

HOMALCO FIRST NATION
Consolidated Financial Statements
March 31, 2022

HOMALCO FIRST NATION

Consolidated Financial Statements

Table of Contents

Year Ended March 31, 2022

Management's Responsibility for Financial Reporting	1
Independent Auditors' Report	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 19
Schedule 1 - Consolidated Segment Disclosure	20

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2022

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 the 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 the 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 the Homalco First Nation as at March 31, 2022.



John Lewis, Administrator
May 29, 2023



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, 2022, 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, 2022, 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, 2022. 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.

In addition, financial information for the Nation's government business entities for the years ended March 31, 2022 and March 31, 2021 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.

Chan Newstead Boates Inc

Chartered Professional Accountants
Campbell River, BC

May 29, 2023

HOMALCO FIRST NATION

Consolidated Statement of Financial Position

March 31, 2022

2022

2021

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)	\$ 3,237,612	\$ 2,140,093
Restricted Cash (Note 3)	635,650	249,615
Accounts Receivable (Note 4)	591,814	472,711
Funds Held in Trust (Note 5)	115,500	115,500
Federal Trust Funds (Note 6)	1,073	1,064
Portfolio Investment (Note 7)	110	110
Investments in Government Business Enterprises and Partnerships (Note 8)	2,850,222	1,607,827
Advances to Related Entities (Note 9)	521,026	-
	<u>7,953,007</u>	<u>4,586,920</u>

LIABILITIES

Bank Indebtedness (Note 10)	11,300	11,300
Accounts Payable (Note 11)	981,392	680,596
Advances from Related Entities (Note 9)	-	144,959
Deferred Revenue (Note 12)	1,237,804	833,700
Long Term Debt (Note 13)	3,771,609	1,492,184
	<u>6,002,105</u>	<u>3,162,739</u>

NET FINANCIAL ASSETS

<u>1,950,902</u>	<u>1,424,181</u>
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NON-FINANCIAL ASSETS

Prepaid Expenses	41,669	115,775
Tangible Capital Assets (Note 14)	10,943,667	7,483,972
	<u>10,985,336</u>	<u>7,599,747</u>

ACCUMULATED SURPLUS

<u>\$ 12,936,238</u>	<u>\$ 9,023,928</u>
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Commitments and Contingent Liabilities (Note 15)

Approved by:



Chief



Councilor

HOMALCO FIRST NATION

Consolidated Statement of Operations

Year Ended March 31, 2022

2022

2021

Revenue

Indigenous Services Canada	\$ 3,551,529	\$ 3,644,004
First Nations Health Authority	1,187,775	1,040,588
Province of British Columbia	664,341	426,359
Department of Fisheries and Oceans Canada	454,855	254,081
Canada Mortgage Housing Corporation	84,679	78,404
Ottawa Trust	1,073	1,064
British Columbia Treaty Commission	375,000	325,000
BC FN Gaming Revenue	211,442	372,493
Rental Income	409,382	301,277
First Peoples Cultural Council	290,852	157,917
Interest Income	11,475	19,258
Other Revenue	2,876,013	724,553
Earnings from Government Business Entities	<u>1,568,899</u>	<u>643,933</u>
	<u>11,687,315</u>	<u>7,988,931</u>

Expenditures (Note 16)

Band Government	2,000,768	2,180,062
Community Services	460,880	76,790
Social Services	1,157,673	1,364,863
Economic Development	1,166,495	768,881
Education	1,013,204	804,219
Health	1,002,573	771,890
Housing	800,135	626,470
Public Works	<u>173,277</u>	<u>269,336</u>
	<u>7,775,005</u>	<u>6,862,511</u>

Annual Surplus

\$ 3,912,310

\$ 1,126,420

HOMALCO FIRST NATION

Consolidated Statement of Accumulated Surplus

Year Ended March 31, 2022

2022

2021

Accumulated Surplus - Beginning of Year

\$ 9,023,928

\$ 7,897,508

Annual Surplus

3,912,310

1,126,420

Accumulated Surplus - End of Year

\$ 12,936,238

\$ 9,023,928

HOMALCO FIRST NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2022

2022

2021

Annual Surplus	\$ <u>3,912,310</u>	\$ <u>1,126,420</u>
Tangible Capital Assets Purchased	(3,859,555)	(388,448)
Amortization of Tangible Capital Assets	<u>399,860</u>	<u>398,971</u>
	<u>(3,459,695)</u>	<u>10,523</u>
Net Acquisition of Prepaid Asset	<u>74,106</u>	<u>(114,304)</u>
Increase in Net Financial Assets	526,721	1,022,639
Net Financial Assets - Beginning of Year	<u>1,424,181</u>	<u>401,542</u>
Net Financial Assets - End of Year	\$ <u><u>1,950,902</u></u>	\$ <u><u>1,424,181</u></u>

HOMALCO FIRST NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2022

2022

2021

Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	\$ 10,403,417	\$ 8,125,566
Cash Paid to Suppliers and Employees	<u>(7,000,353)</u>	<u>(6,597,795)</u>
	<u>3,403,064</u>	<u>1,527,771</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt	2,390,000	269,979
Repayment of Long Term Debt	<u>(110,575)</u>	<u>(82,292)</u>
	<u>2,279,425</u>	<u>187,687</u>

Cash Flows From Investing Activities:

Advances to Related Parties	(665,875)	(114,717)
Decrease (Increase) in Ottawa Trust Funds	<u>(9)</u>	<u>34</u>
	<u>(665,884)</u>	<u>(114,683)</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(3,859,555)</u>	<u>(388,448)</u>
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Increase in Cash and Cash Equivalents

1,157,050 1,212,327

Cash and Cash Equivalents - Beginning of Year

2,378,408 1,166,081

Cash and Cash Equivalents - End of Year

3,535,458 2,378,408

Cash and Cash Equivalents Consist of:

Cash	3,237,612	2,140,093
Restricted Cash	635,650	249,615
Bank Indebtedness	<u>(11,300)</u>	<u>(11,300)</u>
	<u>\$ 3,861,962</u>	<u>\$ 2,378,408</u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2022

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
1339092 BC Ltd.
1340838 BC Ltd.
1350673 BC Ltd.

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 enterprises and partnerships and the enterprises' and partnerships' 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 enterprises 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 and Cash Equivalents

Cash and cash equivalents 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, 2022

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 surplus.

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
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) Basis of Accounting for Revenue and Expenses

Restricted transfers from other governments are initially deferred to the extent that they contain a stipulation that gives rise to a liability. Amounts deferred are recognized as revenue in the period the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions are recorded in the year the contribution becomes receivable under the terms of the applicable funding agreement. Contributions that are specifically designated to fund expenses of a future period, or that are restricted and unspent at the end of a period, are deferred and recognized in the period in which the related expenses are incurred.

Rents, leases, contributions from non-government agreements, other fees, and interest are recognized as revenue in the period earned, when collection is reasonably assured.

Sales of goods and services are recognized as revenue in the period the good or service is provided to the recipient, and collection is reasonably assured.

Other economic activities represent activities of partnerships and enterprises controlled by the Nation. Revenues from economic activities consist of sales of goods and services, government transfers, management fees, and lease revenue. Expenses are recognized as they are incurred and measurable as a result of goods and services received and/or the creation of a legal obligation to pay.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued):

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.

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, 2022.

As at March 31, 2022, no liability for contaminated sites exists.

j) Segment Disclosures

A segment is defined as a distinguishable activity or group of activities of the Nation, for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Nation has provided definitions used in Note 19 as well as presented financial information in segment format in Schedule 1.

2. Cash:

Cash is comprised of the following:

	<u>2022</u>	<u>2021</u>
Unrestricted		
Operating	\$ 1,790,188	\$ 697,883
Savings	1,161,529	1,156,315
Guaranteed Investment Certificates	<u>285,895</u>	<u>285,895</u>
	<u>\$ 3,237,612</u>	<u>\$ 2,140,093</u>

The Guaranteed Investment Certificate ("GIC") balance is accruing interest at 0.35% (2021 - 0.45%) per annum, and matures on May 19, 2022.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2022

3. Restricted Cash:

Restricted Cash is comprised of the following:

	<u>2022</u>	<u>2021</u>
Treaty	\$ 402,346	\$ 26,568
Social Housing		
Operating	124,155	114,388
Replacement Reserve	<u>109,149</u>	<u>108,659</u>
	<u>233,304</u>	<u>223,047</u>
	<u>\$ 635,650</u>	<u>\$ 249,615</u>

4. Accounts Receivable:

	<u>2022</u>	<u>2021</u>
DFO	\$ 227,202	\$ -
GST Receivable	51,265	23,581
Indigenous Services Canada	107,951	268,296
Nation Housing	106,624	106,624
Social Housing	641,806	614,281
Other	<u>210,996</u>	<u>186,435</u>
	1,345,844	1,199,217
Allowance for Doubtful Accounts	<u>(754,030)</u>	<u>(726,506)</u>
	<u>\$ 591,814</u>	<u>\$ 472,711</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>2021</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2022</u>
Revenue	\$ 1,064	\$ 1,073	\$ 1,064	\$ 1,073

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*.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2022

7. Portfolio Investment:

The Nation's portfolio investment consists of the following:

	<u>2022</u>	<u>2021</u>
BC FN Gaming Revenue Sharing Limited Partnership	\$ <u>110</u>	\$ <u>110</u>

8. Investment in Government Business Enterprises and Partnerships:

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

	<u>2022</u>	<u>2021</u>
Investment in Business Enterprises:		
Homalco Holdings Inc.	\$ 1	\$ 1
Homalco Wildlife Tours Inc.	81,124	81,907
Port Neville Logging Company	<u>1</u>	<u>1</u>
	<u>81,126</u>	<u>81,909</u>
Investments and Earnings in Business Partnerships:		
Homalco Holdings Limited Partnership	2,713,706	1,470,528
Homalco Resources Limited Partnership	<u>55,390</u>	<u>55,390</u>
	<u>2,769,096</u>	<u>1,525,918</u>
	\$ <u>2,850,222</u>	\$ <u>1,607,827</u>

Homalco Holdings Limited Partnership has a January 31, 2022 year-end and the remainder of the Nation business entities have a March 31, 2022 year-end. No significant transactions occurred between the year-end dates of the Nation business entities and March 31, 2022.

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, 2022

9. Advances to (from) Related Entities:

	<u>2022</u>	<u>2021</u>
Homalco Holdings Inc.	\$ 672	\$ 672
Homalco Holdings Limited Partnership	58,701	12,987
AUPE Cultural Enhancement Society	51,000	51,000
Homalco Wildlife Tours Limited Partnership	278,860	128,860
Homalco Wildlife Tours Inc.	52,337	52,337
Homalco Forestry Limited Partnership	223,596	(61,981)
Homalco Jeh Jeh Tenure Management Limited Partnership	(141,811)	-
Homalco Resources Limited Partnership	-	(326,505)
Homathko Power Limited Partnership	(2,329)	(2,329)
	<u>\$ 521,026</u>	<u>\$ (144,959)</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.

10. Bank Indebtedness:

	<u>2022</u>	<u>2021</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	5,000	5,000
	<u>\$ 11,300</u>	<u>\$ 11,300</u>

11. Accounts Payable:

	<u>2022</u>	<u>2021</u>
Indigenous Services Canada	\$ 218,709	\$ 218,709
Government Remittances	83,545	29,301
Wages Payable	35,489	46,466
Trade Payable	643,649	386,120
	<u>\$ 981,392</u>	<u>\$ 680,596</u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2022

12. Deferred Revenue:

	<u>2021</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2022</u>
Indigenous Services Canada:				
P & ID Programs	\$ 114,438	\$ 66,035	\$ 153,411	\$ 27,062
Lands - Administration	180,108	96,262	276,370	-
SA - Income Assistance	25,604	93,015	55,796	62,823
SA - Assisted Living	6,667	9,947	5,590	11,024
SA - Community Wellbeing	62,737	53,834	53,411	63,160
SA - Prevention Projects	3,443	98,912	9,891	92,464
Ec. Dev. - Admin	11,594	-	-	11,594
COVID - LEDSP	24,300	27,000	2,700	48,600
Southgate	199,382	14,300	116,840	96,842
Municipal Services	23,941	73,435	69,813	27,563
FNLM - Operational Support	65,137	-	-	65,137
Edu. - Financial Assistance	2,846	3,204	320	5,730
Edu. - Guidance & Counselling	4,672	5,191	519	9,344
Edu. - Comp. Education Support	5,768	11,306	1,131	15,943
NGNF Membership	-	5,000	1,905	3,095
PW - Roads and Bridges	-	67,475	50,470	17,005
PW - Community Buildings	-	44,575	8,687	35,888
PW - Solid Waste	-	6,056	606	5,450
Ec.Dev. - Infrastructure	-	52,732	18,123	34,609
Edu. - Private School	-	12,120	11,312	808
Edu. - Community Initiatives	-	398,643	39,864	358,779
SA - Needs Based Off Reserve	-	22,870	2,287	20,583
	<u>730,637</u>	<u>1,161,912</u>	<u>879,046</u>	<u>1,013,503</u>
Government of Canada	100,000	-	100,000	-
Province of BC	-	59,000	25,016	33,984
Ending Violence Association of BC	-	201,539	14,285	187,254
Other	<u>3,063</u>	<u>-</u>	<u>-</u>	<u>3,063</u>
	<u>\$ 833,700</u>	<u>\$ 1,422,451</u>	<u>\$ 1,018,347</u>	<u>\$ 1,237,804</u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2022

13. Long Term Debt:

	<u>2022</u>	<u>2021</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	\$ 141,720	\$ 167,103
All Nations Trust Company: Repayable at \$2,324 per month including interest at 1.01% per annum; maturing and renewing July 1, 2026; secured by a guarantee by the Nation and the Government of Canada	118,206	144,747
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	289,203	315,415
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	832,480	864,919
CIBC: Non-revolving demand installment loan, repayable at \$15,601 per month including interest at prime minus 0.25% per annum commencing on January 18, 2024 and maturing December 1, 2038; secured by a general security agreement and a guarantee by the Nation	2,390,000	-
	<u>\$ 3,771,609</u>	<u>\$ 1,492,184</u>

Interest paid on long term debt for the year ended March 31, 2022 is \$15,680 (2021 - \$16,812).

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, 2022, are estimated to be as follows:

2023	\$111,359
2024	146,487
2025	249,235
2026	253,619
2027 and beyond	3,010,909

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2022

14. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2022	2021
Land	\$ 237,862	\$ 3,286,505	\$ -	\$ 3,524,367	\$ -	\$ -	\$ -	\$ -	\$ 3,524,367	\$ 237,862
Automobiles	185,125	-	-	185,125	106,567	23,560	-	130,127	54,998	78,558
Boats	133,954	-	-	133,954	115,686	920	-	116,606	17,348	18,268
Buildings	4,158,792	561,058	-	4,719,850	1,667,898	105,380	-	1,773,278	2,946,572	2,490,894
Computers	39,247	-	-	39,247	29,256	6,590	-	35,846	3,401	9,991
Equipment	671,557	-	-	671,557	602,318	13,610	-	615,928	55,629	69,239
Infrastructure	5,393,392	-	-	5,393,392	3,894,910	74,920	-	3,969,830	1,423,562	1,498,482
Hatchery	454,183	11,966	-	466,149	163,336	28,440	-	191,776	274,373	454,183
Band Housing	6,699,738	26	-	6,699,764	3,909,907	146,440	-	4,056,347	2,643,417	2,789,831
Total	\$ 17,973,850	\$ 3,859,555	\$ -	\$ 21,833,405	\$ 10,489,878	\$ 399,860	\$ -	\$ 10,889,738	\$ 10,943,667	\$ 7,483,972

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 \$236,227 (2021 - \$248,795) 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 liable 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, 2022

16. Schedule of Expenses by Object:

	<u>2022</u>	<u>2021</u>
Administration Fees	\$ 317,195	\$ 335,563
Amortization	399,860	398,971
Bad Debts	27,524	70,359
Bank Charges and Interest	23,836	23,815
Community Events	26,581	14,334
Consulting	289,823	97,075
Food Supplies	88,315	123,996
Fuel	54,274	42,501
Funeral	3,725	85,779
Honoraria	77,065	36,085
Memberships	170,617	152,750
Insurance	106,463	95,221
Meetings and Workshops	101,877	26,997
Office	33,741	59,872
Patient Travel	20,399	29,073
Professional Fees	1,313,729	746,618
Rent	42,284	54,456
Repairs and Maintenance	569,918	527,045
School District Fees	217,707	189,468
Social Assistance	993,068	1,148,251
Supplies	251,957	153,116
Student Allowances	482,011	339,546
Telephone and Internet	86,432	74,831
Training	42,809	7,767
Travel	111,652	35,517
Tuition	131,130	258,680
Utilities	126,012	172,605
Wages and Benefits	<u>1,665,001</u>	<u>1,562,220</u>
	<u>\$ 7,775,005</u>	<u>\$ 6,862,511</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 as it currently does 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

Notes to the Consolidated Financial Statements

March 31, 2022

19. Segment Disclosure:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

Band Government:

Band Government contains activities that are needed to manage and administer the Nation's operations.

Community Services:

Community Services contain all activities that relate to the operations, maintenance, development, construction and financing of buildings, infrastructure and the land of the Nation.

Economic Development:

Economic Development contains activities that are involved in the development and operation of economic opportunities.

Education:

Education contains activities that provide education and facilitate educational opportunities to members for primary and secondary schooling and adult vocational training.

Health:

Health contains activities that provide health services, medical services, financial support or support by other means to members that is aimed at developing both the individual as well as the community.

Housing:

Housing contains activities that relate to on reserve housing.

Public Works:

Public Works contains activities that relate to the maintenance, servicing, and monitoring of community infrastructure and systems.

Social Services:

Social Services contains activities that relate to the support and assistance of children, families and individuals in need.

HOMALCO FIRST NATION

Schedule 1 - Consolidated Segment Disclosure

March 31, 2022

	Band Government	Community Services	Economic Development	Education	Health	Housing	Public Works	Social Services	Consolidated Total
Revenue									
ISC	\$ 747,448	\$ 556,878	\$ 285,759	\$ 561,366	\$ -	\$ 69,866	\$ 188,591	\$ 1,141,621	\$ 3,551,529
FNHA	-	-	-	-	1,182,775	-	-	5,000	1,187,775
Province of BC	10,000	90,016	519,325	-	15,000	-	-	30,000	664,341
Other	943,614	22,974	4,679,980	75,374	78,485	480,934	1,064	1,245	6,283,670
	<u>1,701,062</u>	<u>669,868</u>	<u>5,485,064</u>	<u>636,740</u>	<u>1,276,260</u>	<u>550,800</u>	<u>189,655</u>	<u>1,177,866</u>	<u>11,687,315</u>
Expenses									
Amortization	304,330	-	-	-	-	95,530	-	-	399,860
Materials and Supplies	69,467	3,939	121,550	12,297	24,123	14,398	3,332	2,851	251,957
Professional Fees	432,379	369,305	125,627	10,100	244,304	74,492	45,022	12,500	1,313,729
Wages and Benefits	613,804	59,739	296,148	34,257	462,169	108,735	1,665	88,484	1,665,001
Other	580,787	27,897	623,170	956,550	271,977	506,980	123,259	1,053,838	4,144,458
	<u>2,000,767</u>	<u>460,880</u>	<u>1,166,495</u>	<u>1,013,204</u>	<u>1,002,573</u>	<u>800,135</u>	<u>173,278</u>	<u>1,157,673</u>	<u>7,775,005</u>
Annual Surplus (Deficit)	\$ (299,705)	\$ 208,988	\$ 4,318,569	\$ (376,464)	\$ 273,687	\$ (249,335)	\$ 16,377	\$ 20,193	\$ 3,912,310

March 30, 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	849,769	53,598	1,387,892	113,148	84,599	374,095	5,568	14,311	2,882,980
	<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	819,588	41,714	303,175	748,568	174,443	431,855	242,375	1,239,864	4,001,582
	<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)	\$ (337,806)	\$ 61,080	\$ 993,839	\$ (181,961)	\$ 348,297	\$ 1,902	\$ 221,687	\$ 19,382	\$ 1,126,420