

HOMALCO FIRST NATION
Consolidated Financial Statements
March 31, 2021

HOMALCO FIRST NATION

Consolidated Financial Statements

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Year Ended March 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2021

The Chief and Council of the Homalco First Nation has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of Homalco First Nation. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

The Homalco First Nation's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly Homalco First Nation's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of Homalco First Nation as at March 31, 2021.



Chief Darren Blaney
February 15, 2022



INDEPENDENT AUDITORS' REPORT

To the Members of the Homalco First Nation

Qualified Opinion

We have audited the accompanying consolidated financial statements of the Homalco First Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the Nation's financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2021, and its financial performance and cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Nation did not prepare an approved budget for the year ended March 31, 2021. Canadian public sector accounting standards requires the approved budget to be presented in the consolidated statements of operations and accumulated surplus and changes in net financial assets.

The Nation for the year ending March 31, 2020 did not recognize deferred revenue for funding that it had received, that had external restrictions and that remained unspent at March 31, 2020. As a result, the opening accumulated surplus and liabilities of the Nation do not reflect the required deferral of surplus restricted funds at March 31, 2020.

In addition, financial information for the Nation's government business entities for the years ended March 31, 2021 and March 31, 2020 was not audited and in some instances related party information and balances was unavailable. As a result, we were unable to determine whether adjustments to investments in the Nation's government business entities, earnings from investments in the Nation's government business entities, annual surplus and accumulated surplus were accurate.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Nation 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 of our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 intends for the Nation to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Nation's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 the 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 judgment 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the 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.
- 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.

Other Matters

The consolidated financial statements for the year ended March 31, 2020, from which the comparative financial information within the consolidated financial statements are presented from, were audited by another Chartered Professional Accounting firm who issued a qualified audit opinion on November 19, 2020.

Chan Nawrood Boatis Inc

Chartered Professional Accountants
Campbell River, BC

February 15, 2022

HOMALCO FIRST NATION

Consolidated Statement of Financial Position

March 31, 2021

2021

2020

\$

\$

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)	2,140,093	1,024,145
Restricted Cash (Note 3)	249,615	153,236
Accounts Receivable (Note 4)	472,711	419,579
Funds Held in Trust (Note 5)	115,500	115,500
Federal Trust Funds (Note 6)	1,064	1,098
Portfolio Investments (Note 7)	110	110
Investments in Government Business		
Enterprises and Partnerships (Note 8)	1,607,827	963,891
	<u>4,586,920</u>	<u>2,677,559</u>

LIABILITIES

Bank Indebtedness (Note 9)	11,300	11,300
Accounts Payable (Note 10)	680,596	700,434
Advances from Related Entities (Note 11)	144,959	259,786
Deferred Revenue (Note 12)	833,700	-
Long Term Debt (Note 13)	1,492,184	1,304,497
	<u>3,162,739</u>	<u>2,276,017</u>

NET FINANCIAL ASSETS

1,424,181

401,542

NON-FINANCIAL ASSETS

Prepaid Expenses	115,775	1,471
Tangible Capital Assets (Note 14)	7,483,972	7,494,495
	<u>7,599,747</u>	<u>7,495,966</u>

ACCUMULATED SURPLUS

9,023,928

7,897,508

Commitments and Contingent Liabilities (Note 15)

Approved by:



Chief



Councilor

HOMALCO FIRST NATION

Consolidated Statement of Operations

Year Ended March 31, 2021

	2021 \$	2020 \$
Revenue		
Indigenous Services Canada	3,644,004	2,968,240
First Nations Health Authority	1,035,588	921,040
Province of British Columbia	426,359	375,104
Department of Fisheries and Oceans Canada	254,081	223,996
Canada Mortgage Housing Corporation	78,404	8,191
Ottawa Trust	1,064	1,267
British Columbia Treaty Commission	325,000	302,584
BC FN Gaming Revenue	372,493	347,455
Rental Income	301,277	173,743
First Peoples Cultural Council	157,917	130,170
Interest Income	19,258	16,197
Other Revenue	729,553	1,407,519
Earnings from Government Business Entities	<u>643,933</u>	<u>199,496</u>
	<u>7,988,931</u>	<u>7,075,002</u>
Expenditures (Note 16)		
Band Government	2,180,062	1,753,096
Community Services	76,790	168,203
Economic Development	768,881	794,690
Education	804,219	638,511
Health	771,890	671,090
Housing	626,470	442,868
Public Works	269,336	237,276
Social Services	<u>1,364,863</u>	<u>952,818</u>
	<u>6,862,511</u>	<u>5,658,552</u>
Annual Surplus from Operations	1,126,420	1,416,450
Indigenous Services Canada Forgiveness of Treaty Loan	-	<u>8,284,361</u>
Annual Surplus	<u>1,126,420</u>	<u>9,700,811</u>

HOMALCO FIRST NATION

Consolidated Statement of Accumulated Surplus

Year Ended March 31, 2021

	2021	2020
	\$	\$
Accumulated Surplus (Deficit) - Beginning of Year	7,897,508	(1,803,303)
Annual Surplus	<u>1,126,420</u>	<u>9,700,811</u>
Accumulated Surplus - End of Year	<u>9,023,928</u>	<u>7,897,508</u>

HOMALCO FIRST NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2021

	2021	2020
	\$	\$
Annual Surplus	<u>1,126,420</u>	<u>9,700,811</u>
Tangible Capital Assets Purchased	(388,448)	(1,409,671)
Amortization of Tangible Capital Assets	<u>398,971</u>	<u>331,281</u>
	<u>10,523</u>	<u>(1,078,390)</u>
Net Acquisition of Prepaid Asset	<u>(114,304)</u>	<u>(1)</u>
Increase in Net Financial Assets	1,022,639	8,622,420
Net Financial Assets (Debt) - Beginning of Year	<u>401,542</u>	<u>(8,220,878)</u>
Net Financial Assets - End of Year	<u>1,424,181</u>	<u>401,542</u>

HOMALCO FIRST NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2021

	2021	2020
	\$	\$
Cash Flows From Operating Activities:		
Cash Received from ISC and Other Sources	8,125,566	6,893,988
Cash Paid to Suppliers and Employees	<u>(6,597,795)</u>	<u>(5,452,023)</u>
	<u>1,527,771</u>	<u>1,441,965</u>
Cash Flows From Financing Activities:		
Proceeds from Long Term Debt	269,979	599,709
Repayment of Long Term Debt	<u>(82,292)</u>	<u>(76,889)</u>
	<u>187,687</u>	<u>522,820</u>
Cash Flows From Investing Activities:		
Increase in Funds Held in Trust	-	(115,000)
Advances from (to) Related Parties	(114,717)	148,761
Decrease in Ottawa Trust Funds	<u>34</u>	<u>7,506</u>
	<u>(114,683)</u>	<u>41,267</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	<u>(388,448)</u>	<u>(1,409,671)</u>
Increase in Cash and Cash Equivalents	1,212,327	596,381
Cash and Cash Equivalents - Beginning of Year	<u>1,166,081</u>	<u>569,700</u>
Cash and Cash Equivalents - End of Year	<u>2,378,408</u>	<u>1,166,081</u>
Cash and Cash Equivalents Consist of:		
Cash	2,140,093	1,024,145
Restricted Cash	249,615	153,236
Bank Indebtedness	<u>(11,300)</u>	<u>(11,300)</u>
	<u>2,378,408</u>	<u>1,166,081</u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

1. Significant Accounting Policies:

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

b) Basis of Presentation

The consolidated financial statements include the accounts of Homalco First Nation (the "Nation") and the following entities:

Bute Inlet Development Corporation
Homalco Holdings Inc.
Homalco Trust

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises and partnerships which meet the definition of government business enterprises (GBE's). These enterprises are included in the financial statements on a modified equity basis.

Under the modified equity method of accounting, only the Nation's investment in the business enterprise's and partnership's and the enterprise's and partnerships's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises and partnerships that are different from those of the Nation, except that any other comprehensive income of the business enterprise and partnerships is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

Investments in the following enterprise and partnerships are accounted for by the modified equity method and, as such, the accounting policies of these enterprises are not adjusted to conform with those of the Nation:

Homalco Holdings Limited Partnership (99.99%)
Homalco Wildlife Tours Inc. (100%)
Port Neville Logging Company (100%)
Homalco Resources Management Limited Partnership (99.99%)

c) 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 provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets and prepaid expenses. Intangible assets, and items inherited by right of the Crown, are not recognized in the financial statements.

d) Cash

Cash includes cash on hand, balances with banks and term deposits. Cash subject to restrictions that prevent its use for current purposes is reflected in restricted cash.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued):

e) Funds Held in Ottawa Trust Fund

Funds held in trust on behalf of 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 deficit.

f) Tangible Capital Assets

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is provided for using the following rates and methods:

Automobiles	30%	declining balance
Boats	5%	declining balance
Buildings	4%	declining balance
Computers	55%	declining balance
Equipment	20%	declining balance
Infrastructure	5%	declining balance
Salmon Hatchery	10%	declining balance
Band Housing	5%	declining balance

Tangible Capital Assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net writedowns are accounted for as expenses in the consolidated statement of operations.

g) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

h) 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 the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of tangible capital assets, recoverability of investments and advances, accrued liabilities and the possibility of contingent liabilities. Actual results could differ from these estimates.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued):

i) Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated 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, 2021.

As at March 31, 2021, no liability for contaminated sites exists.

2. Cash:

Cash is comprised of the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
Unrestricted		
Operating	697,883	82,357
Savings	1,156,315	666,041
Guaranteed Investment Certificates	<u>285,895</u>	<u>275,747</u>
	<u>2,140,093</u>	<u>1,024,145</u>

The Guaranteed Investment Certificate ("GIC") balance is accruing interest at 0.45% per annum, and matures on May 13, 2021.

3. Restricted Cash:

Restricted Cash is comprised of the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
Treaty	<u>26,568</u>	<u>41,338</u>
Social Housing		
Operating	114,388	55,761
Replacement Reserve	108,659	10,433
Construction	<u>-</u>	<u>45,704</u>
	<u>223,047</u>	<u>111,898</u>
	<u>249,615</u>	<u>153,236</u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

4. Accounts Receivable:

	<u>2021</u>	<u>2020</u>
	\$	\$
DFO	-	105,412
GST Receivable	23,581	14,867
Indigenous Services Canada	268,296	194,376
Nation Housing	106,624	104,624
Social Housing	614,281	578,292
Other	<u>186,435</u>	<u>78,155</u>
	1,199,217	1,075,726
Allowance for Doubtful Accounts	<u>(726,506)</u>	<u>(656,147)</u>
	<u>472,711</u>	<u>419,579</u>

5. Funds Held in Trust:

The term deposit held in trust represents security provided by the Nation for a loan from Tale'awtxw Aboriginal Capital Corporation (TACC) in the amount of \$170,000 to AUPE Cultural Enhancement Society (the "Society"), repayable to the Nation when the loan to TACC is fully repaid by the Society.

6. Federal Trust Funds:

	<u>2020</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2021</u>
	\$	\$	\$	\$
Revenue	<u>1,098</u>	<u>1,064</u>	<u>1,098</u>	<u>1,064</u>

The Trust Funds Held by the Federal Government arise from monies derived from capital 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*.

7. Portfolio Investments:

The Nation's portfolio investment consists of the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
BC FN Gaming Revenue Sharing Limited Partnership	<u>110</u>	<u>110</u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

8. Investment in Government Business Enterprises and Partnerships:

The Nation's investment in a Government Business Enterprises and Partnerships consists of the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
Investment in Business Enterprises:		
Homalco Holdings Inc.	1	1
Homalco Wildlife Tours Inc.	81,907	82,572
Port Neville Logging Company	<u>1</u>	<u>1</u>
	<u>81,909</u>	<u>82,574</u>
 Investments and Earnings in Business Partnerships:		
Homalco Holdings Limited Partnership	1,470,528	825,927
Homalco Resources Limited Partnership	<u>55,390</u>	<u>55,390</u>
	<u>1,525,918</u>	<u>881,317</u>
	<u>1,607,827</u>	<u>963,891</u>

Homalco Holdings Limited Partnership has a January 31, 2021 year-end and the remainder of the Nation business entities have a March 31, 2021 year-end. No significant transactions occurred between the year-end dates of the Nation business entities and March 31, 2021.

The Nation uses the business entities' year-end financial statements to account for its investment in these entities. The Nation's business entities listed above are unaudited.

Summary financial information for each Nation business entity, accounted for using the modified equity method, has not been disclosed for their respective year-ends.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

9. Bank Indebtedness:

	<u>2021</u>	<u>2020</u>
	\$	\$
TD Canada Trust: line of credit, bearing interest at prime plus 1.00%	6,300	6,300
TD Canada Trust: operating line of credit, bearing no interest	<u>5,000</u>	<u>5,000</u>
	<u>11,300</u>	<u>11,300</u>

10. Accounts Payable:

	<u>2021</u>	<u>2020</u>
	\$	\$
Indigenous Services Canada	218,709	245,150
Government Remittances	29,301	52,920
Wages Payable	46,466	55,526
Trade Payable	<u>386,120</u>	<u>346,838</u>
	<u>680,596</u>	<u>700,434</u>

11. Advances to (from) Related Entities:

	<u>2021</u>	<u>2020</u>
	\$	\$
Homalco Holdings Inc.	672	672
Homalco Holdings Limited Partnership	12,987	12,160
AUPE Cultural Enhancement Society	51,000	51,000
Homalco Wildlife Limited Partnership	128,860	14,860
Homalco Wildlife Tours Inc.	52,337	52,337
HFLP	(61,981)	(61,981)
Homalco Resources Limited Partnership	(326,505)	(326,505)
Homathko Power Limited Partnership	<u>(2,329)</u>	<u>(2,329)</u>
	<u>(144,959)</u>	<u>(259,786)</u>

Advances to (from) related Nation entities are unsecured, non-interest bearing and due on demand with the exception of loans described below. These entities are related by virtue of common control or joint control by the Nation.

The amount due from AUPE Cultural Enhancement Society was lent in the year ending March 31, 2020 and is to be repaid over a three year period. This amount bears no interest and is unsecured.

Included in the amount due from Homalco Wildlife Tours Limited Partnership is a loan in the amount of \$114,000. The loan bears no interest and is repayable over a 72 month term with monthly payments of \$19,000 beginning on April 30, 2022.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

12. Deferred Revenue:

	<u>2020</u>	<u>Funding</u>	<u>Revenue</u>	<u>2021</u>
	\$	Received	Recognized	\$
Indigenous Services Canada:				
P & ID Programs	-	227,950	113,512	114,438
Lands - Administration	-	244,380	64,272	180,108
SA - Income Assistance	-	93,016	67,412	25,604
SA - Assisted Living	-	9,394	2,727	6,667
SA - Community Wellbeing	-	107,668	44,931	62,737
SA - Prevention Projects	-	3,826	383	3,443
Ec. Dev. - Admin	-	20,801	9,207	11,594
COVID - LEDSP	-	27,000	2,700	24,300
Southgate	-	271,700	72,318	199,382
Municipal Services	-	161,595	137,654	23,941
FNLM - Operational Support	-	75,000	9,863	65,137
Edu. - Financial Assistance	-	3,162	316	2,846
Edu. - Guidance & Counselling	-	5,191	519	4,672
Edu. - Comp. Education Support	-	11,934	6,166	5,768
	-	1,301,992	571,355	730,637
Government of Canada	-	100,000	-	100,000
Other	-	3,063	-	3,063
	-	1,405,055	571,355	833,700

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

13. Long Term Debt:

	<u>2021</u> \$	<u>2020</u> \$
TD Canada Trust Loan: Repayable at \$2,115 per month plus interest at prime plus 0.50% per annum; maturing October 15, 2027; secured by a general security agreement	167,103	192,485
All Nations Trust Company: Repayable at \$2,327 per month including interest at 1.05% per annum; maturing July 1, 2026 and renewing August 1, 2021; secured by a guarantee by the Nation and the Government of Canada	144,747	171,003
All Nations Trust Company: Repayable at \$2,512 per month including interest at 1.30% per annum; maturing June 1, 2032 and renewing June 1, 2022; secured by a guarantee by the Nation and the Government of Canada	315,415	341,300
All Nations Trust Company: Repayable at \$3,184 per month including interest at 0.68% per annum; maturing October 1, 2045 and renewing October 1, 2025; secured by a guarantee by the Nation and the Government of Canada	<u>864,919</u>	<u>599,709</u>
	<u>1,492,184</u>	<u>1,304,497</u>

Interest paid on long term debt for the year ended March 31, 2021 is \$11,551 (2020 - \$17,677).

Principal repayments within each of the next five years and beyond, should the repayment terms and interest rates remain consistent with those at March 31, 2021, are estimated to be as follows:

	\$
2022	105,882
2023	109,483
2024	112,684
2025	114,188
2026 and beyond	1,049,947

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

14. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2021 \$	2020 \$
Land	237,862	-	-	237,862	-	-	-	-	237,862	237,862
Automobiles	116,353	68,772	-	185,125	98,327	8,240	-	106,567	78,558	18,026
Boats	133,954	-	-	133,954	114,716	970	-	115,686	18,268	19,238
Buildings	4,128,782	30,010	-	4,158,792	1,564,488	103,410	-	1,667,898	2,490,894	2,564,294
Computers	28,438	10,809	-	39,247	25,846	3,410	-	29,256	9,991	2,592
Equipment	671,557	-	-	671,557	585,287	17,031	-	602,318	69,239	86,270
Infrastructure	5,374,812	18,580	-	5,393,392	3,816,940	77,970	-	3,894,910	1,498,482	1,557,872
Hatchery	355,291	98,892	-	454,183	142,006	21,330	-	-	454,183	355,291
Band Housing	<u>6,538,353</u>	<u>161,385</u>	<u>-</u>	<u>6,699,738</u>	<u>3,743,297</u>	<u>166,610</u>	<u>-</u>	<u>3,909,907</u>	<u>2,789,831</u>	<u>2,795,056</u>
Total	<u>17,585,402</u>	<u>388,448</u>	<u>-</u>	<u>17,973,850</u>	<u>10,090,907</u>	<u>398,971</u>	<u>-</u>	<u>10,489,878</u>	<u>7,483,972</u>	<u>7,494,495</u>

15. Commitments and Contingent Liabilities:

- The Nation has entered into contribution agreements with various Federal Government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.
- The Nation may be contingently liable for \$248,795 (2020 - \$44,282) with respect to its guarantee of loans made by Canada Mortgage and Housing Corporation to band members for homes built on reserve.
- The Nation may be contingently liable for \$328,331 in ISC recoveries as part of a forensic audit recovery related to the period covering April 2012 to November 2017. These recoveries are still under negotiation with ISC.
- The Nation may be contingently with respect to guarantees to TACC for a loan in the amount of \$170,000 from TACC to the AUPE Cultural Enhancement Society.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

16. Schedule of Expenses by Object:

	<u>2021</u>	<u>2020</u>
	\$	\$
Administration Fees	335,563	18,281
Amortization	398,971	331,281
Bad Debts	70,359	62
Bank Charges and Interest	23,815	29,067
Community Events	14,334	126,090
Consulting	97,075	25,055
Distributions	-	144,550
Food Supplies	123,996	84,643
Fuel	42,501	47,552
Funeral	85,779	33,008
Honoraria	36,085	66,557
Memberships	152,750	30,709
Insurance	95,221	71,920
Meetings and Workshops	26,997	84,408
Office	59,872	119,404
Patient Travel	29,073	23,217
Professional Fees	746,618	503,892
Rent	54,456	16,180
Repairs and Maintenance	527,045	406,736
School District Fees	189,468	208,522
Social Assistance	1,148,251	623,964
Supplies	153,116	171,418
Student Allowances	339,546	255,376
Telephone and Internet	74,831	75,506
Training	7,767	181,153
Travel	35,517	195,978
Tuition	258,680	108,996
Utilities	172,605	177,791
Wages and Benefits	<u>1,562,220</u>	<u>1,497,236</u>
	<u>6,862,511</u>	<u>5,658,552</u>

17. Economic Dependence:

The Nation receives a significant portion of its revenues from Indigenous Services Canada (ISC) as a result of agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependant upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

18. Comparative Figures:

Certain prior period figures have been reclassified, where necessary, to conform with the current year presentation.

HOMALCO FIRST NATION

Schedule 1 - Consolidated Segment Disclosure

March 31, 2021

	Band Government \$	Community Services \$	Economic Development \$	Education \$	Health \$	Housing \$	Public Works \$	Social Services \$	Consolidated Total \$
Revenue									
ISC	867,581	64,272	123,600	509,110	-	254,052	485,455	1,339,934	3,644,004
FNHA	-	-	-	-	1,035,588	-	-	-	1,035,588
Province of BC	124,906	20,000	251,228	-	-	225	-	30,000	426,359
Other	<u>849,769</u>	<u>53,598</u>	<u>1,387,892</u>	<u>113,148</u>	<u>84,599</u>	<u>374,095</u>	<u>5,568</u>	<u>14,311</u>	<u>2,882,980</u>
	<u>1,842,256</u>	<u>137,870</u>	<u>1,762,720</u>	<u>622,258</u>	<u>1,120,187</u>	<u>628,372</u>	<u>491,023</u>	<u>1,384,245</u>	<u>7,988,931</u>
Expenses									
Amortization	273,991	-	-	-	-	124,980	-	-	398,971
Materials and Supplies	33,184	856	69,399	1,703	34,937	982	-	12,058	153,119
Professional Fees	453,862	17,488	90,415	4,255	101,941	41,951	26,961	9,746	746,619
Wages and Benefits	599,437	16,732	305,892	49,693	460,569	26,702	-	103,195	1,562,220
Other	<u>819,588</u>	<u>41,714</u>	<u>303,175</u>	<u>748,568</u>	<u>174,443</u>	<u>431,855</u>	<u>242,375</u>	<u>1,239,864</u>	<u>4,001,582</u>
	<u>2,180,062</u>	<u>76,790</u>	<u>768,881</u>	<u>804,219</u>	<u>771,890</u>	<u>626,470</u>	<u>269,336</u>	<u>1,364,863</u>	<u>6,862,511</u>
Annual Surplus (Deficit)	<u>(337,806)</u>	<u>61,080</u>	<u>993,839</u>	<u>(181,961)</u>	<u>348,297</u>	<u>1,902</u>	<u>221,687</u>	<u>19,382</u>	<u>1,126,420</u>

March 30, 2020

	Band Government \$	Community Services \$	Economic Development \$	Education \$	Health \$	Housing \$	Public Works \$	Social Services \$	Consolidated Total \$
Revenue									
ISC	814,570	-	20,801	490,972	-	226,064	330,810	1,085,023	2,968,240
FNHA	1,640	-	-	-	919,400	-	-	-	921,040
Province of BC	222,755	20,000	142,349	-	-	-	-	10,000	395,104
Other	<u>1,228,720</u>	<u>41,129</u>	<u>1,197,565</u>	<u>58,315</u>	<u>45,623</u>	<u>213,413</u>	<u>-</u>	<u>5,853</u>	<u>2,790,618</u>
	<u>2,267,685</u>	<u>61,129</u>	<u>1,360,715</u>	<u>549,287</u>	<u>965,023</u>	<u>439,477</u>	<u>330,810</u>	<u>1,100,876</u>	<u>7,075,002</u>
Expenses									
Amortization	277,824	-	-	-	-	53,457	-	-	331,281
Materials and Supplies	38,348	10,352	34,859	5,085	28,818	25,238	1,169	27,545	171,414
Professional Fees	301,520	17,240	17,696	1,035	44,373	33,185	57,938	30,905	503,892
Wages and Benefits	530,293	105,465	242,695	28,466	419,986	31,607	3,030	135,694	1,497,236
Other	<u>605,111</u>	<u>35,146</u>	<u>499,440</u>	<u>603,925</u>	<u>177,913</u>	<u>299,381</u>	<u>175,139</u>	<u>758,674</u>	<u>3,154,729</u>
	<u>1,753,096</u>	<u>168,203</u>	<u>794,690</u>	<u>638,511</u>	<u>671,090</u>	<u>442,868</u>	<u>237,276</u>	<u>952,818</u>	<u>5,658,552</u>
Forgiveness of Treaty Loan	<u>8,284,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,284,361</u>
Annual Surplus (Deficit)	<u>8,798,950</u>	<u>(107,074)</u>	<u>566,025</u>	<u>(89,224)</u>	<u>293,933</u>	<u>(3,391)</u>	<u>93,534</u>	<u>148,058</u>	<u>9,700,811</u>