

Sts'ailes
Consolidated Financial Statements
March 31, 2021

Sts'ailes Contents

For the year ended March 31, 2021

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Management's Responsibility

To the Members of Sts'ailes

The accompanying consolidated financial statements of Sts'ailes are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Sts'ailes Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 27, 2021



CAO

To the Members of Sts'ailes:

Opinion

We have audited the consolidated financial statements of Sts'ailes (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations, changes in its net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 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 liquidate the First Nation or 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.
- 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.

Chilliwack, British Columbia

July 27, 2021


MNP LLP

Chartered Professional Accountants

Sts'ailes
Consolidated Statement of Financial Position
As at March 31, 2021



	2021	2020
Financial assets		
Cash and cash equivalents	9,855,497	1,425,553
Restricted cash (Note 3)	367,689	106,446
Portfolio investments (Note 4)	110	110
Accounts receivable (Note 5)	1,875,473	1,560,026
Inventory for resale	115,996	112,891
Investment in Nation business entities (Note 6)	3,509,841	3,585,342
Funds held in trust (Note 7)	539,360	537,214
Long-term loans (Note 8)	5,000,000	5,000,000
Total of financial assets	21,263,966	12,327,582
Liabilities		
Bank indebtedness (Note 9)	341,147	872,143
Accounts payable and accruals	1,635,716	1,528,649
Deferred revenue (Note 10)	3,759,682	656,233
Long-term debt (Note 11)	13,054,135	13,273,620
Term loans due on demand (Note 12)	2,818,265	2,732,315
Reforestation obligation	185,346	267,860
Total of financial liabilities	21,794,291	19,330,820
Net debt	(530,325)	(7,003,238)
Contingencies (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	15,977,618	16,201,216
Prepaid expenses	466,953	640,468
Total non-financial assets	16,444,571	16,841,684
Accumulated surplus (Note 14)	15,914,246	9,838,446

Approved on behalf of the Council

Chief

Councilor

Councilor

Councilor

Sts'ailes

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2021

	<i>2021 Budget</i>	<i>2021</i>	<i>2020</i>
Revenue			
Indigenous Services Canada	8,439,618	11,243,398	8,437,701
Economic activity	7,163,066	5,134,528	6,025,353
Province of British Columbia	2,749,087	4,539,499	3,368,114
First Nation Health Authority	126,756	2,364,213	2,014,001
Sts'ailes contracts	469,144	466,730	874,720
Other revenue	208,447	566,543	543,933
Canada Mortgage and Housing Corporation	53,600	66,101	80,142
First Nations Education Steering Committee	14,781	1,005,333	821,121
Interest income	915,696	705,650	291,777
Sto:lo Aboriginal Skills and Employment Training	493,893	541,270	617,373
Rental income	742,162	540,474	559,714
Investment income	-	538,528	503,083
Ottawa trust income	-	8,655	10,975
Insurance proceeds	-	4,505	98,358
Funding reimbursement	-	-	36,920
Loss from investment in Nation business entities	-	(151,450)	(363,007)
	21,376,250	27,573,977	23,920,278
Expenses			
Sts'ailes Administration and Governance	1,646,224	2,283,300	1,780,372
Employment	717,389	556,179	713,822
Social Development	1,117,576	1,740,214	1,075,801
Education	6,697,410	5,991,453	6,069,912
Health	1,092,446	1,242,000	1,331,214
Snowoyelh	1,627,020	1,978,278	1,752,556
Community Development	-	2,324,232	1,913,408
Economic Development	250,000	500,769	431,688
Housing	952,643	1,054,586	1,349,723
Lands	1,381,553	715,721	1,270,390
Economic Development - Controlled Entities	4,529,655	3,111,445	5,389,332
Total expenditures	20,011,916	21,498,177	23,078,218
Annual surplus	1,364,334	6,075,800	842,060
Accumulated surplus, beginning of year	9,838,446	9,838,446	8,996,386
Accumulated surplus, end of year	11,202,780	15,914,246	9,838,446

Sts'ailes
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2021

	<i>2021 Budget</i>	<i>2021</i>	<i>2020</i>
Annual surplus	1,364,334	6,075,800	842,060
Purchases of tangible capital assets	-	(1,208,491)	(1,619,482)
Amortization of tangible capital assets	1,432,089	1,432,089	1,415,595
Use of prepaid expenses	-	173,515	121,436
Increase in net financial assets	2,796,423	6,472,913	759,609
Net debt, beginning of year	(7,003,238)	(7,003,238)	(7,762,847)
Net debt, end of year	(4,206,815)	(530,325)	(7,003,238)

Sts'ailes
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	6,075,800	842,060
Non-cash items		
Amortization	1,432,089	1,415,595
Loss from investment in Nation business entities	151,451	363,007
	7,659,340	2,620,662
Changes in working capital accounts		
Restricted cash	(261,243)	188,689
Accounts receivable	(315,447)	612,012
Inventory for resale	(3,104)	(17,722)
Accounts payable and accruals	107,064	206,101
Deferred revenue	3,103,449	(175,305)
Reforestation obligation	(82,514)	(139,668)
Prepaid expenses	173,515	121,436
Change in funds held in trust	(2,146)	2,026
	10,378,914	3,418,231
Financing activities		
Advances of long-term debt	-	255,781
Repayment of long-term debt	(219,484)	(197,815)
Repayment of bank indebtedness	(530,996)	(265,734)
Advances of term loans due on demand	420,485	-
Repayment of term loans due on demand	(334,535)	(267,841)
	(664,530)	(475,609)
Capital activities		
Purchases of tangible capital assets	(1,208,491)	(1,619,482)
Investing activities		
Advances to Nation business entities	(75,949)	(221,939)
Change in portfolio investments	-	(110)
	(75,949)	(222,049)
Increase in cash resources	8,429,944	1,101,091
Cash resources, beginning of year	1,425,553	324,462
Cash resources, end of year	9,855,497	1,425,553
Supplementary cash flow information		
Interest paid	270,284	681,905

1. Operations

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

Impact of COVID-19 on operations

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

The Nation's operations were not materially impacted by COVID-19.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation's operations 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. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the First Nation's operations.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes 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.

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising Sts'ailes reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Sts'ailes are excluded from the First Nation reporting entity.

First Nation has consolidated the assets, liabilities, revenue, and expenses of the following entities and departments:

- Sts'ailes Development Limited Partnership
- Sts'ailes Development Corporation
- Chehalis Indian Band Economic Development Trust
- Sasquatch Crossing Eco Lodge Ltd
- SLD (Sts'ailes Sasq'ets A:eylexwtawtexw) Land Holdings Inc.
- SLD (Lexw'a:yi:les) Land Holdings Inc.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

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

Sts'ailes 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:

- Harrison Salmon Producers Limited Partnership
- Sts'ailes Eco Energy Development (Sakwi) Limited Partnership
- Sts'ailes Eco Energy Development (Bremner Trio) Limited Partnership

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, prepaid expenses, and inventories of supplies.

Net debt

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

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	declining balance	10%
Housing	declining balance	10%
Infrastructure	declining balance	10%
Equipment	declining balance	20 - 30%

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of the First Nation's 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 sale of 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.

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

Revenue recognition

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.

Housing rental income

Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Own source revenue

Own source revenue derived from such sources as resource based revenues, interest income and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investments

Sts'ailes uses the modified equity method to account for its investment in Harrison Salmon Producers Limited Partnership, Sts'ailes Eco Energy Development (Sakwi) Limited Partnership and Sts'ailes Eco Energy Development (Bremner Trio) Limited Partnership whereby the First Nation records its proportionate share of annual earnings as revenue.

Measurement uncertainty

The preparation of the 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 and amounts due from related First Nation entities and departments, are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Reforestation obligation is based upon various judgments and assumptions and is accrued and charged to earnings on the basis of the volume of timber cut.

Inventory

Management has estimated the value of the inventory based upon their assessment of the realizable amount less selling costs.

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.

When Sts'ailes determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

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

Segments

Sts'ailes conducts its business through eleven reportable segments: Sts'ailes Administration and Governance, Employment, Social Development, Education, Health, Snowoyelh, Community Development, Economic Development, Housing, Lands, and Economic Development - Controlled Entities. These operating segments are established by senior management to facilitate the achievement of Sts'ailes long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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.

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

Retirement benefits

Sts'ailes has a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. There are no prior service costs. Contributions are discretionary, and are based on the percentage of participants' contributions, up to a maximum. Sts'ailes contributions totaled \$281,047 (2020 - \$334,768).

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 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.

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 in 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. Management has determined that no liability exists as at March 31, 2021.

3. Restricted cash

	2021	2020
CMHC Operating and Replacement Reserves	37,404	37,482
FNFA Secured Revenues Trust Account	304,124	42,803
Term Deposit - Bank of Montreal	26,161	26,161
Total	367,689	106,446

Notes to restricted assets

Replacement Reserve

Under agreements with Canada Mortgage and Housing Corporation, the Nation established a replacement reserve, funded by an annual allocation of \$14,655 (2020 - \$13,305), to ensure replacement of buildings financed by CMHC. At March 31, 2021, \$22,903 has been set aside to fund this reserve (2020 - \$22,909). The reserve was underfunded by \$32,649 at March 31, 2021 (2020 - \$9,740).

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

3. Restricted cash *(Continued from previous page)*

Operating reserve

Under agreements with Canada Mortgage and Housing Corporation 1997 On-Reserve Program requirements, the First Nation must establish an operating reserve resulting from annual surplus after the payment of all costs and expenses including allocation to the replacement reserve. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as otherwise mutually agreed to by Sts'ailes and CMHC.

These funds must only be used for the ongoing operating costs of the housing projects committed under the 1997 On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. At March 31, 2021, \$14,501 has been set aside to fund this reserve (2020 - \$14,573). The reserve was underfunded by \$47,941 at March 31, 2021 (2020 - \$39,526).

Secured Revenues Trust Account

The secured revenues trust account arises from a financing agreement with the First Nations Finance Authority (FNFA). Other revenues of Sts'ailes are deposited into this account to secure funds FNFA has lent to Sts'ailes. The account is managed by a third party which is required to pay amounts to FNFA under the terms of the borrowing agreement before paying any remaining amount from the account to Sts'ailes.

Terms Deposit - Bank of Montreal

This term deposit is pledged as security in favour of the BC Assets and Land Commission.

4. Portfolio investments

	2021	2020
Measured at cost:		
BC First Nations Gaming Revenue Sharing LP - Partnership Unit	100	100
BC First Nations Gaming Sharing General Partner Ltd. - Common Share	10	10
	110	110

5. Accounts receivable

	2021	2020
Accounts receivable	1,578,521	1,406,142
CMHC subsidy assistance receivable	5,508	5,508
Rent receivable	189,290	73,565
Tax receivables	102,154	74,811
	1,875,473	1,560,026

Accounts receivable is net of an allowance of doubtful accounts in the amount of \$1,170,761 (2020 - \$1,170,761).

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Investment in Nation business entities

Harrison Salmon Producers Limited Partnership, 50% interest, unsecured, non-interest bearing, no stated terms of repayment. No amounts are due within the year.

Sts'ailes Eco Energy Development (Sakwi) Limited Partnership, 99% interest, unsecured, non-interest bearing, no stated terms of repayment. No amounts are due within the year.

Sts'ailes Eco Energy Development (Bremner Trio) Limited Partnership, 99% interest, unsecured, non-interest bearing, no stated terms of repayment. No amounts are due within the year.

	2021	2020
Partnership interest - Harrison Salmon Producers Limited Partnership	786,911	857,782
Amount due to/from Harrison Salmon Producers Limited Partnership	95,639	90,755
	882,550	948,537
Partnership interest - Sts'ailes Eco Energy Development (Sakwi) Limited Partnership	(1,269,189)	(1,190,159)
Amount due from Sts'ailes Eco Energy Development (Sakwi) Limited Partnership	694,767	625,413
	(574,422)	(564,746)
Partnership interest - Sts'ailes Eco Energy Development (Bremner Trio) Limited Partnership	(38,988)	(37,439)
Amount due from Sts'ailes Eco Energy Development (Bremner Trio) Limited Partnership	3,240,701	3,238,990
	3,201,713	3,201,551
	3,509,841	3,585,342

Financial information for Harrison Salmon Producers Limited Partnership is as follows:

	2021	2020
Current assets	465,609	330,118
Capital assets	1,404,728	1,526,626
Advances to related parties	10,485	10,485
	1,880,822	1,867,229
Current liabilities	260,203	109,736
Advances from related parties	48,073	43,189
	308,276	152,925
Partners' capital	1,572,546	1,714,304
	1,880,822	1,867,229

	2021	2020
Revenue	286,214	229,855
Expenses	427,971	373,127
Net income (loss)	(141,757)	(143,272)

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Investment in Nation business entities *(Continued from previous page)*

Financial information for Sts'ailes Eco Energy Development (Sakwi) Limited Partnership is as follows:

	2021	2020
Current assets	55,726	92,777
Long-term investment	593,465	604,958
	649,191	697,735
Long-term debt	1,223,754	1,264,250
Advances from related parties	694,753	623,764
	1,918,507	1,888,014
Partners' deficiency	(1,269,316)	(1,190,279)
	649,191	697,735
	2021	2020
Income (loss) from investment in partnership	23,686	(168,758)
Expenses	102,724	121,126
Net loss	(79,038)	(289,884)

Financial information for Sts'ailes Eco Energy Development (Bremner Trio) Limited Partnership is as follows:

	2021	2020
Investments	3,200,000	3,200,000
Advances to Bremner Trio Hydro Corporation	5,163,388	5,000,000
	8,363,388	8,200,000
Advances from Sts'ailes	5,423,388	5,260,000
Advances from Sts'ailes Development Corporation	2,978,991	2,977,442
	8,402,379	8,237,442
Partners' deficiency	(38,991)	(37,442)
	8,363,388	8,200,000
	2021	2020
Revenue	706,986	-
Expenses	708,535	1,523
Net loss	(1,549)	(1,523)

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

7. Funds held in trust

Capital and revenue trust monies 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.

	2021	2020
Capital Trust		
Balance, beginning/end of year	530,706	530,706
Revenue Trust		
Balance, beginning of year	6,508	8,534
Interest	6,217	8,526
Provincial grants	2,437	2,449
Less: Transfers to Nation	6,508	13,001
Balance, end of year	8,654	6,508
	539,360	537,214

8. Long-term loans

Long-term loans receivable consists of a \$5,000,000 promissory note issued to Sts'ailes Eco Energy Development (Bremner Trio) Limited Partnership, a partnership owned 99% by the Sts'ailes. Repayment terms are 13% interest per annum until the principal amount and all accrued interest has been paid. As of March 31, 2021, accrued interest is \$160,274 (2020 - \$219,041).

9. Bank indebtedness

Under a line of credit arrangement with the Bank of Montreal, Sts'ailes may borrow up to \$1,650,000. The line of credit bears interest at bank's prime rate plus 0.50%. The prime rate at March 31, 2021 was 2.95% (2020 - 3.45%). This arrangement does not have a termination date and can be withdrawn at the bank's option. The credit line is secured by a general security agreement covering all property of Sts'ailes.

10. Deferred revenue

	2021	2020
Deferred FNEC funding	626,182	626,233
Deferred Province of BC funding	-	30,000
Deferred FNHA funding - Community care center	3,133,500	-
	3,759,682	656,233

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

11. Long-term debt

	2021	2020
First Nations Finance Authority promissory note, bearing monthly interest only payments at the interim financing rate of 3.75%, until the promissory note is commissioned.	9,400,000	9,400,000
Interim Financing Debt Reserve Fund Investment, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Interest is paid daily at an annual rate of 1.60%.	(480,046)	(475,904)
First Nations Finance Authority promissory note, bearing interest at 3.79%, with blended monthly payments of \$21,445, due June 2024.	2,683,383	2,834,882
Interim Financing Debt Reserve Fund Investment, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Interest is paid daily at an annual rate of 1.10%.	(207,647)	(205,855)
All Nation's Trust Company mortgage, payments of \$2,917 per month including interest at 2.13%, up for renewal on October 1, 2022.	605,775	627,709
All Nation's Trust Company mortgage, payments of \$1,843 per month including interest at 1.21%, up for renewal on May 1, 2021.	395,679	412,917
All Nation's Trust Company mortgage, payments of \$2,833 per month including interest at 1.67%, up for renewal on July 1, 2024	656,991	679,871
	13,054,135	13,273,620

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

2022	183,838
2023	184,921
2024	186,023
2025	187,145
2026	188,287

The following specified revenue streams are pledged as security in favour of the First Nation Finance Authority:

- Harrison Hydro Limited Partnership
- Stooke Creek Project Limited Partnership
- Forest & Range Consult and Revenue Sharing Agreement
- Sts'ailes Development Limited Partnership - Fisheries
- Sts'ailes Development Limited Partnership - Forestry

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

12. Term loans due on demand

	2021	2020
Bank of Montreal loan bearing interest at prime plus 0.50%, payable in monthly principal payment of \$28,559 plus interest	2,627,410	2,732,315
Bank of Montreal loan bearing interest at prime plus 0.50%, payable in blended monthly instalments of \$2,014	190,855	-
	2,818,265	2,732,315

Principal repayments on long-term debt in each of the next five years, assuming the loans are paid in accordance with the terms and not called, are estimated as follows:

2022	361,501
2023	362,063
2024	362,642
2025	363,238
2026	363,852

Bank of Montreal demand loans are secured by the following guarantees:

- Department of Indigenous Services Canada guarantee in the amount of \$250,000
- Guarantee in the amount of \$5,000,000 signed by Sasquatch Crossing Eco Lodge Ltd.
- First and second ranking all-Indebtedness Mortgage in the amount of \$6,000,000 over 15500 Morris Valley Rd, Harrison, BC
- First Nations Market Housing Fund credit enhancement facility approved to \$2,700,000

13. Contingent liabilities

a) As of March 31, 2021, Sts'ailes was contingently liable in respect of one guaranteed individual Band Member mortgage with a total outstanding principal balance of \$27,152 (2020 - \$34,578).

b) Sts'ailes is the guarantor for \$3,000,000 in residential loans granted to Sts'ailes members under the Housing and Loan Program by the Bank of Montreal.

c) Sts'ailes has provided a limited guarantee on a commercial loan to one of its business entities, Sts'ailes Eco Energy Development (Sakwi) Limited Partnership. The guarantee is limited to the royalties received by Sts'ailes under the terms of the Impact Benefit Agreement with Sakwi Creek Power Corp. and BC Hydro. The amount of the royalties is undetermined as of the date of the consolidated financial statements. The outstanding balance of the commercial loan at March 31, 2021 is \$1,223,754 (2020 - \$1,264,250).

Sts'ailes
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

14. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
Equity in Tangible Capital Assets	11,520,905	11,748,403
Internally Restricted Equity (Note 15)	307,861	307,861
Operating surplus (deficit)	3,508,716	(2,792,514)
Equity in Ottawa Trust Funds	539,360	537,214
CMHC Operating and Replacement Reserves	37,404	37,482
	15,914,246	9,838,446

15. Internally Restricted Equity

The First Nation maintains reserve funds for certain tangible capital assets. These balances at March 31, 2021 are as follows:

	2021	2020
Sts'ailes Housing	56,624	56,624
Church	171	171
Roads	1,916	1,916
Memorial Bench	1,783	1,783
Daycare Building	56,000	56,000
Fitup Facilities	10,459	10,459
Health Program	24,405	24,405
Legacy Fund	92,733	92,733
Community Building	63,770	63,770
	307,861	307,861

16. Budget information

The disclosed budget information has been approved by the Chief and Council of the Sts'ailes at the Chief and Council meeting held on June 23, 2020. The budget information is projected based on operating expenses to be incurred during the year on a program by program basis.

17. Economic dependence

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

18. Segments

The First Nation conducts its business through eleven reportable segments: Sts'ailes Administration and Governance, Employment, Social Development, Education, Health, Snowoyelh, Community Development, Economic Development, Housing, Lands, and Economic Development - Controlled Entities. These segments are differentiated by major activities; accountability and control relationships.

Sts'ailes Administration and Governance - Includes general operation, support, and financial management of the First Nation, as well as activities related to the general governance, and leadership of the community and its members.

Employment - Includes employment programs for the members of the Nation.

Social Development - Includes services offered to community members. Services include, but are not limited to, income assistance, child and family support, assisted living, and early childhood development.

Health - Includes activities related to the provision of health services for the community and its members.

Snowoyelh - Includes activities related to family healing and growth, ensuring the safety and well being of children, and providing healing and treatment for addiction.

Community Development - Includes services related to construction contracts, general community maintenance, and public works.

Economic Development - Includes activities related to the growth of revenue producing projects within the First Nation.

Housing - Includes activities related to the provision of housing to the members of the First Nation.

Lands - Includes activities related to land administration and aboriginal rights and title.

Economic Development - Controlled Entities - Includes activities related to the growth of revenue producing projects of entities owned by the First Nation.

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2021

	<i>Buildings</i>	<i>Housing</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Land</i>	<i>2021</i>	<i>2020</i>
Cost							
Balance, beginning of year	15,796,953	6,014,127	3,320,329	8,356,500	2,716,343	36,204,252	34,584,770
Acquisition of tangible capital assets	282,738	211,485	445,237	269,031	-	1,208,491	1,251,682
Construction-in-progress	-	-	-	-	-	-	367,800
Balance, end of year	16,079,691	6,225,612	3,765,566	8,625,531	2,716,343	37,412,743	36,204,252
Accumulated amortization							
Balance, beginning of year	9,594,631	2,689,289	2,645,890	5,073,226	-	20,003,036	18,587,441
Annual amortization	605,165	334,246	190,839	301,839	-	1,432,089	1,415,595
Balance, end of year	10,199,796	3,023,535	2,836,729	5,375,065	-	21,435,125	20,003,036
Net book value of tangible capital assets	5,879,895	3,202,077	928,837	3,250,466	2,716,343	15,977,618	16,201,216
Net book value of tangible capital assets 2020	6,202,322	3,324,838	674,439	3,283,274	2,716,343	16,201,216	

Sts'ailes
Schedule 2 - Segmented Information
For the year ended March 31, 2021

	Sts'ailes Administration and Governance	Employment	Social Development	Education	Health	Snowoyelh	Community Development	Economic Development	Housing	Lands	Economic Development - Controlled Entities	2021
Revenue												
Indigenous Services Canada	\$ 2,186,302	\$ 299,600	\$ 1,745,620	\$ 5,028,709	\$ 150,000	\$ 303,195	\$ 414,432	\$ 95,448	\$ 669,392	\$ 350,700	\$ -	\$ 11,243,398
Other government	406,150	407,280	-	3,592,121	1,472,327	2,035,159	93,590	989,628	66,101	780,078	-	9,842,436
Economic activities and other	2,373,284	-	-	107,255	31,283	-	11,336	(70,871)	591,409	249,382	3,195,063	6,488,141
	4,965,736	706,880	1,745,620	8,728,086	1,653,610	2,338,354	519,358	1,014,205	1,326,902	1,380,160	3,195,063	27,573,977
Expenses												
Amortization	\$ -	-	-	-	-	-	1,302,188	-	-	-	129,902	1,432,089
Operating expenses	370,879	209,932	614,303	1,031,512	455,385	530,041	754,342	301,466	879,495	170,926	2,379,947	7,698,227
Salaries, wages and benefits	1,857,460	342,697	155,167	4,172,705	748,253	1,202,081	267,653	199,302	175,092	541,578	504,882	10,166,868
Program and services delivery expenses	54,962	3,550	970,745	787,239	38,361	246,157	47	-	-	3,218	96,715	2,200,994
	2,283,300	556,179	1,740,214	5,991,453	1,242,000	1,978,278	2,324,232	500,769	1,054,586	715,721	3,111,445	21,498,177
Surplus (deficit) before transfers	2,682,435	150,701	5,406	2,736,633	411,610	360,076	(1,804,873)	513,436	272,316	664,439	83,618	6,075,800
Transfers between programs	(173,851)	(7,325)	(10,600)	(168,831)	1,400	(143,042)	853,803	(59,899)	(264,566)	(27,091)	-	-
Annual surplus (deficit)	\$ 2,508,585	\$ 143,376	\$ (5,194)	\$ 2,567,802	\$ 413,010	\$ 217,034	\$ (951,070)	\$ 453,537	\$ 7,751	\$ 637,349	\$ 83,618	\$ 6,075,800

	Sts'ailes Administration and Governance	Employment	Social Development	Education	Health	Snowoyelh	Community Development	Economic Development	Housing	Lands	Economic Development - Controlled Entities	2020
Revenue												
Indigenous Services Canada	\$ 718,899	\$ 299,600	\$ 1,158,430	\$ 3,605,781	\$ 96,964	\$ 387,300	\$ 384,856	\$ -	\$ 863,441	\$ 922,430	\$ -	\$ 8,437,701
Other government	64,102	484,894	36,920	3,133,009	1,394,583	1,793,802	200,000	931,749	82,795	54,960	-	8,176,814
Economic activities and other	490,583	-	-	94,668	64,811	22,000	45	(71,629)	935,698	489,272	5,280,317	7,305,765
	1,273,584	784,494	1,195,350	6,833,457	1,556,359	2,203,102	584,901	860,120	1,881,934	1,466,662	5,280,317	23,920,278
Expenses												
Amortization	-	-	-	-	-	-	1,318,419	-	-	-	97,177	1,415,595
Operating expenses	545,944	273,475	(6,110)	987,981	396,707	404,983	416,025	205,514	1,174,315	645,848	4,130,371	9,175,052
Salaries, wages and benefits	1,136,884	435,922	169,183	3,851,954	726,395	1,163,325	178,965	226,174	175,409	579,421	1,058,130	9,701,761
Program and services delivery expenses	97,544	4,425	912,728	1,229,978	208,112	184,248	-	-	-	45,122	103,653	2,785,810
	1,780,372	713,822	1,075,801	6,069,912	1,331,214	1,752,556	1,913,408	431,688	1,349,723	1,270,390	5,389,332	23,078,218
Surplus (deficit) before transfers	(506,787)	70,673	119,549	763,546	225,145	450,546	(1,328,507)	428,431	532,211	196,272	(109,015)	842,060
Transfers between programs	(84,867)	1,580	-	(841,016)	8,743	(67,209)	1,232,785	(27,867)	(409,705)	187,557	-	-
Annual surplus (deficit)	\$ (591,655)	\$ 72,252	\$ 119,549	\$ (77,470)	\$ 233,887	\$ 383,338	\$ (95,722)	\$ 400,564	\$ 122,506	\$ 383,829	\$ (109,015)	\$ 842,060