

**Léq'á:mel First Nation
Consolidated Financial Statements
*March 31, 2021***

Leq'á:mel First Nation
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For the year ended March 31, 2021

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Management's Responsibility

To the Members of Leq'á:mel First Nation:

The accompanying consolidated financial statements of Leq'á:mel First Nation are the responsibility of management and have been approved by the Chief and Council.

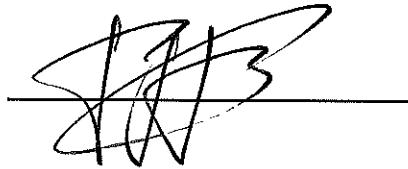
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate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

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

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

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

December 13, 2021



Senior Finance /
Administrator



Chief

To the Members of Leq'á:mel First Nation:

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements as at March 31, 2020 were audited by another public accountant who issued an unqualified audit report dated January 4, 2021.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management and those charged with governance are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chilliwack, British Columbia

December 13, 2021

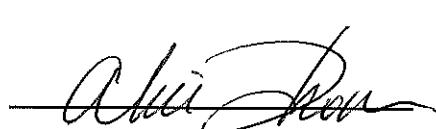
MNP LLP

Chartered Professional Accountants

Leq'á:mel First Nation
Consolidated Statement of Financial Position
As at March 31, 2021

	2021	2020
Financial assets		
Cash and cash equivalents (Note 3)	4,530,692	1,740,501
Accounts receivable (Note 4)	321,817	591,017
Portfolio investments (Note 5)	110	110
Investments in Nation partnerships and business entities (Note 6)	4,763,775	2,785,947
Funds held in trust (Note 7)	534,081	701,801
Total of financial assets	10,150,475	5,819,376
Liabilities		
Accounts payable and accruals	424,788	741,939
Deferred revenue (Note 8)	2,615,126	-
Long-term debt (Note 9)	6,038,199	6,296,341
Capital lease obligations	58,601	75,818
Total of financial liabilities	9,136,714	7,114,098
Net financial assets (net debt)	1,013,761	(1,294,722)
Contingencies (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 1)	14,224,220	14,480,321
Prepaid expenses	-	40,614
Total non-financial assets	14,224,220	14,520,935
Accumulated surplus (Note 11)	15,237,981	13,226,213

Approved on behalf of the Council



Chief



Councillor

Leq'á:mel First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

	2021 Budget	2021	2020
Revenue			
Indigenous Services Canada	2,074,345	3,683,549	2,028,326
Economic activity and other income	1,636,604	1,206,016	2,058,606
Earnings from investment in Nation partnerships and business entities	-	580,041	1,966,120
First Nation Health Authority	200,988	528,001	258,587
Province of British Columbia	60,690	453,315	207,002
Other Federal funding	-	340,738	247,849
Canada Mortgage and Housing Corporation	-	49,586	42,393
Investment income	-	391,727	369,962
Rental income	-	184,926	284,060
	3,972,627	7,417,899	7,462,905
Expenditures			
Administration	931,206	1,747,117	1,650,285
Education and Employment	246,810	217,330	228,885
Social Programs	660,136	549,140	700,570
Health	211,779	321,417	226,625
Lands and Maintenance	629,340	699,907	626,330
Business and Investments	713,452	576,256	535,975
Capital Assets	567,120	431,681	389,351
Housing	-	863,283	261,225
Total expenditures	3,959,843	5,406,131	4,619,246
Annual surplus	12,784	2,011,768	2,843,659
Accumulated surplus, beginning of year	13,226,213	13,226,213	10,382,554
Accumulated surplus, end of year (Note 11)	13,238,997	15,237,981	13,226,213

Léq'á:mel First Nation
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2021

	2021 Budget	2021	2020
Annual surplus	12,784	2,011,768	2,843,659
Purchases of tangible capital assets	-	(320,245)	(594,052)
Amortization of tangible capital assets	-	459,022	393,572
Proceeds of disposal of tangible capital assets	-	117,324	-
	-	256,101	(200,480)
Acquisition of prepaid expenses	-	-	(40,614)
Use of prepaid expenses	-	40,614	47,171
	-	40,614	6,557
Decrease in net debt	12,784	2,308,483	2,649,736
Net debt, beginning of year	(1,294,722)	(1,294,722)	(3,944,458)
Net financial assets (net debt), end of year	(1,281,938)	1,013,761	(1,294,722)

Leq'á:mel First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	10,302,225	7,142,177
Cash paid to suppliers	(4,263,385)	(2,942,719)
Cash paid to employees for salaries, wages and benefits	(877,488)	(1,269,860)
Interest on long-term debt	(82,782)	(144,158)
	5,078,570	2,785,440
Financing activities		
Advances of long-term debt	14,470	-
Advances of capital lease	-	84,403
Repayment of long-term debt	(272,612)	(240,210)
Repayment of capital lease	(17,217)	(8,585)
	(275,359)	(164,392)
Capital activities		
Purchases of tangible capital assets	(320,245)	(594,052)
Proceeds of disposal of tangible capital assets	117,324	-
	(202,921)	(594,052)
Investing activities		
Net change in investments in Nation partnerships and business entities	(1,977,828)	(134,465)
Net change in funds held in trust	167,729	(669,980)
	(1,810,099)	(804,445)
Increase in cash resources	2,790,191	1,222,551
Cash resources, beginning of year	1,740,501	517,950
Cash resources, end of year	4,530,692	1,740,501

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

1. Operations

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

Impact of COVID-19 on operations

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

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

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation's operations as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/ isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the First Nation's operations.

2. Significant accounting policies

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

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity - consolidated

Leq'á:mel First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

Entities accounted for by the modified equity basis include:

- 807656 B.C. Ltd.
- Leq'á:mel Development Corporation
- Seven Generations Environmental Services Ltd.
- Leq'á:mel Development Limited Partnership
- Leq'á:mel Forestry Limited Partnership

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, prepaid expenses and inventories of held for use.

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

Net financial assets (net debt)

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

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Tangible capital assets

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

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Years</i>
Automotive	straight-line	5 years
Buildings	straight-line	40 years
Equipment	straight-line	5-10 years
Infrastructure	straight-line	15-100 years
Housing	straight-line	40 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

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

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Own source revenue

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

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

Funds held in Ottawa Trust Fund

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

Rental revenue

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

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related First Nation entities and departments, are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2021.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. Management has determined that no liability exists as at March 31, 2021.

Segments

The First Nation conducts its business through eight reportable segments: Administration, Education and Employment, Social Programs, Health, Lands and Maintenance, Business and Investments, Capital Assets, and Housing. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

Leq'a:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

3. Cash and cash equivalents

	2021	2020
Externally restricted		
CMHC Replacement Reserve	103,258	60,362
Unrestricted		
Operating funds	4,427,434	1,680,139
	4,530,692	1,740,501

Replacement Reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the Nation maintains a replacement reserve, established by an annual allocation of \$10,333 (2020 - \$16,116), to ensure replacement of buildings financed by CMHC. In addition to the annual allocation, the First Nation was required to allocate a supplemental assistance amount totalling \$38,000. At March 31, 2021, this reserve was fully funded (2020 - underfunded by \$42,182).

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

4. Accounts receivable

	2021	2020
Funding and trade receivables	262,117	543,569
CMHC subsidy assistance receivable	38,795	36,418
Rent receivable	20,905	11,030
	321,817	591,017

5. Portfolio investments

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

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Investments in partnerships and government business entities

The First Nation has investments in the following entities:

				2021
	<i>Investment cost</i>	<i>Loans (advances)</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
0807656 B.C. Ltd. - 100%	1	(33,478)	4,908	(28,569)
Leq'á:mel Development Corporation - 100%	1	2,615,126	141	2,615,268
Seven Generations Environmental Services Ltd. - 17%	194,968	58,877	(178,741)	75,104
	194,970	2,640,525	(173,692)	2,661,803
First Nation Business Partnerships – Modified Equity:				
Leq'á:mel Development Limited Partnership - 99.99%	1	756,963	1,461,730	2,218,694
Leq'á:mel Forestry Limited Partnership - 99.00%	1	(77,164)	(39,559)	(116,722)
	2	679,799	1,422,171	2,101,972
	194,972	3,320,324	1,248,479	4,763,775
				2020
	<i>Investment cost</i>	<i>Loans (advances)</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
0807656 B.C. Ltd. - 100%	1	(18,741)	6,513	(12,227)
Leq'á:mel Development Corporation - 100%	1	-	79	80
Seven Generations Environmental Services Ltd. - 17%	194,968	58,877	(198,556)	55,289
	194,970	40,136	(191,964)	43,142
First Nation Business Partnerships – Modified Equity:				
Leq'á:mel Development Limited Partnership - 99.99%	1	1,652,238	842,016	2,494,255
Leq'á:mel Forestry Limited Partnership - 99.00%	1	248,549	-	248,550
	2	1,900,787	842,016	2,742,805
	194,972	1,940,923	650,052	2,785,947

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Investments in partnerships and government business entities *(Continued from previous page)*

Summary financial information for Leq'á:mel First Nation business enterprises, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Business Enterprises</i> <i>As at March 31, 2021</i>	<i>Business Enterprises</i> <i>As at March 31, 2020</i>
Assets		
Cash	3,096,960	467,695
Accounts receivable	55,541	47,893
Prepaid expenses	4,917	4,516
Investments	20,993	21,331
Advances to related parties	33,479	33,479
Property, plant and equipment	15,099	19,072
Total assets	3,226,989	593,986
Liabilities		
Accounts payable and accruals	18,818	15,824
Deferred revenue	89,029	92,810
Advances from related parties	3,019,470	502,536
Total liabilities	3,127,317	611,170
Partners' Capital (deficit)	99,672	(17,184)
Total revenue	420,246	382,164
Total expenses	303,390	378,389
Net income	116,856	3,775

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Investments in partnerships and government business entities *(Continued from previous page)*

Summary financial information for Leq'á:mel First Nation business partnerships, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>Limited Partnerships As at March 31, 2021</i>	<i>Limited Partnerships As at March 31, 2020</i>
Assets		
Cash	132,370	425,962
Accounts receivable	1,230,693	875,992
Inventory	9,453	5,878
Prepaid expenses	5,606	3,829
Advances to related parties	47,670	147,602
Property, plant and equipment	2,040,997	2,034,707
Total assets	3,466,789	3,493,970
Liabilities		
Accounts payable and accruals	137,527	45,581
Deferred revenue	1,057,115	36,414
Advances from related parties	914,585	1,653,773
Silviculture liability	62,162	-
Total liabilities	2,171,389	1,735,768
Equity	1,295,400	1,758,202
Total revenue	1,170,824	2,694,535
Total expenses	591,007	732,289
Net income	579,817	1,962,246

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

7. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

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

	2021	2020
Capital Trust		
Balance, beginning and end of year	195	195
Revenue Trust		
Balance, beginning of year	962	976
Interest and distributions	970	972
	1,932	1,948
Less: Transfers to Nation	962	986
	970	962
FNFA Secured Revenues Trust		
Balance, beginning of year	700,644	30,664
Net changes	(167,728)	669,980
	532,916	700,644
	534,081	701,801

8. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions recognized</i>	<i>Balance, end of year</i>
Canada Mortgage and Housing Corporation - Rapid Housing Initiative Funding	-	2,615,126	-	2,615,126

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

9. Long-term debt

	2021	2020
First Nations Finance Authority promissory note, with blended monthly payments of \$11,756 at 2.90% per annum, due June 26, 2024.	2,155,248	2,231,862
First Nations Finance Authority Debt Reserve Fund, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Interest is paid annually at rate of 0.725%.	(141,172)	(139,954)
First Nations Finance Authority promissory note, with blended monthly payments of \$10,354 at 2.72% per annum, due June 1, 2028.	2,107,974	2,173,164
First Nations Finance Authority Debt Reserve Fund, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Interest is paid annually at rate of 0.725%.	(112,351)	(111,382)
First Nations Finance Authority promissory note, with blended monthly payments of \$11,933 at 2.985% per annum, due June 26, 2024.	2,076,336	2,155,248
First Nations Finance Authority Debt Reserve Fund, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Interest is paid annually at rate of 0.725%.	(142,471)	(141,242)
All Nations' Trust Company mortgage, with blended monthly payments of \$1,947 at 1.86% per annum, maturing January 1, 2024.	64,446	86,398
All Nations' Trust Company mortgage, with blended monthly payments of \$1,408 at 1.30% per annum, maturing May 1, 2022.	19,549	36,073
John Deere Financial equipment loan, with blended monthly payments of \$430 at 4.40% per annum, maturing May 15, 2023, secured by specific equipment with a net book value of \$16,323.	10,640	-
<u>All Nations' Trust Company</u>	<u>-</u>	<u>6,174</u>
	6,038,199	6,296,341

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

2022	273,597
2023	266,993
2024	263,470
2025	250,396
2026	257,700

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

10. Contingencies

As at March 31, 2021, the First Nation is contingently liable in respect of guaranteed individual Band member mortgages with various financial institutions totalling \$958,316 (2020 - \$1,103,316).

Bank of Montreal (BMO) has authorized up to \$1,000,000 of residential mortgage loans to members of Leq'á:mel First Nation. Under this agreement, the First Nation is to provide guarantees on all Band member mortgages. The total amounts guaranteed under this agreement are included above.

Royal Bank of Canada (RBC) has authorized up to \$1,500,000 of residential mortgage loans to members of Leq'á:mel First Nation. Under this agreement, the First Nation is to provide guarantees on all Band member mortgages. The total amounts guaranteed under this agreement are included above.

11. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
Equity in Tangible Capital Assets	8,127,420	8,108,162
Operating Surplus	6,473,222	4,355,888
Equity in Ottawa Trust Funds	1,165	1,157
Equity in Secured Revenues Trust Account	532,916	700,644
Equity in CMHC Replacement Reserve	103,258	60,362
	<hr/> 15,237,981	<hr/> 13,226,213

12. Economic dependence

Leq'á:mel First Nation receives a significant portion of its revenue from various government agreements. The ability of the Nation to continue operations is dependent upon the continued financial commitments as guaranteed by these agreements.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

14. Financial Instruments

Leq'á:mel First Nation's financial instruments consist of cash, accounts receivable, accounts payable and accruals, and long-term debt. It is management's opinion that the First Nation is not exposed to significant currency or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate price risk on its mortgages with fixed interest rates, and market risk on demand loans with variable rates.

Leq'á:mel First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

15. Segments

The First Nation conducts its business through eight reportable segments, which are differentiated by major activities, accountability and control relationships. The reportable segments and their activities are as follows:

Administration

Includes general operations, IT support and financial management of the First Nation and governance activities.

Education and Employment

Includes revenue and expenses related to primary, secondary and post secondary education and employment training of the members of the First Nation.

Social Programs

Includes revenue and expenses related to a wide range of social development services including family and children services and social assistance programs.

Health

Includes revenue and expenses related to internal and external health services, programs and activities.

Lands and Maintenance

Includes revenue and expenses related to ongoing lands and community maintenance.

Business and Investments

Includes activities related to the growth of revenue producing projects within the First Nation, including economic development, forestry, fisheries and resource management.

Capital Assets

Includes revenue and expenses related to tangible capital assets.

Housing

Includes property management related to the mortgaged homes owned by the First Nation and the administration of social housing programs.

Leq'á:mel First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2021

	<i>Automotive</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Housing</i>	<i>2021</i>	<i>2020</i>
Cost							
Balance, beginning of year	308,486	10,158,770	438,541	8,206,195	1,626,138	20,738,130	20,144,078
Acquisition of tangible capital assets	-	-	61,142	34,362	-	95,504	594,052
Construction-in-progress	-	224,741	-	-	-	224,741	-
Disposal of tangible capital assets	-	(117,324)	-	-	-	(117,324)	-
Balance, end of year	308,486	10,266,187	499,683	8,240,557	1,626,138	20,941,051	20,738,130
Accumulated amortization							
Balance, beginning of year	156,081	939,430	171,487	4,000,848	989,963	6,257,809	5,864,237
Annual amortization	35,449	251,036	40,448	87,440	44,649	459,022	393,572
Balance, end of year	191,530	1,190,466	211,935	4,088,288	1,034,612	6,716,831	6,257,809
Net book value of tangible capital assets	116,956	9,075,721	287,748	4,152,269	591,526	14,224,220	14,480,321
2020 Net book value of tangible capital assets	152,405	9,219,340	267,054	4,205,347	636,175	14,480,321	

Leq'á:mel First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2021

	Administration	Education and Employment	Social Programs	Health	Lands and Maintenance	Business and Investments	Capital Assets	Housing	2021
Revenue									
ISC	\$ 888,499	\$ 244,365	\$ 891,970	\$ 686,185	\$ 45,967	\$ 113,677	\$ 812,886	\$ 3,683,549	
Other government	699,172	93,465	97,495	528,001	661,205	-	49,586	2,128,924	
Economic activities and other	612,266	-	52,984	11,820	515,021	336,492	4,000	72,843	1,605,426
Expenses	2,199,537	337,830	1,042,449	539,821	1,201,206	1,043,664	117,677	935,314	7,417,899
Amortization									
Operating expenses	1,377,257	39,486	24,567	99,167	332,676	327,806	414,373	44,649	459,022
Salaries, wages and benefits	190,775	17,592	64,383	185,371	206,081	201,693	-	733,767	2,940,815
Program and services delivery expenses	179,085	160,232	460,185	36,879	161,150	46,757	-	-	865,901
Surplus (deficit) before transfers	1,747,117	217,330	549,140	321,417	699,907	576,256	11,219	84,886	1,140,392
Transfers between programs	452,820	120,500	493,309	218,404	501,289	467,408	(314,004)	863,283	5,406,131
Annual surplus (deficit)	\$ 530,614	\$ 120,500	\$ 493,309	\$ 218,404	\$ 471,142	\$ 467,408	\$ (157,061)	\$ (132,548)	\$ 2,011,768
 Revenue									
Administration	Education	Social Programs	Health	Lands and Maintenance	Business and Investments	Capital Assets	Housing	2020	
ISC	\$ 381,968	\$ 215,179	\$ 617,388	\$ 319,260	\$ 612,832	\$ 18,967	\$ 25,600	\$ 156,392	\$ 2,028,326
Other government	424,475	54,891	98,080	100	585,603	-	-	42,393	1,524,803
Economic activities and other	2,277,190	27,256	29,410	8,871	4,864	1,469,893	12,100	80,192	3,909,776
Expenses	3,083,633	297,326	744,878	328,131	617,796	2,074,463	37,700	278,977	7,462,905
Amortization									
Operating expenses (recovery)	1,020,684	56,243	36,906	24,868	354,350	410,362	331,193	62,379	393,572
Salaries, wages and benefits	497,111	55,807	218,275	195,947	202,783	76,957	25,641	117,421	2,046,475
Program and services delivery expenses	132,491	116,935	445,359	5,810	69,196	48,636	-	-	1,246,380
Surplus (deficit) before transfers	1,650,285	228,885	700,570	226,625	626,330	535,975	389,351	261,225	4,619,246
Transfers between programs	1,433,348	68,441	44,309	101,506	(8,534)	1,538,488	(351,651)	17,752	2,843,659
Annual surplus (deficit)	\$ 1,431,348	\$ 68,441	\$ 44,309	\$ 101,506	\$ (8,534)	\$ 1,538,488	\$ (351,651)	\$ 19,752	\$ 2,843,659