

**MATSQUI FIRST NATION**

**Consolidated Financial Statements**

**March 31, 2021**

**MATSQUI FIRST NATION****Consolidated Financial Statements**

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# **MATSQUI FIRST NATION**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**March 31, 2021**

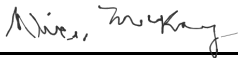
The Chief and Council of the Matsqui First Nation has delegated the responsibility for the integrity and objectivity of the financial information contained in the consolidated financial statements to the management of Matsqui First Nation. The consolidated financial statements which, in part, are based 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 consolidated financial statements. These systems are monitored and evaluated by management.

Matsqui First Nation's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these consolidated financial statements present fairly Matsqui 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.

Chief and Council reviews the consolidated financial statements and approves them. Chief and Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the independent auditor's report. Chief and Council consider their findings when approving the consolidated financial statements for issuance.

The consolidated 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 Matsqui First Nation as at March 31, 2021.



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Chief Alice McKay, Band Administrator  
July 30, 2021



## INDEPENDENT AUDITORS' REPORT

To Chief and Council and the Members of the Matsqui First Nation

### Opinion

We have audited the accompanying consolidated financial statements of the Matsqui First Nation (the "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 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, the Nation's consolidated 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 consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

### Basis of Opinion

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 Consolidated 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 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 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 overseeing the Band's financial reporting process.

### Auditors' 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 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 consolidated financial statements.

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

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 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 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 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 Matter**

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 Accountant who issued an unqualified audit opinion on October 5, 2020.

*Chan Nawrood Boates Inc*

Chartered Professional Accountants  
Campbell River, BC

July 30, 2021

**MATSQUI FIRST NATION****Statement of Financial Position**

March 31, 2021

**2021****2020**

(Note 17)

**FINANCIAL ASSETS**

Cash (Note 2)	\$ 3,625,035	\$ 2,375,725
Temporary Investments (Note 3)	2,600,300	2,582,759
Accounts Receivable (Note 4)	780,670	449,029
Investment in Government Business Enterprises (Note 5)	20,753,221	478,477
	<u>27,759,226</u>	<u>5,885,990</u>

**LIABILITIES**

Accounts Payable and Accrued Liabilities (Note 6)	435,226	118,465
Deferred Revenue (Note 7)	24,525	16,260
Minors Trust Funds (Note 8 & 9)	2,600,300	2,582,759
Long Term Debt (Note 10)	3,596,052	3,792,015
	<u>6,656,103</u>	<u>6,509,499</u>

**NET FINANCIAL ASSETS (DEBT)**

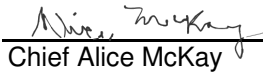
21,103,123	(623,509)
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**NON-FINANCIAL ASSETS**

Tangible Capital Assets (Note 12)	8,461,590	8,400,531
Prepaid Expense	-	5,666
	<u>8,461,590</u>	<u>8,406,197</u>

**ACCUMULATED SURPLUS**

\$ 29,564,713	\$ 7,782,688
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**Contingent Liabilities and Commitments (Note 11)****Approved by:**


Chief Alice McKay



Councillor Brenda Morgan

**MATSQUI FIRST NATION****Consolidated Statement of Operations**

Year ended March 31, 2021

**2021****2020**

(Note 17)

**Revenues**

Federal Government:		
Indigenous Services Canada	\$ 1,269,182	\$ 562,540
Government of Canada	647,778	591,642
Canada Mortgage and Housing Corporation	42,389	42,510
Other First Nation Governments	226,794	248,663
Province of BC	168,645	502,259
BC First Nation Gaming	315,998	295,129
Income (Loss) from Government Business Partnerships	(81,653)	(50,883)
Lease and Rental Revenue	793,377	815,316
Property Taxation	238,589	262,596
Contract Revenue	150,546	150,546
Other Revenue (Note 13)	21,533,557	-
Interest Income & Sundry	8,923	21,500
	<u>25,314,125</u>	<u>3,441,818</u>

**Expenditures (Note 14)**

Governance	610,881	340,963
Lands and Economic Development	1,611,003	1,659,383
Health and Education	459,841	743,721
Housing and Capital	576,070	374,753
Taxation	274,305	156,011
	<u>3,532,100</u>	<u>3,274,831</u>

**Annual Surplus**

21,782,025 166,987

**Accumulated Surplus, Beginning of Year**

7,782,688 7,615,701

**Accumulated Surplus, End of Year**\$ 29,564,713 \$ 7,782,688

**MATSQUI FIRST NATION****Consolidated Statement of Changes in Net Financial Assets (Net Debt)**

Year Ended March 31, 2021

	2021	2020
		(Note 17)
<b>Annual Surplus</b>	\$ 21,782,025	\$ 166,987
Acquisition of Tangible Capital Assets	(316,014)	(370,795)
Amortization of Tangible Capital Assets	254,955	258,943
	<u>21,720,966</u>	<u>55,135</u>
Acquisition of Prepaid Expenses	5,666	35,422
<b>Change in Net Financial Assets (Net Debt)</b>	21,726,632	90,557
<b>Net Financial Assets (Net Debt), Beginning of Year</b>	(623,509)	(714,066)
<b>Net Financial Assets (Net Debt), End of Year</b>	<u>\$ 21,103,123</u>	<u>\$ (623,509)</u>



**MATSQUI FIRST NATION****Consolidated Statement of Cash Flows**

Year Ended March 31, 2021

**2021****2020**

(Note 17)

**Cash Flows from Operating Activities**

Annual Surplus	\$ 21,782,025	\$ 166,987
Items not Involving Cash:		
Amortization	254,955	258,943
Enterprises	81,653	50,883
Change in Working Capital Accounts:		
Temporary Investments	(17,541)	3,643
Accounts Receivable	(331,641)	(37,936)
Accounts Payable and Accrued Liabilities	382,751	24,274
Deferred Revenue	8,265	(10,128)
Minor Trust Funds	17,541	(3,643)
Prepaid	5,666	35,422
Cash Held for LMS Society	(65,990)	(667)
	<u>22,117,684</u>	<u>487,778</u>

**Cash Flows From Capital Activities**

Acquisition of Tangible Capital Assets	<u>(316,014)</u>	<u>(370,795)</u>
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**Cash Flows from Investing Activities**

Distribution from (to) Government Business Enterprises	<u>(20,356,397)</u>	<u>220,236</u>
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**Cash Flows From Financing Activities**

Repayment of Long Term Debt	<u>(195,963)</u>	<u>(190,909)</u>
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**Increase in Cash and Cash Equivalents**

1,249,310	146,310
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**Cash and Cash Equivalents, Beginning of Year**

<u>2,375,725</u>	<u>2,229,415</u>
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**Cash and Cash Equivalents, End of Year**

<u><u>\$ 3,625,035</u></u>	<u><u>\$ 2,375,725</u></u>
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## **MATSQUI FIRST NATION**

### **Notes to the Consolidated Financial Statements**

March 31, 2021

Matsqui First Nation is part of the Sto:lo Nation, a tribal organization that encompasses 11 communities between Langley and Boston Bar. Matsqui is governed by a Governing Body made up of representatives from each family within the community. Matsqui is located in the Fraser Valley near the City of Abbotsford, British Columbia.

#### **1. Significant Accounting Policies**

##### **a) Basis of Accounting**

These financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board of CPA Canada.

##### **b) Basis of Presentation and Consolidation**

The financial statements include the accounts of the Matsqui First Nation (the "Nation") government administration and 2179 McCallum Nominee Ltd.

Controlled entities are consolidated on a line-by-line basis except for commercial enterprises, which meet the definition of a Government Business Enterprise (GBE). Inter-organizational balances and transfers are eliminated upon consolidation.

The Nation accounts for their investments in GBE's or partnerships using the modified equity method. Under the modified equity method of accounting, only the Nation's investment in the business partnerships and the partnerships' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the partnerships that are different from those of the Nation, except that any other comprehensive income of the business 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 entities are accounted for by the modified equity method and, as such, the accounting policies of these entities are not adjusted to conform with the Nation:

Matsqui First Nation Development Corporation (100%)  
Matsqui First Nation Development Limited Partnership (99.99%)  
Matsqui Development G.P. Ltd. (100%)  
Matsqui Development 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.

**1. Significant Accounting Policies (continued)****d) Cash and cash equivalents**

Cash includes cash on hand and balances with banks net of bank overdraft.

**e) Temporary Investments**

Temporary investments include guaranteed investment certificates maturing at various times in subsequent fiscal years. These investments are recorded at cost.

**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:

Housing & Buildings	35 years
Automotive and General Equipment	10 years
Office Equipment and Other	10 and 25 years
Infrastructure	40 to 80 years

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 write-downs are accounted for as expenses in the statement of operations.

**g) Revenue**

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.

Revenue from lease and rental agreements is recorded in the year it is earned. At the end of each year the Nation 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.

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.

**1. Significant Accounting Policies (continued)**

**g) Revenue (continued)**

Taxation revenue is recognized in the period in which it is authorized by a legislature, council, or legislative convention. Investment income is recognized when earned.

**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 report 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 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, Matsqui 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 expensed net recoveries based on information available at March 31, 2021.

As at March 31, 2021, management has determined no liability is required to be recorded.

**MATSQUI FIRST NATION****Notes to the Consolidated Financial Statements**

March 31, 2021

**2. Cash**

	<u>2021</u>	<u>2020</u>
<b>Externally Restricted</b>		
CMHC Replacement Reserve	\$ 43,868	\$ 34,802
CMHC Operating Reserve	<u>49,817</u>	<u>46,729</u>
	<u>93,685</u>	<u>81,531</u>
<b>Held for Other Organizations</b>		
LMS Society	<u>65,990</u>	<u>667</u>
<b>Internally Restricted</b>		
Taxation Account	<u>312,774</u>	<u>344,655</u>
<b>Unrestricted</b>		
Trust Funds Held by the Federal Government	589	596
Operations	2,762,684	1,630,944
Housing	<u>389,313</u>	<u>317,332</u>
	<u>3,152,586</u>	<u>1,948,872</u>
	<u><u>\$ 3,625,035</u></u>	<u><u>\$ 2,375,725</u></u>

Under the terms of an agreement with the Canada Mortgage and Housing Corporation (CMHC), the Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds, along with accumulated interest, must be held in separate bank accounts.

The funds are to be invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC with any interest earned to be credited as to the replacement reserve. The funds in the account may only be used for CMHC approved expenditures.

The Nation is also required to maintain a separate bank account for the operating surplus resulting from the operation of the program under the agreement, known as the operating reserve.

**3. Temporary Investments - Restricted**

	<u>2021</u>	<u>2020</u>
Royal Bank of Canada:		
Term Deposits renewable within one year with interest rates of 0.1% to 0.75%		
Minor's Trust Fund & Minor's Reserve (Note 6 & 7)	<u>\$ 2,600,300</u>	<u>\$ 2,582,759</u>

**MATSQUI FIRST NATION****Notes to the Consolidated Financial Statements**

March 31, 2021

**4. Accounts Receivable**

	<b>2021</b>	<b>2020</b>
Accounts receivable	\$ 397,658	\$ 258,540
Accounts receivable - Federal Government	246,648	69,973
Receivable - members	2,250	700
Rents receivable - members	965	8,814
CMHC Subsidy receivable	3,543	3,543
GST Rebate receivable	44,273	8,977
Homeowner Grant receivable	72,894	94,556
Property Taxation receivable	12,439	3,926
	<u>\$ 780,670</u>	<u>\$ 449,029</u>

**5. Investment in Nation Business Enterprises**

The Nation's investment in a Government Business Enterprise consist of the following

	<b>2021</b>	<b>2020</b>
Matsqui Development Corporation Ltd.	\$ 6,325	\$ 5,629
Matsqui First Nation Development Limited Partnership	325,895	472,848
Matsqui Development G.P. Ltd.	1	-
Matsqui Development Limited Partnership	20,421,000	-
	<u>\$ 20,753,221</u>	<u>\$ 478,477</u>

Matsqui First Nation has 100% ownership of Matsqui Development Corporation Ltd. who owns one unit of and is the general partner of Matsqui First Nation Development Limited Partnership. Matsqui First Nation is the limited partner and owns all outstanding units beyond those identified as owned by the Corporation. The purpose of the business entities is to develop and pursue activities related to forestry operations.

Matsqui First Nation has 100% ownership of Matsqui Development G.P. Ltd. who is the general partner of the Matsqui Development Limited Partnership. Matsqui First Nation is the limited partner and owns all outstanding units of the LP. The purpose of the business entities is to develop land at 2179 McCallum Road.

**MATSQUI FIRST NATION****Notes to the Consolidated Financial Statements**

March 31, 2021

**5. Investment in Nation Business Enterprises (continued)**

	Matsqui First Nation Development Corporation <u>Ltd.</u>	Matsqui First Nation Development Limited Partnership	Matsqui Development G.P. Ltd.	Matsqui Development Limited Partnership	<b>2021</b>	<b>2020</b>
<b>Assets</b>	<u>\$ 3</u>	<u>\$ 515,829</u>	<u>\$ 100</u>	<u>\$ 27,934,102</u>	<u>\$ 28,450,034</u>	<u>\$ 629,563</u>
Accounts payable and accruals	\$ 7,213	\$ 189,687	\$ 99	\$ 7,386,832	\$ 7,583,831	\$ 164,090
Retained Earnings/Partners' Capital	<u>(7,210)</u>	<u>326,142</u>	<u>1</u>	<u>20,547,270</u>	<u>20,866,203</u>	<u>465,473</u>
<b>Total Liabilities and Equity</b>	<u>\$ 3</u>	<u>\$ 515,829</u>	<u>\$ 100</u>	<u>\$ 27,934,102</u>	<u>\$ 28,450,034</u>	<u>\$ 629,563</u>
Revenue	\$ (8)	\$ 1,358	\$ -	\$ 76	1,426	\$ 6,795
Expenses	<u>700</u>	<u>83,020</u>	<u>-</u>	<u>-</u>	<u>83,720</u>	<u>58,365</u>
<b>Net Income (Loss)</b>	<u>\$ (708)</u>	<u>\$ (81,662)</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ (82,294)</u>	<u>\$ (51,570)</u>

**6. Accounts Payable and Accrued Liabilities**

	<b>2021</b>	<b>2020</b>
Account payables	\$ 266,121	\$ 82,471
Other accrued liabilities	100,033	32,245
Accrued interest payable	3,082	3,082
Due to LMS Society	<u>65,990</u>	<u>667</u>
	<u>\$ 435,226</u>	<u>\$ 118,465</u>

**7. Deferred Revenue**

Deferred revenue consists of the following at year end:

	Balance March 31, 2020	2021 Funding Received	Revenue Recognized	Balance March 31, 2021
Sto:lo Nation Health Programs	<u>\$ 16,260</u>	<u>182,355</u>	<u>174,090</u>	<u>\$ 24,525</u>

## MATSQUI FIRST NATION

### Notes to the Consolidated Financial Statements

March 31, 2021

#### 8. Minor's Trust Fund

Matsqui First Nation has established a Minor's Trust Fund to account for member distributions to minors. This decision was documented by way of a Band Council Resolution dated December 15, 2009. These funds are held by Matsqui First Nation in an interest bearing account until the member reaches the legal age of 19.

These committed funds are reported in the financial statement as follows:

	<u>2021</u>	<u>2020</u>
<b>Balance</b> , beginning of year	\$ 2,554,190	\$ 2,546,818
<b>Additions</b>		
Summer Distribution 48 at \$1,500 (2020 - 53 at \$2,000)	72,000	106,000
Winter Distribution 46 at \$2,500 (2020 - 49 at \$2,500)	115,000	122,500
Interest income	<u>26,228</u>	<u>13,415</u>
	<u>213,228</u>	<u>241,915</u>
<b>Deductions</b>		
Matured Distribution held in trust	-	(53,250)
Distribution to Minor Band Members with interest	<u>187,229</u>	<u>287,793</u>
<b>Balance, end of year (Note 3)</b>	<u>\$ 2,580,189</u>	<u>\$ 2,554,190</u>

#### 9. Minor's Reserve

In November 2006, Matsqui First Nation and the Ministry of Transportation reached a settlement in the amount of \$500,000 with respect to the Mt Lehman Interchange. At that time, it was decided and documented by way of a Band Council Resolution that Matsqui First Nation would provide a \$2,500 per capita distribution for 58 minor children (\$145,000) as per the Matsqui First Nation's minor Membership list. These funds are held by Matsqui First Nation in an interest bearing account until the member reaches the age of 19. At March 31, 2021 a total of 51 members (2020 - 48) have received the original \$2,500 per capital distribution plus accumulated interest.

These committed fund are reported in the financial statement as follows:

	<u>2021</u>	<u>2020</u>
<b>Balance</b> , beginning of year	\$ 28,569	\$ 39,584
Distribution, including interest	(8,629)	(11,411)
Interest earned during year	<u>171</u>	<u>395</u>
<b>Balance, end of year (Note 3)</b>	<u>\$ 20,111</u>	<u>\$ 28,568</u>
Allocated as:		
Distribution at \$2,500 each - 7 remaining (2020 - 10)	\$ 17,500	\$ 25,000
Interest earned on undistributed balance	<u>2,611</u>	<u>3,569</u>
	<u>\$ 20,111</u>	<u>\$ 28,569</u>



**MATSQUI FIRST NATION****Notes to the Consolidated Financial Statements**

March 31, 2021

**10. Long-Term Debt**

	<u>2021</u>	<u>2020</u>
Phase 1 - All Nations Trust Company Mortgage bearing interest at 0.98%, repayable in monthly payments of \$1,634, renews April 1, 2025 Matures April 1, 2040	\$ 341,197	\$ 357,252
Phase 2 - All Nation Trust Company Mortgage bearing interest at 1.14%, repayable in monthly payments of \$1,235, renews June 1, 2021 Matures June 1, 2041	257,568	269,373
Phase 3 - All Nation Trust Company Mortgage bearing interest at 2.41%, repayable in monthly payments of \$1,560, renews April 1, 2023 Matures April 1, 2043	299,150	310,501
Royal Bank of Canada Term loan bearing interest at 4.31%, repayable in monthly payments of \$1,590, due in full March 30, 2024	52,190	68,634
Royal Bank of Canada Demand Loan bearing interest at 3.46%, repayable in monthly payments of \$19,542, renews July 24, 2025 Matures August 1, 2035	2,645,947 <u>\$ 3,596,052</u>	2,786,255 <u>\$ 3,792,015</u>

Principal payments due in the next five years, should the loans be renewed under similar terms as at present are approximately as follows:

2022	\$ 203,673
2023	208,730
2024	212,209
2025	202,715
2026	209,002
Balance	2,559,723 <u>\$ 3,596,052</u>

**11. Contingent Liabilities and Commitments**

Matsqui First Nation guaranteed RBC mortgages for members totalling \$1,221,546 (2020 - \$496,001). At March 31, 2021 no liability has been recorded associated with this guarantee.

**MATSQUI FIRST NATION****Notes to the Consolidated Financial Statements**

March 31, 2020

**12. Tangible Capital Assets**

	<b>Buildings, Band Homes</b>	<b>Tractors &amp; Vehicles</b>	<b>Office &amp; Other Equip.</b>	<b>Multi Purpose Building</b>	<b>Infra- Structure</b>	<b>NPH Housing</b>	<b>2021</b>	<b>2020</b>
<b>Cost</b>								
Opening costs	\$ 2,593,124	\$ 265,897	\$ 251,565	\$ 5,292,199	\$ 1,921,701	\$ 1,218,759	\$ 11,543,245	\$ 11,172,450
Additions during the year	27,409	149,792	-	-	138,813	-	316,014	370,795
Disposals and write downs	-	-	-	-	-	-	-	-
Closing costs	<u>2,620,533</u>	<u>415,689</u>	<u>251,565</u>	<u>5,292,199</u>	<u>2,060,514</u>	<u>1,218,759</u>	<u>11,859,259</u>	<u>11,543,245</u>
<b>Accumulated Amortization</b>								
Opening accum'd amortization	2,144,169	142,976	93,199	458,656	164,329	139,385	3,142,714	2,883,771
Amortization	47,868	14,801	12,042	105,844	35,189	39,211	254,955	258,943
Disposals and write downs	-	-	-	-	-	-	-	-
Closing accum'd amortization	<u>2,192,037</u>	<u>157,777</u>	<u>105,241</u>	<u>564,500</u>	<u>199,518</u>	<u>178,596</u>	<u>3,397,669</u>	<u>3,142,714</u>
<b>Net Book Value of</b>								
<b>Tangible Capital Assets</b>	<u>\$ 428,496</u>	<u>\$ 257,912</u>	<u>\$ 146,324</u>	<u>\$ 4,727,699</u>	<u>\$ 1,860,996</u>	<u>\$ 1,040,163</u>	<u>\$ 8,461,590</u>	<u>\$ 8,400,531</u>

**13. Significant Events****a) COVID-19**

The global outbreak of the coronavirus disease (COVID-19) continues to cause economic uncertainties that are likely to have a material impact on the operations of the Nation and its Government Business Enterprises. The extent of the continued impact of COVID-19 on the Nation and its Government Business Enterprises operations for the year ended March 31, 2022 cannot be determined at this time at this time.

**b) Accomodation Agreement**

During the year the Nation received accomodation agreements from both Fraser Health Authority (FHA) and ICBC from the sale of land located on the traditional territory of the Matsqui First Nation. The accomodation agreements represent payment by FHA (\$7,722,000) and ICBC (\$12,698,000) to the Nation in connection with the disposition of the lands and have been provided as a capital contribuiton to Matsqui Development Limited Partnership for the purchase of 2179 McCallum Road.

**MATSQUI FIRST NATION****Notes to the Consolidated Financial Statements**

March 31, 2020

**14. Expenses by Object**

	<b>2021</b>	<b>2020</b>
<b>Expenses</b>		
Audit	\$ 19,000	\$ 22,250
Administration	11,892	25,724
Allowance for doubtful accounts	-	10,163
Amortization	254,955	258,943
Band meetings	8,837	21,287
Bank charges and interest	8,814	6,665
Consulting and contracts	565,204	159,480
Cultural activities	7,818	26,148
Donations and funeral costs	3,970	7,996
Equipment lease and repair	4,387	5,187
Grounds maintenance	-	17,162
Honoraria	244,088	244,220
Housing grants	140,732	35,183
Incentives	828,000	1,218,050
Insurance	81,702	75,066
Interest on long term debt	110,764	117,370
Lawyer fees	67,679	114,279
Materials and supplies	49	2,778
Office supplies and sundry	16,884	7,656
Rent	5,325	-
Repair and maintenance	131,130	108,629
Service agreements	167,527	120,288
Telephone and cable	13,865	12,564
Utilities	18,514	2,685
Vehicle and travel	10,822	11,671
Wages and salary	524,371	455,247
Water testing	720	3,969
Other	285,051	184,171
	<u>\$ 3,532,100</u>	<u>\$ 3,274,831</u>

**15. Comparative Financial Information**

Certain comparative financial information has been reclassified, where necessary, to conform with the financial statement presentation in the current year.

**16. 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 Nations ability to continue operations is dependent upon the Government of Canada's continued financial support.

## MATSQUI FIRST NATION

### Notes to the Consolidated Financial Statements

Year Ended March 31, 2020

#### 17. Prior Period Adjustments

During the year ended March 31, 2021, it was identified that unspent grant funding from Indigenous Services Canada (ISC) for Lands Management, which did not meet the definition of deferred revenue, was deferred instead of being fully recognized into revenue as of March 31, 2020.

During the year ended March 31, 2021, it was identified that the Leq'a:me Mathexwi Sema:th Society (LMS Society) had been fully consolidated into the Nation's financial statements as a government reporting entity in the prior year. The LMS Society was incorporated on May 12, 2015 and is jointly controlled by the three Member First Nations who each appoint two Directors. As a result of its incorporation and shared control by the three Member Nations the LMS Society is considered a unique entity and consolidation into the Nations financial statements is not required.

The Nation's comparative financial information for the year ended March 31, 2020 has been adjusted and restated to reflect the adjusted ISC revenue and to remove the consolidated balances for the LMS Society from the Nations records as follows:

	2020 as Previously Stated	Adjustment	2020 as Restated
Accounts Receivable	\$ 455,220	\$ (6,191)	\$ 449,029
Accounts Payable	124,656	(6,191)	118,465
Deferred Revenue	147,495	(131,235)	16,260
Revenue - Indigenous Services Canada	496,034	66,506	562,540
Revenue - Other First Nation Governments	254,854	(6,191)	248,663
Expenses - Governance	400,470	(59,507)	340,963
Net financial assets (net debt), beginning of year	(725,479)	11,413	(714,066)
Net financial assets (net debt), end of year	(754,744)	131,235	(623,509)
Accumulated Surplus, beginning of year	7,604,288	11,413	7,615,701
Accumulated Surplus, end of year	7,651,453	131,235	7,782,688

#### 18. Segment Disclosure

Matsqui First Nation provides a wide variety of services to its members. For segment disclosure, these services are grouped and reported under service areas/departments that are responsible for providing services

**Governance:** Provides general services to members, maintains band and community property.

**Lands & Economic Development:** All self-generated and resource based activities of Matsqui First Nation are reported in this segment including land leases, contract activities and management of land and related resources.

**Health & Education:** Community health programs, training and education programs.

**Housing & Capital:** Community housing and capital assets of Matsqui First Nation.

**Taxation:** Reports all activities relating to property taxes.

**MATSQUI FIRST NATION**
**Schedule 1 - Segment Disclosure**

March 31, 2021

	Governance		Lands & Economic Development		Health & Education		Housing & Capital		Taxation		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenue</b>												
Federal transfers:												
ISC	\$ 754,247	\$ 252,376	\$ 277,730	\$ 274,981	\$ -	\$ -	\$ 237,205	\$ 35,183	\$ -	\$ -	\$ 1,269,182	\$ 562,540
Government of Canada	-	-	647,778	591,642	-	-	-	-	-	-	\$ 647,778	\$ 591,642
CMHC	-	-	-	-	-	-	42,389	42,510	-	-	\$ 42,389	\$ 42,510
Other First Nation Governments	38,809	3,000	13,897	59,728	174,088	185,935	-	-	-	-	\$ 226,794	\$ 248,663
Province of BC	31,541	55,000	-	312,000	137,104	135,259	-	-	-	-	\$ 168,645	\$ 502,259
BC First Nation Gaming	-	-	-	-	315,998	295,129	-	-	-	-	\$ 315,998	\$ 295,129
Investment income (loss)	-	-	(81,653)	(50,883)	-	-	-	-	-	-	\$ (81,653)	\$ (50,883)
Lease and rental income	-	-	621,000	655,051	36,465	22,403	135,912	137,862	-	-	\$ 793,377	\$ 815,316
Property Taxation	-	-	-	-	-	-	-	-	238,589	262,596	\$ 238,589	\$ 262,596
Contract Revenue	-	-	150,546	150,546	-	-	-	-	-	-	\$ 150,546	\$ 150,546
Other Revenue	240,091	-	21,263,515	-	29,951	-	-	-	-	-	\$ 21,533,557	\$ -
Interest and Sundry Income	<u>588</u>	<u>610</u>	<u>5,131</u>	<u>12,154</u>	<u>1,572</u>	<u>2,983</u>	<u>653</u>	<u>2,013</u>	<u>979</u>	<u>3,740</u>	<u>\$ 8,923</u>	<u>\$ 21,500</u>
	<u>1,065,276</u>	<u>310,986</u>	<u>22,897,944</u>	<u>2,005,219</u>	<u>695,178</u>	<u>641,709</u>	<u>416,159</u>	<u>217,568</u>	<u>239,568</u>	<u>266,336</u>	<u>25,314,125</u>	<u>3,441,818</u>
<b>Expenses</b>												
Amortization	-	-	-	-	-	-	254,955	258,943	-	-	254,955	258,943
Debt servicing	-	-	94,193	98,938	-	-	16,571	18,432	-	-	110,764	117,370
Program costs	331,086	187,239	1,317,628	1,352,747	414,447	649,895	304,544	97,378	274,305	156,011	2,642,010	2,443,270
Wages and salary	<u>279,795</u>	<u>153,724</u>	<u>199,182</u>	<u>207,698</u>	<u>45,394</u>	<u>93,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>524,371</u>	<u>455,248</u>
	<u>610,881</u>	<u>340,963</u>	<u>1,611,003</u>	<u>1,659,383</u>	<u>459,841</u>	<u>743,721</u>	<u>576,070</u>	<u>374,753</u>	<u>274,305</u>	<u>156,011</u>	<u>3,532,100</u>	<u>3,274,831</u>
Excess(deficiency) of revenues over expenses	454,395	(29,977)	21,286,941	345,836	235,337	(102,012)	(159,911)	(157,185)	(34,737)	110,325	21,782,025	166,987
Transfer between funds	12,956	52,517	(588,551)	(595,087)	113,274	280,240	462,321	512,330	-	(250,000)	-	-
Accumulated Surplus - start of year	<u>88,080</u>	<u>65,540</u>	<u>1,787,883</u>	<u>2,037,134</u>	<u>339,185</u>	<u>160,957</u>	<u>4,927,553</u>	<u>4,572,408</u>	<u>639,987</u>	<u>779,662</u>	<u>7,782,688</u>	<u>7,615,701</u>
Accumulated Surplus - end of year	<u>\$ 555,431</u>	<u>\$ 88,080</u>	<u>\$ 22,486,273</u>	<u>\$ 1,787,883</u>	<u>\$ 687,796</u>	<u>\$ 339,185</u>	<u>\$ 5,229,963</u>	<u>\$ 4,927,553</u>	<u>\$ 605,250</u>	<u>\$ 639,987</u>	<u>\$ 29,564,713</u>	<u>\$ 7,782,688</u>