

SHXW'OWHAMEL FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2021

SHXW'OWHAMEL FIRST NATION
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Year Ended March 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Shxw'owhamel First Nation have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Shxw'owhamel First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Siyam Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility principally 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.

The consolidated financial statements have been audited on behalf of the members by Morine & Schindler CPAs LLP, in accordance with Canadian public sector accounting standards (PSAS).



Councillor



Councillor

Hope, BC
December 10, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Shxw'owhamel First Nation

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Shxw'owhamel First Nation (the Nation), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial assets (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 Nation as at March 31, 2021, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Nation in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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 either intends to liquidate the Nation or 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.

(continues)



CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Independent Auditor's Report to the Members of Shxw'owhamel First Nation (continued)

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 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 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 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.

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.

(continues)



CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Independent Auditor's Report to the Members of Shxw'owhamel First Nation *(continued)*

Nanaimo, British Columbia
May 11, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

SHXW'OWHAMEL FIRST NATION
Consolidated Statement of Financial Position
March 31, 2021

| | 2021 | 2020 |
|--------------------------------------|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 1,195,789 | \$ 2,683,681 |
| Marketable securities (Note 5) | 15,896,987 | 18,000,000 |
| Accounts receivable | 1,087,950 | 689,079 |
| CMHC subsidy receivable | 8,929 | 6,967 |
| Rent receivable | 23,116 | 16,091 |
| Goods and services tax recoverable | 85,290 | 35,701 |
| Restricted cash (Note 3) | 82,009 | 81,759 |
| Funds held in trust (Note 4) | 86,421 | 86,077 |
| Investment in joint venture (Note 5) | 1,535,563 | 84,027 |
| | <u>20,002,054</u> | <u>21,683,382</u> |
| LIABILITIES | | |
| Accounts payable | 1,340,020 | 1,157,620 |
| Interest payable | 4,818 | 4,973 |
| Wages payable | 46,482 | 15,620 |
| Damage deposits | 7,480 | 7,080 |
| Employee deductions payable | 20,594 | 21,306 |
| Long term debt (Note 8) | 23,232,037 | 11,298,649 |
| | <u>24,651,431</u> | <u>12,505,248</u> |
| NET FINANCIAL ASSETS (DEBT) | <u>(4,649,377)</u> | <u>9,178,134</u> |
| NON-FINANCIAL ASSETS | | |
| Prepaid expenses | 152,696 | 55,425 |
| Tangible capital assets (Note 7) | 26,329,281 | 12,900,637 |
| | <u>26,481,977</u> | <u>12,956,062</u> |
| ACCUMULATED SURPLUS | <u>\$ 21,832,600</u> | <u>\$ 22,134,196</u> |

CONTINGENT LIABILITY (Note 9)

ON BEHALF OF COUNCIL

| | |
|------------------|------------------|
| _____ Councillor | _____ Councillor |
| _____ Councillor | _____ Councillor |

SHXW'OWHAMEL FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2021

| | Budget 2021 | Total 2021 | Total 2020 |
|---|------------------|---------------------|----------------------|
| REVENUES | | | |
| Indigenous Services Canada | \$ 2,363,672 | \$ 2,255,474 | \$ 2,392,593 |
| First Nations Health Authority | - | 112,454 | 293,153 |
| Province of BC | 65,000 | 282,524 | 178,810 |
| CMHC housing subsidies | - | 107,150 | 122,284 |
| Rental income | 170,000 | 202,217 | 229,334 |
| Investment income | 150,000 | 44,901 | 55,200 |
| Taxation | 200,000 | 106,748 | 23,575 |
| Sto:lo Aboriginal Skills and Employment Training | 41,479 | 41,479 | 63,161 |
| Brighter Futures | - | - | 7,000 |
| Lease revenue | - | 65,340 | 94,063 |
| Fundraising | - | - | 22,620 |
| Earnings from equity investments | - | 1,175,639 | (483,822) |
| Government of Canada | 236,471 | 145,615 | 21,429,286 |
| FNESC | 28,310 | 120,587 | 1,544 |
| BCFN Gaming | - | 299,819 | 280,780 |
| Other revenue | 233,855 | 214,894 | 151,133 |
| Trans Mountain | - | 4,255,467 | 3,865,127 |
| CMHC - other | 21,098 | 6,500 | 282,712 |
| RRF allocation | - | 22,800 | 22,800 |
| | <u>3,509,885</u> | <u>9,459,608</u> | <u>29,031,353</u> |
| EXPENSES | | | |
| Segment - Administration (<i>Schedule 2</i>) | 1,265,051 | 5,886,877 | 6,702,447 |
| Segment - Public Works and Maintenance (<i>Schedule 3</i>) | 93,120 | 181,582 | 107,195 |
| Segment - Housing and Infrastructure (<i>Schedule 4</i>) | 68,300 | 356,811 | 361,565 |
| Segment - Social Development (<i>Schedule 5</i>) | 419,265 | 578,938 | 321,651 |
| Segment - Education and Culture (<i>Schedule 6</i>) | 999,648 | 270,140 | 633,479 |
| Segment - Capital Projects (<i>Schedule 7</i>) | - | 1,016,403 | 144,666 |
| Segment - Economic Development (<i>Schedule 8</i>) | 291,471 | 273,800 | 522,110 |
| Segment -Siya Council (<i>Schedule 9</i>) | - | 180,761 | 192,990 |
| Segment -Lands & Resources (<i>Schedule 10</i>) | 373,030 | 503,385 | 275,830 |
| Segment - Own Source Revenue (<i>Schedule 11</i>) | - | 408,855 | 4,126,748 |
| Segment - Health & Well Being (<i>Schedule 12</i>) | - | 103,653 | 85,135 |
| | <u>3,509,885</u> | <u>9,761,205</u> | <u>13,473,816</u> |
| | <u>-</u> | <u>(301,597)</u> | <u>15,557,537</u> |
| ANNUAL SURPLUS (DEFICIT) | <u>\$ -</u> | <u>\$ (301,597)</u> | <u>\$ 15,557,537</u> |

See notes to financial statements

SHXW'OWHAMEL FIRST NATION
Consolidated Statement of Changes in Accumulated Surplus
Year Ended March 31, 2021

| | 2021 | 2020 |
|--|----------------------|----------------------|
| ACCUMULATED SURPLUS - BEGINNING OF YEAR | \$ 22,134,197 | \$ 6,576,659 |
| ANNUAL SURPLUS (DEFICIT) | <u>(301,597)</u> | <u>15,557,537</u> |
| ACCUMULATED SURPLUS - END OF YEAR | <u>\$ 21,832,600</u> | <u>\$ 22,134,196</u> |

See notes to financial statements

SHXW'OWHAMEL FIRST NATION
Consolidated Statement of Changes in Net Financial Assets (Debt)
Year Ended March 31, 2021

| | Budget 2021 | 2021 | 2020 |
|--|----------------|----------------|---------------|
| ANNUAL SURPLUS (DEFICIT) | \$ - | \$ (301,597) | \$ 15,557,537 |
| Amortization of tangible capital assets | - | 290,956 | 239,174 |
| Purchase of tangible capital assets | - | (13,719,601) | (5,128,486) |
| Decrease (increase) in prepaid expenses | - | (97,271) | (37,402) |
| | - | (13,525,916) | (4,926,714) |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | - | (13,827,513) | 10,630,823 |
| NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR | 9,178,137 | 9,178,137 | (1,452,686) |
| NET FINANCIAL ASSETS (DEBT) - END OF YEAR | \$ 9,178,137 | \$ (4,649,376) | \$ 9,178,137 |

See notes to financial statements

SHXW'OWHAMEL FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2021

| | 2021 | 2020 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Annual surplus (deficit) | \$ (301,597) | \$ 15,557,537 |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 290,956 | 239,174 |
| Earnings from equity investments | (1,175,639) | 483,822 |
| | <u>(1,186,280)</u> | <u>16,280,533</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (398,871) | 725,148 |
| CMHC subsidy receivable | (1,962) | 3,866 |
| Rent receivable | (7,025) | 20,873 |
| Accounts payable | 182,404 | (403,819) |
| Deferred income | - | (540,324) |
| Prepaid expenses | (97,271) | (37,402) |
| Goods and services tax payable | (49,589) | (34,710) |
| Restricted cash | (250) | (53,386) |
| Funds held in trust | (344) | (654) |
| Loans receivable | - | 202,722 |
| Interest payable | (155) | (257) |
| Wages payable | 30,862 | 1,254 |
| Damage deposits | 400 | - |
| Employee deductions payable | (712) | 10,893 |
| | <u>(342,513)</u> | <u>(105,796)</u> |
| Cash flow from (used by) operating activities | <u>(1,528,793)</u> | <u>16,174,737</u> |
| INVESTING ACTIVITIES | | |
| Purchase of tangible capital assets | (13,719,601) | (5,128,486) |
| Marketable securities | 2,103,013 | (18,000,000) |
| Investment in SVLP | (275,897) | (84,027) |
| Cash flow used by investing activities | <u>(11,892,485)</u> | <u>(23,212,513)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from long term financing | 12,518,033 | 8,916,976 |
| Repayment of long term debt | (584,647) | (189,809) |
| Cash flow from financing activities | <u>11,933,386</u> | <u>8,727,167</u> |
| INCREASE (DECREASE) IN CASH FLOW | <u>(1,487,892)</u> | <u>1,689,391</u> |
| Cash - beginning of year | <u>2,683,681</u> | <u>994,290</u> |
| CASH - END OF YEAR | <u>\$ 1,195,789</u> | <u>\$ 2,683,681</u> |

See notes to financial statements

SHXW'OWHAMEL FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

1. OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards (GAAP).

Basis of consolidation

The consolidated financial statements include the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation Business Entities. As a result, figures as at March 31, 2021 or for the years then ended include the operating fund, social housing fund and the capital fund. All inter-entity balances have been eliminated, however, in the respective schedules transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Shxw'owhamel First Nation business entities owned or controlled by the Nation's Council but not dependent on the 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 Nation. Thus, the 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:

Shxw'owhamel Ventures Limited Partnership (SVLP).

Shxw'owhamel Ventures GP Ltd. (SVGP)

Cash and cash equivalents

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

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 reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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SHXW'OWHAMEL FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Funds Held in Trust

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position and consist of:

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

Asset Classification

Assets are classified as 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 and prepaid expenses.

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 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, 2020.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revision required to the amount previously recognized is accounted for in the period revisions are made. The Band 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. As at March 31, 2021, no liability for contaminated site exists.

Net Financial Assets (Net Debt)

The Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the 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 financial position, accumulated surplus (deficit).

Segments

The Nation conducts its business through a number of reportable segments as described in Note 11. These operating segments are established by senior management to facilitate the achievement of the 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.

(*continues*)

SHXW'OWHAMEL FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

| | | |
|------------------------|----------|----------------------|
| Buildings | 25 years | straight-line method |
| Water and sewer | 50 years | straight-line method |
| Motor vehicles | 10 years | straight-line method |
| Land improvements | 20 years | straight-line method |
| Computer equipment | 4 years | straight-line method |
| Band housing | 40 years | straight-line method |
| Furniture and fixtures | 5 years | straight-line method |

The Nation regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

All intangible assets and items inherited by the right of the Nation, such as reserve lands, forests, water and mineral resources, are not recognized in the Nation's consolidated financial statements.

CMHC housing units are amortized at an annual amount equal to the principal reduction in related debt as per the Nation's agreement with CMHC.

The Nation performs impairment testing on tangible capital assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized when an asset's service potential is reduced and they are charged to surplus in the year.

(continues)

SHXW'OWHAMEL FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Nation recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Government transfers

The 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.

First Nation Capital and Revenue Trust Funds

The Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Canada Mortgage and Housing Corporation ("CMHC")

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Housing rental income

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

Own source and other revenue

Own source and other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

Investment income

Investment income is recognized by the Nation when investment income is earned.

SHXW'OWHAMEL FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

3. Restricted cash

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited by an amount annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, these reserves were fully funded.

4. Funds held in trust

| | 2021 | 2020 |
|-----------------------------------|-----------|-----------|
| Capital | | |
| Balance beginning and end of year | \$ 84,980 | \$ 84,980 |
| Subtotal | 84,980 | 84,980 |
| Revenue | | |
| Balance beginning of year | 1,097 | 443 |
| Net additions | 344 | 654 |
| Balance end of year | 1,441 | 1,097 |
| | \$ 86,421 | \$ 86,077 |

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

5. Investments and loans receivable

| | 2021 | 2020 |
|--|---------------|---------------|
| Investment in Shxw'owhamel Ventures Limited Partnership (SVLP) - at modified equity method - 99.9% ownership | \$ 1,535,563 | \$ 84,027 |
| Investment in Shxw'owhamel Ventures GP Ltd. (SVGP) - at modified equity method - 100% ownership | 1 | 1 |
| Marketable securities | 15,896,987 | 18,000,000 |
| | \$ 17,432,551 | \$ 18,084,028 |

Marketable securities are accounted for at the lower of cost and fair market value.

6. Summary financial information for Government Business Entities

SVLP and SVGP both as at and for the year ended December 31, 2020.

| | SVLP | SVGP |
|---------------------|------------|------|
| <u>Assets</u> | | |
| Cash | \$ 136,509 | \$ - |
| Accounts receivable | 2,407,903 | 1 |

(continues)

SHXW'OWHAMEL FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

6. Summary financial information for Government Business Entities *(continued)*

| | <u>SVLP</u> | <u>SVGP</u> |
|--------------------------|---------------------|-------------|
| <u>Assets</u> | | |
| Prepaid expenses | 21,889 | - |
| Capital assets | 5,044,273 | - |
| Investments | 1,674,418 | - |
| Total assets | <u>\$ 9,284,992</u> | <u>\$ 1</u> |
| <u>Liabilities</u> | | |
| Accounts payable | \$ 5,455,851 | \$ - |
| Loans and long-term debt | 2,141,360 | - |
| Lease liabilities | 595,383 | - |
| Total liabilities | <u>\$ 8,192,594</u> | <u>\$ -</u> |
| <u>Equity</u> | | |
| Share capital | | \$ 1 |
| Partner equity | 1,092,398 | - |
| Total equity | <u>\$ 1,092,398</u> | <u>\$ 1</u> |
| <u>Operations</u> | | |
| Total revenues | \$ 7,213,836 | \$ - |
| Total expenses | (6,038,079) | - |
| Net income (loss) | <u>\$ 1,175,757</u> | <u>\$ -</u> |

SHXW'OWHAMEL FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

7. TANGIBLE CAPITAL ASSETS

| <u>Cost</u> | <u>2020</u> <u>Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>2021</u> <u>Balance</u> |
|--------------------------|-------------------------------|----------------------|------------------|-------------------------------|
| Land and improvements | \$ 93,452 | \$ 1,620,290 | \$ - | \$ 1,713,742 |
| Buildings | 191,889 | - | - | 191,889 |
| Vehicles | 249,663 | 104,817 | - | 354,480 |
| Computer equipment | 176,860 | - | - | 176,860 |
| Water & Sewer | 1,663,270 | - | - | 1,663,270 |
| Band housing | 2,001,726 | - | - | 2,001,726 |
| CMHC units | 3,555,195 | - | - | 3,555,195 |
| Construction in progress | 6,892,892 | 11,994,493 | - | 18,887,385 |
| Furniture | 400 | - | - | 400 |
| | <u>\$ 14,825,347</u> | <u>\$ 13,719,600</u> | <u>\$ -</u> | <u>\$ 28,544,947</u> |

| <u>Accumulated Amortization</u> | <u>2020</u> <u>Balance</u> | <u>Amortization</u> | <u>Accumulated</u> <u>Amortization</u> <u>on Disposals</u> | <u>2021</u> <u>Balance</u> |
|---------------------------------|-------------------------------|---------------------|--|-------------------------------|
| Land and improvements | \$ 76,865 | \$ 45,180 | \$ - | \$ 122,045 |
| Buildings | 57,232 | 7,676 | - | 64,908 |
| Vehicles | 142,053 | 30,207 | - | 172,260 |
| Computer equipment | 59,101 | 35,985 | - | 95,086 |
| Water & Sewer | 361,757 | 33,265 | - | 395,022 |
| Band housing | 670,985 | 50,043 | - | 721,028 |
| CMHC units | 556,677 | 88,520 | - | 645,197 |
| Construction in progress | - | - | - | - |
| Furniture | 40 | 80 | - | 120 |
| | <u>\$ 1,924,710</u> | <u>\$ 290,956</u> | <u>\$ -</u> | <u>\$ 2,215,666</u> |

| <u>Net book value</u> | <u>2021</u> | <u>2020</u> |
|--------------------------|----------------------|----------------------|
| Land and improvements | \$ 1,591,697 | \$ 16,587 |
| Buildings | 126,981 | 134,657 |
| Vehicles | 182,220 | 107,610 |
| Computer equipment | 81,774 | 117,759 |
| Water & Sewer | 1,268,248 | 1,301,513 |
| Band housing | 1,280,698 | 1,330,741 |
| CMHC units | 2,909,998 | 2,998,518 |
| Construction in progress | 18,887,385 | 6,892,892 |
| Furniture | 280 | 360 |
| | <u>\$ 26,329,281</u> | <u>\$ 12,900,637</u> |

SHXW'OWHAMEL FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

8. LONG TERM DEBT

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| All Nations Trust loan bearing interest at 2.68% , repayable in monthly blended payments of \$4,919. The loan matures on October 1, 2043 and is secured by real property and a ministerial guarantee. | \$ 962,942 | \$ 995,878 |
| All Nations Trust loan bearing interest at 2.39% , repayable in monthly blended payments of \$4,451. The loan matures on February 1, 2043 and is secured by real property and a ministerial guarantee. | 850,122 | 882,930 |
| All Nations Trust loan bearing interest at 1.69% repayable in monthly blended payments of \$2,613. The loan matures on September 1, 2024 and is secured by real property and a ministerial guarantee. | 498,012 | 520,787 |
| Toyota Financial Services loan bearing interest at 4.49% per annum, repayable in monthly blended payments of \$1,279. The loan matures on February 17, 2022 and is secured by equipment. | 13,760 | 29,316 |
| RBC - 905-001 loan bearing interest at prime plus .5% , repayable on demand . The loan is secured by equipment. | 11,486 | 19,593 |
| RBC - 099 001 loan bearing interest at prime plus .5% , repayable on demand. The loan is secured by equipment. | - | 368 |
| RBC - demand loan loan bearing interest at 19.99% , repayable on demand. | - | 3,430 |
| BMO - 142 loan bearing interest at prime plus .5% , repayable on demand. The loan is secured by an assignment of insurance. | 10,734,000 | 4,913,546 |
| BMO - 134 loan bearing interest at prime plus .5% , repayable on demand The loan is secured by an assignment of insurance. | 3,805,834 | 3,932,801 |
| BMO -003 (Omahil Camp Clearing) loan bearing interest at prime plus .5% , repayable on demand. The loan is secured by an assignment of insurance. | 3,318,291 | - |
| BMO - 645 (Settlement Dist) loan bearing interest at prime plus .5% , repayable on demand The loan is secured by an assignment of insurance. | 3,037,590 | - |
| | <u>\$ 23,232,037</u> | <u>\$ 11,298,649</u> |

Principal repayment terms are approximately:

(continues)

SHXW'OWHAMEL FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

8. LONG TERM DEBT *(continued)*

| | |
|------------|----------------------|
| 2022 | \$ 21,005,338 |
| 2023 | 93,183 |
| 2024 | 91,903 |
| 2025 | 93,680 |
| 2026 | 95,468 |
| Thereafter | <u>1,852,465</u> |
| | <u>\$ 23,232,037</u> |

9. CONTINGENT LIABILITY

The Nation has a housing program with CMHC. The financial results of that program are subject to review by CMHC and it is possible that adjustments could be made based on the results of their review.

10. ECONOMIC DEPENDENCE

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

SHXW'OWHAMEL FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2021

11. Segments

The Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

Administration:

Includes general operations, support, and financial management of the Nation.

Education and Culture:

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

Public Works and Maintenance:

Includes revenue and expenditures related to public utilities and services.

Social Development:

Includes revenue and expenditures related to the social assistance and health services to the members of the Nation.

Housing and Infrastructure:

Includes revenue and expenses related to band owned and social housing of the members of the Nation.

Lands

and

Resources:

Includes revenue and expenses related to conservation and stewardship of the Nation's land and resources.

Economic Development:

Includes revenue and expenses related to economic opportunities of the Nation.

Health and Wellbeing:

Includes revenue and expenses related to health services of the Nation.

Capital Projects:

Includes revenue and expenses related to capital projects.

Siyam Council:

Includes revenue and expenses related to council.

Own Source Revenue:

Includes revenue and expenses related to other projects of the Nation.

12. Budget information

The disclosed budget information has been approved by the Siyam Council of the Nation. Budget information was not prepared for the full scope of activities performed by the Nation for the year ended March 31, 2021. For many proposal driven departments, budget information was prepared but not assembled for inclusion in these financial statements.

SHXW'OWHAMEL FIRST NATION

Consolidated Expenses by object

(Schedule 1)

Year Ended March 31, 2021

| | Budget 2021 | Total 2021 | Total 2020 |
|--|---------------------|---------------------|----------------------|
| CONSOLIDATED EXPENSES BY OBJECT | | | |
| Student costs | \$ 7,782 | \$ 58,572 | \$ 48,090 |
| Advertising and promotion | 1,500 | 3,970 | 14,947 |
| Amortization | - | 290,956 | 239,174 |
| Consulting | 437,722 | 1,413,059 | 911,190 |
| Business taxes, licenses and memberships | - | 8,469 | 3,983 |
| Honoraria | 208,000 | 148,582 | 389,416 |
| Delivery, freight and express | 1,000 | 1,110 | 1,547 |
| Community events | 17,700 | 82,451 | 128,750 |
| Donations | 2,500 | 385 | 9,077 |
| Community distributions | - | 3,462,939 | 5,022,397 |
| Equipment rentals | 20,000 | 939 | 14,581 |
| Insurance | 20,000 | 106,161 | 46,398 |
| Interest and bank charges | 34,000 | 71,213 | 42,908 |
| Interest on long term debt | - | 324,862 | 201,325 |
| Social development | 358,131 | 422,119 | 249,244 |
| Tuition | 821,358 | 19,097 | 434,781 |
| Catering | 20,000 | 3,960 | 49,743 |
| Meetings and conventions | 13,000 | 10,639 | 6,041 |
| Miscellaneous | 178,000 | 365,895 | 107,097 |
| Office | 38,507 | 23,736 | 120,130 |
| Allocation to RRF | - | 22,800 | 22,800 |
| Professional fees | 70,000 | 545,398 | 2,540,464 |
| Rental | - | - | 43,187 |
| Repairs and maintenance | 83,103 | 166,770 | 65,475 |
| Salaries and wages | 950,363 | 1,380,586 | 1,092,531 |
| Security | 5,000 | 366,645 | 343,533 |
| Service contracts | 22,400 | 57,662 | 754,606 |
| Supplies | 87,119 | 166,956 | 228,924 |
| Telephone | 28,600 | 47,678 | 26,610 |
| Training | 7,000 | 42,220 | 24,798 |
| Travel | 59,100 | (19,603) | 252,421 |
| Utilities | 8,000 | 120,493 | 29,262 |
| Vehicle | 10,000 | 44,482 | 8,381 |
| | <u>\$ 3,509,885</u> | <u>\$ 9,761,201</u> | <u>\$ 13,473,811</u> |

See notes to financial statements

SHXW'OWHAMEL FIRST NATION

Segment - Administration

(Schedule 2)

Year Ended March 31, 2021

| | 2021 | 2020 |
|--|----------------------|----------------------|
| REVENUES | | |
| Indigenous Services Canada | \$ 576,065 | \$ 904,893 |
| Rental income | - | 44,421 |
| Investment income | 17,315 | 27,025 |
| Province of BC | 110,559 | 83,893 |
| Government of Canada | 139,563 | 21,429,286 |
| Fundraising | - | 22,620 |
| Other revenue | 64,790 | 31,771 |
| | <u>908,292</u> | <u>22,543,909</u> |
| EXPENSES | | |
| Consulting | 281,929 | 130,630 |
| Donations | - | 8,797 |
| Interest and bank charges | 71,213 | 42,908 |
| Community events | 69,645 | 91,616 |
| Delivery, freight and express | 1,110 | 1,547 |
| Insurance | 106,161 | 45,709 |
| Office | 21,827 | 116,487 |
| Advertising and promotion | 70 | 14,947 |
| Professional fees | 311,837 | 1,861,212 |
| Salaries and wages | 753,702 | 472,667 |
| Miscellaneous | 157,208 | 77,831 |
| Rental | - | 43,087 |
| Repairs and maintenance | 26,549 | 11,598 |
| Supplies | 145,862 | 202,155 |
| Telephone | 19,407 | 9,522 |
| Training | 26,393 | 22,574 |
| Travel | (1,341) | 85,582 |
| Equipment rentals | - | 11,955 |
| Service contracts | - | 27,087 |
| Community distributions | 3,280,000 | 2,960,808 |
| Interest on long term debt | 89,194 | 141,232 |
| Business taxes, licenses and memberships | 8,439 | 3,438 |
| Honoraria | 38,150 | 108,463 |
| Utilities | 22,913 | 11,357 |
| Vehicle | 42,714 | 6,315 |
| Meetings and conventions | 9,739 | 728 |
| Catering | 1,620 | 32,349 |
| Security | 199,800 | 18,186 |
| Amortization | 202,436 | 141,660 |
| Social development | 300 | - |
| | <u>5,886,877</u> | <u>6,702,447</u> |
| ANNUAL SURPLUS (DEFICIT) | <u>(4,978,585)</u> | <u>15,841,462</u> |
| ACCUMULATED SURPLUS , BEGINNING OF YEAR | <u>18,565,883</u> | <u>2,724,420</u> |
| ACCUMULATED SURPLUS, END OF YEAR | <u>\$ 13,587,298</u> | <u>\$ 18,565,882</u> |

See notes to financial statements