

MATSQUI FIRST NATION

Consolidated Financial Statements

March 31, 2021

MATSQUI FIRST NATION**Consolidated Financial Statements****Table of Contents**Year Ended March 31, 2021

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MATSQUI FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2021

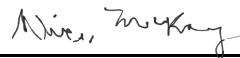
The Chief and Council of the Matsqui First Nation has delegated the responsibility for the integrity and objectivity of the financial information contained in the consolidated financial statements to the management of Matsqui First Nation. The consolidated financial statements which, in part, are based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



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 Nwosad Boats 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)

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

Contingent Liabilities and Commitments (Note 11)

Approved by:

Alice, McKay
Chief Alice McKay

Brenda Morgan

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 |
| | 25,314,125 | 3,441,818 |

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 |
| | 3,532,100 | 3,274,831 |

Annual Surplus

| | | |
|--|----------------------|---------------------|
| 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) | |
| Annual Surplus | \$ 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 |
| | <u>21,726,632</u> | <u>90,557</u> |
| Change in Net Financial Assets (Net Debt) | | |
| Net Financial Assets (Net Debt), Beginning of Year | (623,509) | (714,066) |
| Net Financial Assets (Net Debt), End of Year | <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> |
|--|------------------|------------------|

Cash Flows from Investing Activities

| | | |
|--|---------------------|----------------|
| Distribution from (to) Government Business Enterprises | <u>(20,356,397)</u> | <u>220,236</u> |
|--|---------------------|----------------|

Cash Flows From Financing Activities

| | | |
|-----------------------------|------------------|------------------|
| Repayment of Long Term Debt | <u>(195,963)</u> | <u>(190,909)</u> |
|-----------------------------|------------------|------------------|

Increase in Cash and Cash Equivalents

1,249,310 146,310

Cash and Cash Equivalents, Beginning of Year

2,375,725 2,229,415

Cash and Cash Equivalents, End of Year

\$ 3,625,035 \$ 2,375,725

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.

MATSQUI FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

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.

MATSQUI FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2021

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

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Externally Restricted | | |
| 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> |
| Held for Other Organizations | | |
| LMS Society | <u>65,990</u> | <u>667</u> |
| Internally Restricted | | |
| Taxation Account | <u>312,774</u> | <u>344,655</u> |
| Unrestricted | | |
| Trust Funds Held by the Federal Government | 589 | 596 |
| Operations | <u>2,762,684</u> | <u>1,630,944</u> |
| Housing | <u>389,313</u> | <u>317,332</u> |
| | <u>3,152,586</u> | <u>1,948,872</u> |
| | <u>\$ 3,625,035</u> | <u>\$ 2,375,725</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

| | 2021 | 2020 |
|--|---------------------|---------------------|
| 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

| | 2021 | 2020 |
|--|--------------------------|--------------------------|
| 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

| | 2021 | 2020 |
|--|-----------------------------|--------------------------|
| 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 | <u>20,421,000</u> | <u>-</u> |
| | <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 Ltd. | Matsqui First Nation Development Limited Partnership | Matsqui G.P. Ltd. | Matsqui Development Limited Partnership | 2021 | 2020 |
|-------------------------------------|---|--|----------------------|--|----------------------|--------------------|
| Assets | <u>\$</u> 3 | <u>\$</u> 515,829 | <u>\$</u> 100 | <u>\$</u> 27,934,102 | <u>\$</u> 28,450,034 | <u>\$</u> 629,563 |
| 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> |
| Total Liabilities and Equity | <u>\$</u> 3 | <u>\$</u> 515,829 | <u>\$</u> 100 | <u>\$</u> 27,934,102 | <u>\$</u> 28,450,034 | <u>\$</u> 629,563 |
| 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> |
| Net Income (Loss) | <u>\$</u> (708) | <u>\$</u> (81,662) | <u>\$</u> - | <u>\$</u> 76 | <u>\$</u> (82,294) | <u>\$</u> (51,570) |

6. Accounts Payable and Accrued Liabilities

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

7. Deferred Revenue

Deferred revenue consists of the following at year end:

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

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:

| | 2021 | 2020 |
|--|----------------------------|----------------------------|
| Balance, beginning of year | \$ 2,554,190 | \$ 2,546,818 |
| Additions | | |
| 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> |
| Deductions | | |
| Matured Distribution held in trust | - | (53,250) |
| Distribution to Minor Band Members with interest | <u>187,229</u> | <u>287,793</u> |
| Balance, end of year (Note 3) | <u><u>\$ 2,580,189</u></u> | <u><u>\$ 2,554,190</u></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:

| | 2021 | 2020 |
|--|-------------------------|-------------------------|
| Balance, beginning of year | \$ 28,569 | \$ 39,584 |
| Distribution, including interest | (8,629) | (11,411) |
| Interest earned during year | <u>171</u> | <u>395</u> |
| Balance, end of year (Note 3) | <u><u>\$ 20,111</u></u> | <u><u>\$ 28,568</u></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><u>\$ 20,111</u></u> | <u><u>\$ 28,569</u></u> |

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

March 31, 2021

10. Long-Term Debt

| | 2021 | 2020 |
|---|----------------------------|----------------------------|
| 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 | <u>2,645,947</u> | <u>2,786,255</u> |
| | <u><u>\$ 3,596,052</u></u> | <u><u>\$ 3,792,015</u></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 | <u>2,559,723</u> |
| | <u><u>\$ 3,596,052</u></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

| | Buildings, Band Homes | Tractors & Vehicles | Office & Other Equip. | Multi Purpose Building | Infra- Structure | NPH Housing | 2021 | 2020 |
|--|-----------------------------|---------------------------|-----------------------------|------------------------------|---------------------|---------------------|---------------------|---------------------|
| Cost | | | | | | | | |
| 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> |
| Accumulated Amortization | | | | | | | | |
| 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> |
| Net Book Value of Tangible Capital Assets | | | | | | | | |
| | <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 coronoavirus 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

| | 2021 | 2020 |
|---------------------------------|----------------------------|----------------------------|
| Expenses | | |
| 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 Nation's 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 | |
|--|-------------------|------------------|------------------------------|---------------------|--------------------|-------------------|---------------------|---------------------|-------------------|-------------------|----------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenue | | | | | | | | | | | | |
| 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 | 588 | 610 | 5,131 | 12,154 | 1,572 | 2,983 | 653 | 2,013 | 979 | 3,740 | \$ 8,923 | \$ 21,500 |
| | <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> |
| Expenses | | | | | | | | | | | | |
| 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 | 279,795 | 153,724 | 199,182 | 207,698 | 45,394 | 93,826 | - | - | - | - | 524,371 | 455,248 |
| | <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 | 88,080 | 65,540 | 1,787,883 | 2,037,134 | 339,185 | 160,957 | 4,927,553 | 4,572,408 | 639,987 | 779,662 | 7,782,688 | 7,615,701 |
| 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> |