and the government of Canada. On February 3, 2023, the First Nation signed a Treaty Land Settlement Entitlement Agreement, (the "Agreement"), with Canada, where Canada has agreed to pay the First Nation financial compensation of \$92,863,024. The Agreement stipulates that Canada deduct \$2,927,071 in full and final repayment of all monies owed by First Nation to Canada for the Halfway River Negotiation Loan Funding, and that Canada deposit the remaining \$89,935,953 to the Trust. Of this amount, \$12,000,000 has been transferred into TLE Land Transfer Account to manage and distribute TLE Settlement Land Transfer Cost Funds.

21. Comparative figures

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