

**Yale First Nation
Consolidated Financial Statements**
March 31, 2020

Yale First Nation

Contents

For the year ended March 31, 2020

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Management's Responsibility

To the Members of Yale First Nation:

The accompanying consolidated financial statements of Yale 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 Yale 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 fulfils 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 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.

September 1, 2020

Original Signed by Elsie Kipp

Administrator

Independent Auditor's Report

To the Members of Yale First Nation:

Qualified Opinion

We have audited the consolidated financial statements of Yale First Nation (the "First Nation"), which comprise the statement of financial position as at March 31, 2020, 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 financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The consolidated financial statements do not include completed budgeted information. The exclusion of such information is a departure from Canadian Public Sector Accounting Standards as the comparison of budgeted to actual results is a significant measurement of performance.

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 qualified 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 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 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 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 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 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 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 financial statements, including the disclosures, and whether the 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

September 1, 2020

MNP LLP

Chartered Professional Accountants

Yale First Nation
Statement of Financial Position
As at March 31, 2020

| | 2020 | 2019 |
|---|-------------------|-------------|
| Financial assets | | |
| Cash and cash equivalents | 11,162,078 | 744,604 |
| Restricted cash (Note 3) | 78,745 | 13,067 |
| Portfolio investments (Note 4) | 110 | - |
| Accounts receivable (Note 5) | 318,690 | 236,420 |
| Investments in Nation partnerships and business entities (Note 6) | 1,004,925 | 736,633 |
| Funds held in trust (Note 7) | 107,031 | 104,947 |
| Treaty negotiation costs | - | 7,797,354 |
| | 12,671,579 | 9,633,025 |
| Liabilities | | |
| Accounts payable and accruals | 4,380,685 | 185,258 |
| Deferred revenue | - | 147,462 |
| Long-term debt (Note 8) | 2,015,877 | 9,825,215 |
| | 6,396,562 | 10,157,935 |
| Net financial assets (net debt) | 6,275,017 | (524,910) |
| Contingencies (Note 9) | | |
| Significant event (Note 10) | | |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 7,869,619 | 7,286,862 |
| Prepaid expenses | 85,899 | 30,753 |
| Total non-financial assets | 7,955,518 | 7,317,615 |
| Accumulated surplus (Note 11) | 14,230,535 | 6,792,705 |

Approved on behalf of the Council

Original Signed by Ken Hansen

Chief

Original Signed by Pedro Moreno

Councillor

Yale First Nation
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

| | 2020 | 2019 |
|---|-------------------|-------------|
| Revenue | | |
| Settlement claim | 21,428,571 | - |
| Indigenous Services Canada | 893,968 | 1,580,608 |
| First Nation Health Authority | 610,592 | 800,332 |
| Other government funding | 191,134 | - |
| Canada Mortgage and Housing Corporation | 44,266 | 47,453 |
| Investment income | 373,450 | 2,687 |
| Department of Fisheries and Oceans | 189,715 | 85,500 |
| Rental income | 153,183 | 197,384 |
| Province of BC | 150,112 | 438,565 |
| Other revenue | 87,058 | 104,723 |
| Pacific Salmon Commission | 73,262 | 175,600 |
| Earnings from investment in Nation partnerships and business entities | 58,971 | 110,303 |
| New Relationship Trust | - | 41,000 |
| Ottawa Trust Income | 2,084 | 2,745 |
| Accrued funding reimbursement (recovery) | (90,433) | 5,703 |
| | 24,165,933 | 3,592,603 |
| Expenses | | |
| Administration & Education | 14,694,212 | 695,007 |
| Health & Social Development | 848,983 | 685,582 |
| Treaty | - | 85,350 |
| Housing | 448,365 | 341,334 |
| Capital Projects & Maintenance | 114,103 | 159,826 |
| Special Projects | 23,995 | 97,591 |
| Economic Development & Employment | 455,616 | 422,469 |
| Other Programs | 142,829 | 163,590 |
| | 16,728,103 | 2,650,749 |
| Annual surplus | 7,437,830 | 941,854 |
| Accumulated surplus, beginning of year | 6,792,705 | 5,850,851 |
| Accumulated surplus, end of year | 14,230,535 | 6,792,705 |

Yale First Nation
Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2020

| | 2020 | 2019 |
|---|------------------|-------------|
| Annual surplus | 7,437,830 | 941,854 |
| Purchases of tangible capital assets | (756,181) | (973,790) |
| Amortization of tangible capital assets | 167,799 | 163,590 |
| Proceeds of disposal of tangible capital assets | 2,500 | - |
| Loss on disposal of tangible capital assets | 3,125 | - |
| Acquisition of prepaid expenses | (55,146) | (7,256) |
| Increase in net financial assets | 6,799,927 | 124,398 |
| Net debt, beginning of year | (524,910) | (649,308) |
| Net financial assets (net debt), end of year | 6,275,017 | (524,910) |

Yale First Nation
Statement of Cash Flows
For the year ended March 31, 2020

| | 2020 | 2019 |
|---|-------------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Annual surplus | 7,437,830 | 941,854 |
| Non-cash items | | |
| Amortization | 167,799 | 163,590 |
| Ottawa trust transactions | (2,084) | (2,745) |
| Earnings from Investment in Nation partnerships and business entities | (58,971) | (110,303) |
| Loss on disposal of assets | 3,125 | - |
| | 7,547,699 | 992,396 |
| Changes in working capital accounts | | |
| Accounts receivable | (82,270) | (149,366) |
| Prepaid expenses | (55,146) | (7,256) |
| Accounts payable and accruals | 4,195,427 | (83,398) |
| Restricted cash | (65,678) | (11,645) |
| Deferred revenue | (147,462) | 121,180 |
| | 11,392,570 | 861,911 |
| Financing activities | | |
| Advances of current portion of long-term debt | 45,272 | 989,147 |
| Repayment of current portion of long-term debt | (57,256) | (65,277) |
| Decrease in bank indebtedness | - | (60,000) |
| | (11,984) | 863,870 |
| Capital activities | | |
| Purchases of tangible capital assets | (756,181) | (973,790) |
| Proceeds of disposal of tangible capital assets | 2,500 | - |
| | (753,681) | (973,790) |
| Investing activities | | |
| Advances to Nation partnerships and business entities | (209,321) | (196,625) |
| Distributions from investments in Nation partnerships and business entities | - | 100,000 |
| Purchase of portfolio investments | (110) | - |
| | (209,431) | (96,625) |
| Increase in cash resources | 10,417,474 | 655,366 |
| Cash resources, beginning of year | 744,604 | 89,238 |
| Cash resources, end of year | 11,162,078 | 744,604 |
| Supplementary cash flow information | | |
| Interest paid | 68,762 | 36,832 |

Yale First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

1. Operations

Yale First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Yale 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 First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including 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

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Yale First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entity:

- Y.F.N. Developments Inc.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Yale First Nation business entities, owned or controlled by the 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 principals are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at the acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by the post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Cascade Lower Canyon Community Forest Limited Partnership
- Stelmexw Enterprises Limited Partnership
- Smemela:lh Group Management Ltd

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 and prepaid expenses.

Net financial assets (net debt)

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities.

Yale First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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

Cash and cash equivalents

Cash and cash equivalent include balances with banks and 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.

Tangible capital assets

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

Amortization

Tangible capital assets are amortized annually using the following methods at terms intended to amortize the cost of the assets over their estimated useful lives:

| | Method | Rate |
|----------------------------|---------------|-------------|
| Band Housing and Buildings | straight-line | 40 years |
| Machinery and Equipment | straight-line | 10 years |
| Roads, Streets and Bridges | straight-line | 50,75 years |
| Water and Sewer | straight-line | 50,75 years |

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.

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.

Own source revenue

Other revenue is recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 Nation, 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.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable 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.

Yale First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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

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 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.

Liability for contaminated sites

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites 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, 2020.

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, 2020.

Segments

The First Nation conducts its business through eight reportable segments: Administration & Education; Health & Social Development; Treaty; Housing; Capital Projects & Maintenance; Special Projects; Economic Development & Employment; and Other Programs. 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.

3. Restricted cash

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the First Nation established a replacement reserve, funded by an annual allocation of \$11,100 (2019 - \$11,100), to ensure maintenance and replacement of buildings financed by CMHC. At March 31, 2020, \$78,745 has been set aside to fund this reserve (2019 - \$13,067). The reserve was overfunded by \$54,764 March 31, 2020 (2019 - underfunded by \$25,664).

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. Portfolio investments

| | 2020 | 2019 |
|--|-------------|-------------|
| Measured at cost: | | |
| BC First Nations Gaming Revenue Sharing LP | 100 | - |
| BC First Nations Gaming Sharing General Partner Ltd. | 10 | - |
| | 110 | - |

Yale First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

5. Accounts receivable

| | 2020 | 2019 |
|--|----------------|----------------|
| Accounts receivable | 318,687 | 216,228 |
| Members loans | 101,016 | 101,016 |
| GST receivable | 3 | 444 |
| Rent receivable | - | 19,748 |
| Allowance for doubtful accounts - member loans | (101,016) | (101,016) |
| | 318,690 | 236,420 |

6. Investments in First Nation partnerships and business entities

The First Nation has investments in the following partnerships and business entities:

| | 2020 | 2019 | 2020 | 2019 |
|---|---------------------|---|---------------------|---------------------|
| | Loans / advances | Cumulative share of earnings (loss) | Total investment | Total investment |
| First Nation Partnership and Business Entities - Modified Equity | | | | |
| Cascade Lower Canyon Community Forest Limited Partnership - 33% | - | 600,593 | 600,593 | 600,593 |
| Smemela:lh Group Management Ltd. - 100% | 1,558 | - | 1,558 | 1,558 |
| Stelmexw Enterprises LP - 99% | 405,970 | (3,196) | 402,774 | 402,774 |
| | 407,528 | 597,397 | 1,004,925 | 1,004,925 |

The First Nation's investment in the following investments was established for the purpose of development and management of own source revenue contracts and economic development opportunities with third parties.

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

| | CLCCF LP As at March 31, 2020 | Smemela:lh Group Management Ltd. As at December 31, 2019 | Stelmexw Enterprises LP As at December 31, 2019 |
|-------------------------------------|-------------------------------------|---|--|
| Assets | | | |
| Current assets | 1,936,364 | - | 1,010 |
| Long term assets | - | - | 391,378 |
| Property, plant and equipment | 95,552 | - | - |
| Total assets | 2,031,916 | - | 392,388 |
| Liabilities | | | |
| Current liabilities | 227,426 | 1,558 | 2,000 |
| Long term liabilities | - | - | 393,577 |
| Equity | 1,804,490 | (1,558) | (3,189) |
| Total liabilities and equity | 2,031,916 | - | 392,388 |
| Total revenue | | | |
| Total expenses | 4,609,437 | - | - |
| Net income (loss) | 4,419,933 | 1,558 | 4,199 |
| | 189,504 | (1,558) | (4,199) |

Yale First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

7. Funds held in Ottawa Trust Account

Capital and revenue trust moneys 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.

| | 2020 | 2019 |
|----------------------------|----------------|-------------|
| Capital Trust | | |
| Balance, beginning of year | 48,802 | 48,802 |
| Revenue Trust | | |
| Balance, beginning of year | 56,145 | 53,400 |
| Interest | 1,691 | 2,346 |
| BC Special Income | 393 | 399 |
| Balance, end of year | 58,229 | 56,145 |
| | 107,031 | 104,947 |

8. Long-term debt

| | 2020 | 2019 |
|---|------------------|-------------|
| Housing Project III - All Nations Trust Co. (interest rate of 2.52%, due September 1, 2028, monthly payments of \$1,569 and secured by first mortgage on homes and Ministerial guarantee of the Ministry of Indigenous Services Canada) | 144,029 | 159,037 |
| Tiny Homes - BMO Fixed Rate Term Loan (interest rate of 3.68% per annum, due February 28, 2025, monthly payments of \$4,858, secured by a general security agreement) | 911,946 | 914,000 |
| Housing Project IV - All Nations Trust Co. (interest rate of 1.84%, due September 1, 2042, monthly payments of \$3,620 and secured by first mortgage on homes and Ministerial guarantee of the Ministry of Indigenous Services Canada) | 800,500 | 828,956 |
| Band Administration Building - RBC demand loan (interest rate 4.71%, with monthly payments of \$1,216, secured by a general security agreement) | 116,805 | 125,868 |
| BMO Truck Loan (interest rate of 5.49%, due October 15, 2025, monthly payments of \$739, secured by a general security agreement) | 42,597 | - |
| Promissory Notes - Indigenous Services Canada | - | 7,797,354 |
| | 2,015,877 | 9,825,215 |

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

| | |
|------|--------|
| 2021 | 85,472 |
| 2022 | 88,169 |
| 2023 | 90,961 |
| 2024 | 93,854 |
| 2025 | 96,857 |

Yale First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

9. Contingent liabilities

The First Nation may also be contingently liable in respect of guaranteed housing mortgages which total \$308,999 (2019 - \$336,478).

10. Significant event

During the year, there was a global outbreak of the COVID-19 virus, which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation 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.

11. Accumulated surplus

Accumulated surplus is comprised of the following:

| | 2020 | 2019 |
|-----------------------------|-------------------|-------------|
| Operating surplus | 8,245,781 | 1,390,026 |
| Capital surplus | 5,853,742 | 5,259,001 |
| Ottawa trust surplus | 107,031 | 104,947 |
| Replacement reserve surplus | 23,981 | 38,731 |
| | 14,230,535 | 6,792,705 |

12. Economic dependence

Yale First Nation receives a significant portion of its revenue 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 ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

13. Financial Instruments

Yale First Nation's consolidated financial instruments consist of cash, receivables, accounts payable, accrued liabilities and long-term debt. It is management's opinion that Yale First Nation is not exposed to significant currency, credit or interest rate risk arising from these financial instruments.

14. Treaty loan forgiveness

During the year, the First Nation determined that the outstanding loan related to a treaty in the treaty negotiation process was forgiven by the Federal Government. The impact on the consolidated financial statements was a reduction in the treaty negotiation costs asset of \$7,797,354, with an offsetting reduction to long-term debt.

15. Comparative figures

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

Yale First Nation Visible Capital Assets

Statement of Changes in Equity

| | <i>Machinery and Equipment</i> | <i>Roads, Streets and Bridges</i> | <i>Water and Sewer</i> | <i>Land</i> | <i>Subtotal</i> |
|--|--------------------------------|-----------------------------------|------------------------|------------------|------------------|
| Cost | | | | | |
| Balance, beginning of year | 437,352 | 142,719 | 3,649,762 | 2,892,393 | 90,405 |
| Acquisition of tangible capital assets | 49,122 | 367,531 | - | - | 61,265 |
| Disposal of tangible capital assets | (7,500) | - | - | - | (7,500) |
| Balance, end of year | 478,974 | 510,250 | 3,649,762 | 2,892,393 | 151,670 |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 128,823 | 75,798 | 357,152 | 290,351 | - |
| Annual amortization | 39,781 | 1,963 | 53,745 | 72,310 | - |
| Accumulated amortization on disposals | (1,875) | - | - | - | (1,875) |
| Balance, end of year | 166,729 | 77,761 | 410,897 | 362,661 | - |
| Net book value of tangible capital assets | 312,245 | 432,489 | 3,238,865 | 2,529,732 | 151,670 |
| | | | | | 6,665,001 |

Yale First Nation

Schedule 1 - Schedule of Tangible Capital Assets

For the year ended March 31, 2020

| | <i>Subtotal</i> | <i>Assets Under Construction</i> | <i>2020</i> | <i>2019</i> |
|--|------------------|----------------------------------|------------------|------------------|
| Cost | | | | |
| Balance, beginning of year | 7,212,631 | 926,355 | 8,138,986 | 7,165,196 |
| Acquisition of tangible capital assets | 477,918 | 278,263 | 756,181 | 973,790 |
| Disposal of tangible capital assets | (7,500) | - | (7,500) | - |
| Balance, end of year | 7,683,049 | 1,204,618 | 8,887,667 | 8,138,986 |
| Accumulated amortization | | | | |
| Balance, beginning of year | 852,124 | - | 852,124 | 688,533 |
| Annual amortization | 167,799 | - | 167,799 | 163,591 |
| Accumulated amortization on disposals | (1,875) | - | (1,875) | - |
| Balance, end of year | 1,018,048 | - | 1,018,048 | 852,124 |
| Net book value of tangible capital assets | 6,665,001 | 1,204,618 | 7,869,619 | 7,286,862 |
| Net book value of tangible capital assets 2019 | 6,360,507 | 926,355 | 7,286,862 | |

Yale First Nation
Schedule 2 - Segmented Information

For the year ended March 31, 2020

| | Administration and Education | Health and Social Development | Treaty | Housing | Capital Projects and Maintenance | Special Projects | Economic Development and Employment | Other | 2020 |
|--|------------------------------|-------------------------------|-------------------|--------------------|----------------------------------|-------------------|-------------------------------------|-------------------|---------------------|
| Revenue | | | | | | | | | |
| Indigenous Services Canada | \$ 21,793,333 | \$ 324,459 | \$ - | \$ 44,266 | \$ 85,676 | \$ 13,639 | \$ 15,000 | \$ - | \$ 22,232,107 |
| Other government | 113 | 724,592 | - | 171,886 | 20,000 | 342,288 | 405,976 | 2,082 | 1,559,317 |
| Economic activities and other | 173,219 | - | - | 2,500 | 7,296 | 39,606 | - | - | 394,509 |
| 21,966,665 | 1,049,051 | | 216,152 | 108,176 | 363,223 | | 460,582 | 2,082 | 24,165,933 |
| Expenses | | | | | | | | | |
| Amortization | 24,970 | - | - | - | 5,761 | - | - | 142,829 | 167,799 |
| Operating expenses | 233,480 | 33,534 | - | 152,514 | - | - | 25,035 | - | 450,323 |
| Salaries, wages and benefits | 252,342 | 480,705 | - | 69,150 | - | - | 204,091 | - | 1,006,289 |
| Program and services delivery expenses | 14,183,420 | 334,744 | - | 226,701 | 108,342 | 23,995 | 226,490 | - | 15,103,692 |
| 14,639,4212 | 848,983 | | 448,365 | 114,103 | 144,035 | 23,995 | 455,616 | 142,829 | 16,728,102 |
| Annual surplus (deficit) | \$ 7,222,453 | | \$ 200,068 | \$ - | \$ (232,213) | \$ (5,927) | \$ 339,228 | \$ 4,966 | \$ (140,747) |
| | | | | | | | | | \$ 7,437,830 |
| Revenue | | | | | | | | | |
| Indigenous Services Canada | \$ 359,002 | \$ 290,467 | \$ - | \$ 843,599 | \$ 73,243 | \$ - | \$ 20,000 | \$ - | \$ 1,566,311 |
| Other government | 32,995 | 798,332 | - | 47,453 | 123,331 | 76,669 | 469,665 | 2,745 | 1,552,191 |
| Economic activities and other | 166,618 | - | - | 158,907 | 33,500 | 46,000 | 49,076 | - | 454,102 |
| 558,615 | 1,089,799 | | - | 1,049,959 | 230,074 | 122,669 | 538,742 | 2,745 | 3,592,603 |
| Expenses | | | | | | | | | |
| Amortization | - | - | - | - | - | - | - | 163,590 | 163,590 |
| Operating expenses | 246,014 | 14,929 | 1,200 | 63,092 | 8,568 | 1,533 | 17,200 | - | 352,536 |
| Salaries, wages and benefits | 198,823 | 273,570 | 83,312 | 63,233 | 10,534 | - | 264,666 | - | 894,138 |
| Program and services delivery expenses | 250,170 | 397,083 | 838 | 215,008 | 140,725 | 96,058 | 140,603 | - | 1,240,486 |
| 635,007 | 685,582 | 85,350 | 341,334 | 159,827 | 97,591 | 422,469 | 163,590 | 2,650,749 | |
| Annual surplus (deficit) | \$ (136,392) | | \$ 404,217 | \$ (85,350) | \$ 708,625 | \$ 70,248 | \$ 25,078 | \$ 116,272 | \$ (160,846) |
| | | | | | | | | | \$ 941,854 |