

MATSQUI FIRST NATION
Consolidated Financial Statements
March 31, 2022

MATSQUI FIRST NATION

Consolidated Financial Statements

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Year Ended March 31, 2022

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MATSQUI FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2022

The Chief and Council of the Matsqui First Nation have 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 review the consolidated financial statements and approve them. Chief and Council meet 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 auditors' 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, 2022.



Chief Alice McKay, Band Administrator
July 29, 2022



INDEPENDENT AUDITORS' REPORT

To the 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, 2022, 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 "consolidated 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, 2022, 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 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 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 Nation'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 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chan Nawrood Boatis Inc

Chartered Professional Accountants
Campbell River, BC

July 29, 2022

MATSQUI FIRST NATION

Consolidated Statement of Financial Position

March 31, 2022

2022

2021

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)	\$ 4,796,513	\$ 3,625,035
Temporary Investments (Note 3)	2,596,412	2,600,300
Accounts Receivable (Note 4)	811,916	780,670
Investment in Government Business Enterprises (Note 5)	<u>20,772,304</u>	<u>20,753,221</u>
	<u>28,977,145</u>	<u>27,759,226</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 6)	327,585	435,226
Deferred Revenue (Note 7)	204,539	24,525
Minors Trust Funds (Notes 8 & 9)	2,596,412	2,600,300
Long Term Debt (Note 10)	<u>3,510,028</u>	<u>3,596,052</u>
	<u>6,638,564</u>	<u>6,656,103</u>

NET FINANCIAL ASSETS

<u>22,338,581</u>	<u>21,103,123</u>
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NON-FINANCIAL ASSETS

Tangible Capital Assets (Note 12)	<u>8,667,467</u>	<u>8,461,590</u>
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ACCUMULATED SURPLUS

<u>\$ 31,006,048</u>	<u>\$ 29,564,713</u>
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Contingent Liabilities and Commitments (Note 11)

Approved by:



Chief



Councilor

MATSQUI FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31, 2022

	2022		2021
	Actual	Budget	
	(Note 16)		
Revenues			
Indigenous Services Canada	\$ 1,104,053	\$ 621,730	\$ 1,269,182
Government of Canada	1,906,420	1,896,351	647,778
CMHC	41,933	42,500	42,389
Other First Nation Government	192,797	22,751	226,794
Province of BC	271,074	77,443	168,645
BC First Nation Gaming	179,779	180,000	315,998
Income (Loss) from Government Business Enterprises	17,912	(25,000)	(81,653)
Lease and Rental Revenue	757,583	812,274	793,377
Property Taxation	248,118	250,916	238,589
Contract Revenue	170,314	-	162,665
Other Revenue	957,485	385,600	21,521,438
Interest Income & Sundry	9,071	23,800	8,923
	<u>5,856,539</u>	<u>4,288,365</u>	<u>25,314,125</u>
Expenditures (Note 13)			
Governance	1,020,464	756,909	610,881
Lands and Economic Development	2,143,373	2,541,806	1,611,003
Health and Education	717,861	611,775	459,841
Housing and Capital	350,169	301,800	576,070
Taxation	183,337	250,916	274,305
	<u>4,415,204</u>	<u>4,463,206</u>	<u>3,532,100</u>
Annual Surplus (Deficit)	1,441,335	\$ <u>(174,841)</u>	21,782,025
Accumulated Surplus, Beginning of Year	<u>29,564,713</u>		<u>7,782,688</u>
Accumulated Surplus, End of Year	<u>\$ 31,006,048</u>		<u>\$ 29,564,713</u>

MATSQUI FIRST NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2022

	2022		2021
	Actual	Budget	
	<small>(Note 16)</small>		
Annual Surplus	\$ 1,441,335	\$ (174,841)	\$ 21,782,025
Purchase of Tangible Capital Assets	(509,270)	(262,303)	(316,014)
Amortization of Tangible Capital Assets	275,984	220,000	254,955
Disposal of Tangible Capital Assets	<u>27,409</u>	<u>-</u>	<u>-</u>
	1,235,458	(217,144)	21,720,966
Use of Prepaid Asset	<u>-</u>	<u>-</u>	<u>5,666</u>
Increase (Decrease) in Net Financial Assets	1,235,458	\$ <u>(391,985)</u>	21,726,632
Net Financial Assets, Beginning of Year	<u>21,103,123</u>		<u>(623,509)</u>
Net Financial Assets, End of Year	\$ <u>22,338,581</u>		\$ <u>21,103,123</u>

MATSQUI FIRST NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2022

2022

2021

Cash Flows From Operating Activities:

Cash Flows from Government and Other Sources	\$ 5,987,395	\$ 25,072,402
Cash Paid to Suppliers and Members	<u>(4,250,749)</u>	<u>(2,937,177)</u>
	<u>1,736,646</u>	<u>22,135,225</u>

Cash Flows From Investing Activities:

Investment in Government Business Enterprises	(1,171)	(20,356,397)
Investment in (Withdrawal of) Temporary Investments	<u>3,888</u>	<u>(17,541)</u>
	<u>2,717</u>	<u>(20,373,938)</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt	116,040	-
Repayment of Long Term Debt	<u>(202,064)</u>	<u>(195,963)</u>
	<u>(86,024)</u>	<u>(195,963)</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	(509,270)	(316,014)
Disposal of Tangible Capital Assets	<u>27,409</u>	<u>-</u>
	<u>(481,861)</u>	<u>(316,014)</u>

Increase in Cash and Cash Equivalents

1,171,478 1,249,310

Cash - Beginning of Year

3,625,035 2,375,725

Cash - End of Year

\$ 4,796,513 \$ 3,625,035

Cash is Represented by:

Cash on Hand and Held in Banks (Note 2)	\$ 4,690,645	\$ 3,531,350
Restricted Cash (Note 2)	<u>105,868</u>	<u>93,685</u>
	<u>\$ 4,796,513</u>	<u>\$ 3,625,035</u>

MATSQUI FIRST NATION

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies:

a) Basis of Accounting

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

b) Basis of Presentation

The consolidated financial statements include Matsqui First Nation (the "Nation") government and a company wholly owned and controlled by the Nation, 2179 McCallum Nominee Ltd. The controlled entity does not meet the definition of a government business enterprise.

The Nation accounts for their investments in government business enterprises (GBE's) or partnerships using the modified equity method. Under the modified equity method of accounting, only the Nation's investment in the business entities and the entities' net income and other changes in equity are recorded. No adjustment is made for accounting policies that are different from those of the Nation, except that any other comprehensive income of the business entities 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 those of the Nation:

Matsqui First Nation Development Corporation (100%)
Matsqui Firth 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, property under development, and prepaid expenses. Intangible assets, and items inherited by right of the Nation, are not recognized in the consolidated financial statements.

d) 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 and Other Equipment	10-25 years
Infrastructure	40-80 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 writedowns are accounted for as expenses in the statement of operations.

MATSQUI FIRST NATION

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued):

e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with banks net of bank overdraft. Cash subject to external restrictions that prevent its use for current purposes is reflected in restricted cash.

f) Temporary Investments

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

g) Revenue Recognition

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

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

Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

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

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

Taxation revenues are recognized when authorized by Council, the taxable event has occurred, and the definition of an asset is met.

h) Measurement Uncertainty:

In preparing the consolidated financial statements for the Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include the allowance for doubtful accounts and the estimated useful lives of tangible capital assets. 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, the Nation is either directly responsible or accepts responsibility, it is expected that the 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 is reduced by expected net recoveries based on information available at March 31, 2022.

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

MATSQUI FIRST NATION

Notes to the Financial Statements

March 31, 2022

2. Cash and Cash Equivalents:

	<u>2022</u>	<u>2021</u>
Externally Restricted		
CMHC Replacement Reserve	\$ 52,952	\$ 43,868
CMHC Operating Reserve	<u>52,916</u>	<u>49,817</u>
	<u>105,868</u>	<u>93,685</u>
Held for Other Organizations		
LMS Society	<u>63,819</u>	<u>65,990</u>
Internally Restricted		
Taxation Account	<u>418,083</u>	<u>312,774</u>
Unrestricted		
Trust Funds Held by the Federal Government	588	589
Operations	3,768,955	2,762,684
Housing	<u>439,200</u>	<u>389,313</u>
	<u>4,208,743</u>	<u>3,152,586</u>
	<u>\$ 4,796,513</u>	<u>\$ 3,625,035</u>

Under the terms of an agreement with 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, with the agreement with CMHC requiring its own bank account.

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 from time to time. Interest earned is to be credited as to the replacement reserve and 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. At March 31, 2022 as well as in the prior period the Nation did not have a separate account maintained with an operating reserve balance.

3. Temporary Investments:

	<u>2022</u>	<u>2021</u>
Royal Bank of Canada:		
Term Deposits renewable within one year, interest rates of 0.1% - 0.75%		
Minor's Trust fund & Minor's Reserve (Note 8 & 9)	<u>\$ 2,596,412</u>	<u>\$ 2,600,300</u>

MATSQUI FIRST NATION

Notes to the Financial Statements

March 31, 2022

4. Accounts Receivable:

	<u>2022</u>	<u>2021</u>
Accounts Receivable	\$ 187,525	\$ 397,658
Accounts Receivable Federal Government	511,299	246,648
Receivable - Members	3,450	2,250
Rents Receivable - Members	4,374	965
CMHC Subsidy Receivable	3,543	3,543
GST Rebate Receivable	13,218	44,273
Homeowner Grant Receivable	68,252	72,894
Property Taxation Receivable	20,255	12,439
	<u>\$ 811,916</u>	<u>\$ 780,670</u>

5. Investment in Government Business Enterprises:

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

	<u>2022</u>	<u>2021</u>
Matsqui Development Corporation Ltd.	\$ 6,324	\$ 6,325
Matsqui First Nation Development Limited Partnership	311,922	325,895
Matsqui Development G.P. Ltd.	1	1
Matsqui Development Limited Partnership	<u>20,454,057</u>	<u>20,421,000</u>
	<u>\$ 20,772,304</u>	<u>\$ 20,753,221</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 unites of the LP. The purpose of the business entities is to develop land at 2179 McCallum Road.

	Matsqui First Nation Development Corporation	Matsqui First Nation Development Limited Partnership	Matsqui Development G.P. Ltd.	Matsqui Development Limited Partnership	<u>2022</u>	<u>2021</u>
Assets	\$ 3	\$ 28,179,619	\$ 100	\$ 460,131	\$ 28,639,853	\$ 28,450,034
Accounts payable and accruals	\$ 7,215	\$ 7,725,386	\$ 99	\$ 148,093	\$ 7,880,793	\$ 7,583,831
Retained Earnings/Partners' Capital	(7,212)	20,454,233	1	312,038	20,759,060	20,866,203
Total Liabilities and Equity	<u>\$ 3</u>	<u>\$ 28,179,619</u>	<u>\$ 100</u>	<u>\$ 460,131</u>	<u>\$ 28,639,853</u>	<u>\$ 28,450,034</u>
Revenue	\$ (2)	\$ 50,853	\$ -	\$ 873	\$ 51,724	\$ 1,426
Expenses	-	17,796	-	16,018	33,814	83,720
Net Income (Loss)	<u>\$ (2)</u>	<u>\$ 33,057</u>	<u>\$ -</u>	<u>\$ (15,145)</u>	<u>\$ 17,910</u>	<u>\$ (82,294)</u>

MATSQUI FIRST NATION

Notes to the Financial Statements

March 31, 2022

6. Accounts Payable and Accrued Liabilities:

	<u>2022</u>	<u>2021</u>
Accounts Payable	\$ 139,045	\$ 266,121
Other Accrued Liabilities	121,639	100,033
Accrued Interest Payable	3,082	3,082
Due to LMS Society	<u>63,819</u>	<u>65,990</u>
	<u>\$ 327,585</u>	<u>\$ 435,226</u>

7. Deferred Revenue:

Deferred revenue consists of the following at year end:

	Balance March 31, 2021	Funding Received	Revenue Recognized	Balance March 31, 2022
Sto:lo Nation Health Programs	\$ 24,525	94,506	61,836	\$ 57,195
Community Foundations of Canada	<u>-</u>	<u>174,894</u>	<u>27,550</u>	<u>147,344</u>
	<u>\$ 24,525</u>	<u>\$ 269,400</u>	<u>\$ 89,386</u>	<u>\$ 204,539</u>

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 consolidated financial statements as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 2,580,189	\$ 2,554,190
Additions:		
Summer Distribution 45 at \$1,500 (2021 - 48 at \$1,500)	67,500	72,000
Winter Distribution 43 at \$2,500 (2021 - 46 at \$2,500)	107,500	115,000
Interest Income	<u>10,266</u>	<u>26,228</u>
	<u>185,266</u>	<u>213,228</u>
Deductions:		
Matured Distribution Held in Trust	53,250	-
Distribution to Minor Band Members with Interest	<u>133,058</u>	<u>187,229</u>
Balance, end of year (Note 3)	<u>\$ 2,579,147</u>	<u>\$ 2,580,189</u>

MATSQUI FIRST NATION

Notes to the Financial Statements

March 31, 2022

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, 2022 a total of 52 members (2021 - 51) have received the original \$2,500 per capital distribution plus accumulated interest.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 20,111	\$ 28,569
Distribution, Including Interest	(2,887)	(8,629)
Interest Earned During Year	41	171
Balance, end of year (Note 3)	<u>\$ 17,265</u>	<u>\$ 20,111</u>
Allocated as:		
Distribution at \$2,500 each - 6 Remaining (2021 - 7)	15,000	17,500
Interest Earned on Undistributed Balance	<u>2,265</u>	<u>2,611</u>
	<u>\$ 17,265</u>	<u>\$ 20,111</u>

10. Long-Term Debt:

	<u>2022</u>	<u>2021</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	\$ 324,738	\$ 341,197
Phase 2 - All Nation Trust Company		
Mortgage bearing interest at 1.14%, repayable in monthly payments of \$1,235, renews June 1, 2026, matures June 1, 2041	246,028	257,568
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	287,419	299,150
Royal Bank of Canada		
Term loan bearing interest at 4.31%, repayable in monthly payments of \$1,590, due in full March 30, 2024	35,029	52,190
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	2,500,774	2,645,947
Government of Canada - IR 1 Promissory Note:		
Interest-free; maturing the earlier of March 31, 2026 or the date on which the IR 1 Roads Claim is settled.	58,030	-
Government of Canada - IR 2 Promissory Note:		
Interest-free; maturing the earlier of March 31, 2026 or the date on which the IR 2 Roads Claim is settled.	<u>58,010</u>	<u>-</u>
	<u>\$ 3,510,028</u>	<u>\$ 3,596,052</u>

MATSQUI FIRST NATION

Notes to the Financial Statements

March 31, 2022

10. Long-Term Debt (continued):

Interest expense on Long Term Debt for the year ended March 31, 2022 is \$104,206 (2021 - \$110,764). Scheduled principal repayments for the next five years are estimated as follows:

2023	\$	208,730
2024		212,209
2025		202,715
2026		325,042
2027 and Thereafter		2,561,332

11. Contingent Liabilities and Commitments:

Matsqui First Nation guaranteed mortgages for members totaling \$617,092 (2021 - \$1,221,546). At March 31, 2022 no liability has been recorded associated with this guarantee.

12. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2022	2021
Band Homes	\$ 2,620,533	\$ 305,788	\$ 27,409	\$ 2,898,912	\$ 2,192,037	\$ 47,869	\$ -	\$ 2,239,906	\$ 659,006	\$ 428,496
Tractors & Vehicles	415,689	156,778	-	572,467	157,777	22,812	-	180,589	391,878	257,912
Equipment	251,565	-	-	251,565	105,241	12,042	-	117,283	134,282	146,324
Multi-purpose Building	5,292,199	-	-	5,292,199	564,500	105,844	-	670,344	4,621,855	4,727,699
Infrastructure	2,060,514	46,704	-	2,107,218	199,518	47,687	-	247,205	1,860,013	1,860,996
NPH Housing	1,218,759	-	-	1,218,759	178,596	39,730	-	218,326	1,000,433	1,040,163
Total	<u>\$ 11,859,259</u>	<u>\$ 509,270</u>	<u>\$ 27,409</u>	<u>\$ 12,341,120</u>	<u>\$ 3,397,669</u>	<u>\$ 275,984</u>	<u>\$ -</u>	<u>\$ 3,673,653</u>	<u>\$ 8,667,467</u>	<u>\$ 8,461,590</u>

MATSQUI FIRST NATION

Notes to the Financial Statements

March 31, 2022

13. Expenses by Object:

	<u>2022</u>	<u>2021</u>
Audit	\$ 49,820	\$ 19,000
Administration	26,572	11,892
Amortization	275,984	254,955
Band meetings	7,114	8,837
Bank charges and interest	7,641	8,814
Consulting contracts	672,457	565,204
Cultural activities	36,697	7,818
Donations and funeral costs	3,480	3,970
Equipment lease and repair	5,404	4,387
Grounds maintenance	15,741	-
Honoraria	295,788	244,088
Housing grants	-	140,732
Incentives	991,250	828,000
Insurance	95,739	81,702
Interest on long-term debt	104,206	110,764
Lawyer fees	114,137	67,679
Materials and supplies	32,284	49
Office supplies and sundry	7,408	16,884
Other	527,769	285,051
Rent	13,900	5,325
Repair and maintenance	64,814	131,130
Service agreements	169,341	167,527
Telephone and cable	15,510	13,865
Utilities	1,764	18,514
Vehicle and travel	13,607	10,822
Wages and salary	854,777	524,371
Water testing	12,000	720
	<u>\$ 4,415,204</u>	<u>\$ 3,532,100</u>

14. Comparative Financial Information:

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

15. 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 with its current programs is partially dependent upon the Government of Canada's continued financial support.

MATSQUI FIRST NATION

Notes to the Financial Statements

March 31, 2022

16. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Nation and have not been audited.

17. Segment Disclosure:

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

Governance

Governance contains all activities that are needed to manage and administer the Nation's organization including corporate administration. Governance is responsible for the support and coordination of all the Nation's departments.

Lands and Economic Development

All self-generated and resource based activities of Matsqui First Nation are reported in this segment including land leases, contract activities, management of land and related resources as well as all activities involved in the development of the community and economic opportunities.

Health and Education

Health and education contains activities that provide health services, medical services, educational facilitation and assist where necessary with financial support or support by other means to members that is aimed at developing both the individual as well as the community.

Housing and Capital

Housing and Capital contains activities that relate to on reserve housing and capital expansion both on reserve land and off reserve properties owned by the Nation.

Taxation

Taxation contains all activities relating to property taxes collected and expensed during normal operations throughout the fiscal year.

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Notes to the Financial Statements

March 31, 2022

17. Segment Disclosure (continued):

	Governance			Lands & Economic Development			Health & Education		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenue									
Federal Transfers:									
Indigenous Services Canada	\$ 341,222	\$ 823,545	\$ 754,247	\$ 280,508	\$ 280,508	\$ 277,730	\$ -	\$ -	\$ -
Government of Canada	-	-	-	1,896,351	1,906,420	647,778	-	-	-
CMHC	-	-	-	-	-	-	-	-	-
Other First Nation Governments	-	24,000	38,809	22,751	16,171	13,897	-	152,626	174,088
Province of BC	-	108,630	31,541	-	85,000	-	77,443	77,444	137,104
BC First Nation Gaming	-	-	-	-	-	-	180,000	179,779	315,998
Investment income (loss)	-	-	-	(25,000)	17,912	(81,653)	-	-	-
Lease and rental income	-	13,900	-	625,000	608,550	621,000	51,174	6,000	36,465
Property taxation	-	-	-	-	-	-	-	-	-
Contract revenue	-	-	-	-	170,314	162,665	-	-	-
Other revenue	220,600	410,744	240,091	165,000	404,682	21,251,396	-	142,059	29,951
Interest and sundry income	-	-	588	5,000	5,826	5,131	18,000	2,033	1,572
	<u>561,822</u>	<u>1,380,819</u>	<u>1,065,276</u>	<u>2,969,610</u>	<u>3,495,383</u>	<u>22,897,944</u>	<u>326,617</u>	<u>559,941</u>	<u>695,178</u>
Expenses									
Amortization	-	-	-	-	-	-	-	-	-
Interest	-	-	-	95,000	89,327	94,193	-	-	-
Program costs	464,009	695,524	331,086	1,951,173	1,638,643	1,317,628	555,175	603,427	414,447
Wages and salaries	<u>292,900</u>	<u>324,940</u>	<u>279,795</u>	<u>495,633</u>	<u>415,403</u>	<u>199,182</u>	<u>56,600</u>	<u>114,434</u>	<u>45,394</u>
	<u>756,909</u>	<u>1,020,464</u>	<u>610,881</u>	<u>2,541,806</u>	<u>2,143,373</u>	<u>1,611,003</u>	<u>611,775</u>	<u>717,861</u>	<u>459,841</u>
Transfers	-	-	12,956	-	668,192	(588,551)	-	(222,339)	113,274
Annual Surplus (Deficit)	<u>\$ (195,087)</u>	<u>\$ 360,355</u>	<u>\$ 467,351</u>	<u>\$ 427,804</u>	<u>\$ 1,352,010</u>	<u>\$ 20,698,390</u>	<u>\$ (285,158)</u>	<u>\$ (380,259)</u>	<u>\$ 348,611</u>

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Notes to the Financial Statements

March 31, 2022

17. Segment Disclosure (continued):

	Housing & Capital			Taxation			Total		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenue									
Federal Transfers:									
Indigenous Services Canada	\$ -	\$ -	\$ 237,205	\$ -	\$ -	\$ -	\$ 621,730	\$ 1,104,053	\$ 1,269,182
Government of Canada	-	-	-	-	-	-	1,896,351	1,906,420	647,778
CMHC	42,500	41,933	42,389	-	-	-	42,500	41,933	42,389
Other First Nation Governments	-	-	-	-	-	-	22,751	192,797	226,794
Province of BC	-	-	-	-	-	-	77,443	271,074	168,645
BC First Nation Gaming	-	-	-	-	-	-	180,000	179,779	315,998
Investment income (loss)	-	-	-	-	-	-	(25,000)	17,912	(81,653)
Lease and rental income	136,100	129,133	135,912	-	-	-	812,274	757,583	793,377
Property taxation	-	-	-	250,916	248,118	238,589	250,916	248,118	238,589
Contract revenue	-	-	-	-	-	-	-	170,314	162,665
Other revenue	-	-	-	-	-	-	385,600	957,485	21,521,438
Interest and sundry income	800	668	653	-	544	979	23,800	9,071	8,923
	<u>179,400</u>	<u>171,734</u>	<u>416,159</u>	<u>250,916</u>	<u>248,662</u>	<u>239,568</u>	<u>4,288,365</u>	<u>5,856,539</u>	<u>25,314,125</u>
Expenses									
Amortization	220,000	275,984	254,955	-	-	-	220,000	275,984	254,955
Interest	14,000	14,879	16,571	-	-	-	109,000	104,206	110,764
Program costs	67,800	59,306	304,544	250,916	183,337	274,305	3,289,073	3,180,237	2,642,010
Wages and salaries	-	-	-	-	-	-	845,133	854,777	524,371
	<u>301,800</u>	<u>350,169</u>	<u>576,070</u>	<u>250,916</u>	<u>183,337</u>	<u>274,305</u>	<u>4,463,206</u>	<u>4,415,204</u>	<u>3,532,100</u>
Transfers	-	(445,853)	462,321	-	-	-	-	-	-
Annual Surplus (Deficit)	<u>\$ (122,400)</u>	<u>\$ (624,288)</u>	<u>\$ 302,410</u>	<u>\$ -</u>	<u>\$ 65,325</u>	<u>\$ (34,737)</u>	<u>\$ (174,841)</u>	<u>\$ 1,441,335</u>	<u>\$ 21,782,025</u>