

**Xaxli'p**  
**Consolidated Financial Statements**  
*March 31, 2021*

**Management's Responsibility**

**Independent Auditor's Report**

**Consolidated Financial Statements**

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## Management's Responsibility

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To the Members of Xaxli'p:

The accompanying consolidated financial statements of Xaxli'p 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 Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council are also responsible for recommending the appointment of the Xaxli'p's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, 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 Chief and Council and management to discuss their audit findings.

August 30, 2022

A blue ink signature, appearing to be "D. Smith", written over a horizontal line.

Chief

A blue ink signature, appearing to be "H. H. H. H.", written over a horizontal line.

Band Manager

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## Independent Auditor's Report

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To the Members of Xaxli'p:

### Opinion

We have audited the consolidated financial statements of Xaxli'p, 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, cash flows and the related schedules 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 Xaxli'p as at March 31, 2021, and the results of its consolidated operations, changes in net financial assets 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 Xaxli'p 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.

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

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

In preparing the consolidated financial statements, management is responsible for assessing Xaxli'p'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 cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Xaxli'p'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 Xaxli'p'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 Xaxli'p'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 Xaxli'p 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 Xaxli'p 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.

Kelowna, British Columbia

August 30, 2022

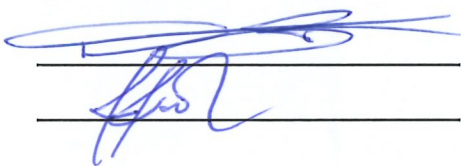
*MNP* LLP

Chartered Professional Accountants

**Xaxli'p**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2021*

|  | 2021             | 2020             |
|--|------------------|------------------|
| <b>Financial assets</b>                        |                  |                  |
| Cash and cash equivalents (Note 3)             | 5,597,116        | 2,791,418        |
| Restricted cash (Note 4)                       | 137,255          | 138,762          |
| Funds held in trust (Note 5)                   | 481,896          | 473,177          |
| Accounts receivable (Note 6)                   | 971,988          | 1,217,388        |
| Portfolio investments (Note 7)                 | 390,942          | 348,861          |
| Investment in Xaxli'p business entity (Note 8) | 2,041,273        | 1,770,468        |
|  | <b>9,620,470</b> | <b>6,740,074</b> |
| <b>Liabilities</b>                             |                  |                  |
| Bank indebtedness (Note 9)                     | 155,000          | 290,000          |
| Accounts payable and accruals                  | 348,937          | 205,660          |
| Deferred revenue                               | 1,659,000        | 84,379           |
| Long-term debt (Note 10)                       | 977,009          | 1,174,247        |
|  | <b>3,139,946</b> | <b>1,754,286</b> |
| <b>Net financial assets</b>                    | <b>6,480,524</b> | <b>4,985,788</b> |
| <b>Contingencies (Note 11)</b>                 |                  |                  |
| <b>Non-financial assets</b>                    |                  |                  |
| Tangible capital assets (Schedule 1)           | 3,394,498        | 3,486,029        |
| Prepaid expenses                               | 29,573           | 48,409           |
|  | <b>3,424,071</b> | <b>3,534,438</b> |
| <b>Accumulated surplus (Note 12)</b>           | <b>9,904,595</b> | <b>8,520,226</b> |

Approved on behalf of the Chief and Council



Chief

Councillor



Councillor

**Xaxli'p**

**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2021*

|   | <i>Schedules</i> | <i>2021<br/>Budget<br/>(Note 15)</i> | <i>2021</i>      | <i>2020</i>      |
|---|------------------|--------------------------------------|------------------|------------------|
| <b>Revenue</b>  |                  |                                      |                  |                  |
| Indigenous Services Canada (Note 13)  |                  | 2,142,692                            | 3,775,056        | 2,909,174        |
| Canada Mortgage and Housing Corporation                                     |                  | -                                    | 168,248          | 92,647           |
| First Nations Health Authority  |                  | -                                    | 1,395,152        | 969,379          |
| Other revenue   |                  | -                                    | 1,372,006        | 1,733,308        |
| B.C. First Nation Gaming revenue  |                  | -                                    | 528,980          | 494,350          |
| Rental income   |                  | -                                    | 242,802          | 253,361          |
| First Nations Education Steering Committee                                  |                  | -                                    | 107,170          | 66,355           |
| Province of British Columbia  |                  | -                                    | 81,555           | 1,221,072        |
| St'at'imc (PC) 2011 Trust funding   |                  | -                                    | 75,696           | 224,302          |
| Interest income   |                  | -                                    | 26,188           | 63,120           |
| Aboriginal Skills and Employment Training Strategy                          |                  | -                                    | -                | 48,083           |
| Work opportunity program  |                  | -                                    | -                | 47,159           |
|   |                  | <b>2,142,692</b>                     | <b>7,772,853</b> | <b>8,122,310</b> |
| <b>Program expenses</b>   |                  |                                      |                  |                  |
| Administration  | 3                | -                                    | 1,060,964        | 1,542,555        |
| Public Works  | 4                | -                                    | 323,964          | 355,659          |
| Housing   | 5                | -                                    | 298,379          | 329,301          |
| Health  | 6                | -                                    | 1,163,163        | 1,333,148        |
| Community and Member Services   | 7                | -                                    | 666,648          | 144,087          |
| Education   | 8                | -                                    | 886,219          | 932,719          |
| Resources   | 9                | -                                    | 428,493          | 392,225          |
| Economic Development  | 10               | -                                    | 347,478          | 336,357          |
| Ministry of Transportation and Infrastructure - Slide Stabilization Project | 11               | -                                    | 298,519          | 387,095          |
| Social Development Services   | 12               | -                                    | 647,745          | 791,143          |
| St'at'imc Trust   | 13               | -                                    | 266,912          | 274,313          |
|   |                  | -                                    | <b>6,388,484</b> | <b>6,818,602</b> |
| <b>Annual surplus</b>   |                  | <b>2,142,692</b>                     | <b>1,384,369</b> | <b>1,303,708</b> |
| <b>Accumulated surplus, beginning of year</b>                               |                  | <b>8,520,226</b>                     | <b>8,520,226</b> | <b>7,216,518</b> |
| <b>Accumulated surplus, end of year</b>                                     |                  | <b>10,662,918</b>                    | <b>9,904,595</b> | <b>8,520,226</b> |

**Xaxli'p**

**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2021*

|  | <b>2021<br/>Budget<br/>(Note 15)</b> | <b>2021</b>      | <b>2020</b> |
|--|--------------------------------------|------------------|-------------|
| <b>Annual surplus</b>                          | <b>2,142,692</b>                     | <b>1,384,369</b> | 1,303,708   |
| Purchases of tangible capital assets           | -                                    | <b>(258,366)</b> | (87,071)    |
| Amortization of tangible capital assets        | -                                    | <b>349,897</b>   | 244,547     |
| Write down of tangible capital assets          | -                                    | -                | 5,100       |
| Acquisition of prepaid expenses                | -                                    | -                | (1,206)     |
| Use of prepaid expenses                        | -                                    | <b>18,836</b>    | -           |
| <b>Increase in net financial assets</b>        | <b>2,142,692</b>                     | <b>1,494,736</b> | 1,465,078   |
| <b>Net financial assets, beginning of year</b> | <b>4,985,788</b>                     | <b>4,985,788</b> | 3,520,710   |
| <b>Net financial assets, end of year</b>       | <b>7,128,480</b>                     | <b>6,480,524</b> | 4,985,788   |

*The accompanying notes are an integral part of these consolidated financial statements*



**Xaxli'p**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2021*

|   | 2021      | 2020      |
|---|-----------|-----------|
| <b>Cash provided by (used for) the following activities</b> |           |           |
| <b>Operating activities</b>                                 |           |           |
| Annual surplus  | 1,384,369 | 1,303,708 |
| Non-cash items  |           |           |
| Amortization  | 349,897   | 244,547   |
| Increase in funds held in trust                             | (8,719)   | (106,358) |
| Write down of tangible capital assets                       | -         | 5,100     |
| Unrealized gains on portfolio investments                   | (36,884)  | -         |
|   | 1,688,663 | 1,446,997 |
| Changes in working capital accounts                         |           |           |
| Accounts receivable   | 245,400   | (18,821)  |
| Accounts payable and accruals                               | 143,277   | (88,477)  |
| Deferred revenue  | 1,574,621 | 84,379    |
| Prepaid expenses  | 18,836    | (1,206)   |
|   | 3,670,797 | 1,422,872 |
| <b>Financing activities</b>                                 |           |           |
| Repayment of long-term debt                                 | (197,238) | (179,599) |
| <b>Capital activities</b>                                   |           |           |
| Purchases of tangible capital assets                        | (258,366) | (87,071)  |
| <b>Investing activities</b>                                 |           |           |
| Invested in portfolio investments                           | (5,197)   | (11,267)  |
| Advances to Xaxli'p business entity                         | (270,805) | (771,965) |
| Decrease in restricted cash                                 | 1,507     | 31,860    |
|   | (274,495) | (751,372) |
| <b>Increase in cash resources</b>                           | 2,940,698 | 404,830   |
| <b>Cash resources, beginning of year</b>                    | 2,501,418 | 2,096,588 |
| <b>Cash resources, end of year</b>                          | 5,442,116 | 2,501,418 |
| <b>Cash resources are composed of:</b>                      |           |           |
| Cash and cash equivalents                                   | 5,597,116 | 2,791,418 |
| Bank indebtedness   | (155,000) | (290,000) |
|   | 5,442,116 | 2,501,418 |

**1. Operations**

Xaxli'p is located in the province of British Columbia, and provides various services to its members. Xaxli'p includes the members, government and all related entities that are accountable to Xaxli'p and are either owned or controlled by Xaxli'p.

***Impact on operations of COVID-19 (coronavirus)***

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

Xaxli'p's operations were impacted by COVID-19 in a variety of different ways, including increased funding from government sources including Indigenous Services Canada (ISC) and First Nations Health Authority (FNHA), additional social assistance provided to its members as a flow-through of a portion of this funding, additional cleaning and supply costs, additional Health costs in relation to expenses paid for the detection and screening of COVID-19, and cancellation of in-person events for its members.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Xaxli'p 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 supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact Xaxli'p's business and financial condition.

**2. Significant accounting policies**

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

***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the Xaxli'p reporting entity, except for Xaxli'p's business entities which are not dependent on Xaxli'p for their continuing operations.

Xaxli'p has consolidated the assets, liabilities, revenue and expenses of the following entities:

- Tmicw Land Holdings Ltd.
- Xaxli'p Community Forest Corporation
- Fountain Valley Services Society

All inter-entity balances have been eliminated on consolidation.

Xaxli'p business entities, owned or controlled by the Xaxli'p's Council but not dependent on Xaxli'p 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 Xaxli'p. Thus, Xaxli'p'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:

- Xaxli'p Development Corporation

***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.

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

**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.

**Cash and cash equivalents**

Cash and cash equivalents 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. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

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

**Amortization**

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

|                      | <b>Rate</b> |
|----------------------|-------------|
| Buildings            | 4 %         |
| Infrastructure       | 6 %         |
| Automotive Equipment | 30 %        |
| Office Equipment     | 20 %        |

**Portfolio investments**

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

**Funds held in Ottawa Trust Fund**

Funds held in trust on behalf of Xaxli'p 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 monies consist of:

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

**Long-lived assets**

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

Xaxli'p performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when asset's service potential is reduced. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in surplus for the year. Prices for similar items are used to measure fair value of long-lived assets.

Xaxli'p does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

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

***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 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. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that Xaxli'p is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

***Net financial assets***

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

***Revenue recognition***

***Government transfers***

Government transfers are recognized 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, Xaxli'p 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***

Revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is earned.

***Rental income***

Rental revenue is recorded in the period in which 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.

***Other***

Other revenues are recognized when performance is completed, amounts are measurable and collectibility is reasonably assured.

Investment income is recognized in the period in which it is earned.

***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, Xaxli'p 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, Xaxli'p reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. Xaxli'p 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.

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

**Segments**

Xaxli'p conducts its business through a number of reportable segments as described in Note 14. These operating segments are established by senior management to facilitate the achievement of Xaxli'p'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 as disclosed in Note 2.

**3. Cash and cash equivalents**

Included in cash and cash equivalents is a Royal Bank of Canada (RBC) GIC of \$1,400,000 (2020 - \$1,400,000), bearing interest at 0.40% (2020 - 2.05%) per annum, maturing April 2021.

**4. Restricted cash**

Restricted cash is comprised of the following:

|                          | <b>2021</b>    | <b>2020</b> |
|--------------------------|----------------|-------------|
| CMHC replacement reserve | <b>83,502</b>  | 85,124      |
| CMHC operating reserve   | <b>53,753</b>  | 53,638      |
|                          | <b>137,255</b> | 138,762     |

**Replacement reserves**

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited annually in the amount of \$27,093 (2020 - \$27,093). 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 underfunded by \$284,375 (2020 - \$213,261).

**Operating reserve**

Under the terms of the agreements with CMHC, excess federal assistance payments may be retained in an Operating Reserve. 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. For the Post 1996 phases, the funds may be used to offset future deficits. Withdrawals are credits to interest first and then principal. At year-end, the operating reserve was underfunded by \$312,936 (2020 - \$285,341).

**Xaxli'p**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**5. Funds held in trust**

Funds held in trust consists of the Capital and Revenue Trust accounts held in the Ottawa Trust. 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*. Capital and revenue trust monies are transferred to Xaxli'p on the authorization of the Minister of Indigenous Services Canada, with the consent of the Xaxli'p's Council.

|                                    | 2021           | 2020    |
|------------------------------------|----------------|---------|
| <b>Capital Trust</b>               |                |         |
| Balance, beginning and end of year | <b>18,690</b>  | 18,690  |
| <b>Revenue Trust</b>               |                |         |
| Balance, beginning of year         | <b>454,487</b> | 348,129 |
| Interest                           | <b>8,719</b>   | 5,848   |
| Land access permit                 | -              | 100,510 |
| Balance, end of year               | <b>463,206</b> | 454,487 |
| Combined total                     | <b>481,896</b> | 473,177 |

**6. Accounts receivable**

|                                       | 2021             | 2020      |
|---------------------------------------|------------------|-----------|
| Accounts receivable                   | <b>788,328</b>   | 939,121   |
| CMHC subsidy assistance receivable    | <b>78,418</b>    | 6,318     |
| Rent receivable                       | <b>493,171</b>   | 484,416   |
|                                       | <b>1,359,917</b> | 1,429,855 |
| Less: Allowance for doubtful accounts | <b>387,929</b>   | 212,467   |
|                                       | <b>971,988</b>   | 1,217,388 |

**7. Portfolio investments**

|  | 2021           | 2020    |
|--|----------------|---------|
| Measured at fair value:  |                |         |
| Marketable securities, RBC select very conservative portfolio balanced fund (cost - \$346,655) | <b>390,942</b> | 348,861 |

**Xaxli'p**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**8. Investment in Xaxli'p business entity**

Xaxli'p has an investment in the following entity:

|                                 | <i>Investment cost</i> | <i>Advances</i> | <i>Cumulative share of loss</i> | <i>2021<br/>Total investment</i> |
|---------------------------------|------------------------|-----------------|---------------------------------|----------------------------------|
| <b>Wholly-owned Business:</b>   |                        |                 |                                 |                                  |
| Xaxli'p Development Corporation | 1                      | 2,045,940       | (4,668)                         | 2,041,273                        |

|                                 | <i>Investment cost</i> | <i>Advances</i> | <i>Cumulative share of loss</i> | <i>2020<br/>Total investment</i> |
|---------------------------------|------------------------|-----------------|---------------------------------|----------------------------------|
| <b>Wholly-owned Business:</b>   |                        |                 |                                 |                                  |
| Xaxli'p Development Corporation | -                      | 1,775,181       | (4,713)                         | 1,770,468                        |

During the year, Xaxli'p Development Corporation paid to Xaxli'p management fees of \$310,000 (2020 - \$749,000) included in other revenue.

Summary unaudited financial information for the Xaxli'p business enterprise, accounted for using the modified equity method, for the respective year-end is as follows:

|                                | <i>Xaxli'p<br/>Development<br/>Corporation<br/>As at March 31,<br/>2021</i> |
|--------------------------------|---|
| <b>Assets</b>                  |   |
| Cash                           | 1,225,653   |
| Accounts receivable            | 620,092   |
| Equipment                      | 334,341   |
|                                | <u>2,180,086</u>  |
| <b>Liabilities</b>             |   |
| Accounts payable and accruals  | 47,094  |
| Government remittances payable | 96,386  |
| Due to Xaxli'p                 | 2,041,273   |
|                                | <u>2,184,753</u>  |
|                                | <u>(4,667)</u>  |
| <b>Total revenue</b>           | 2,048,217   |
| <b>Total expenses</b>          | <u>2,048,172</u>  |
|                                | <u>45</u>   |

**Xaxli'p**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**9. Bank indebtedness**

|   | <b>2021</b>    | 2020    |
|---|----------------|---------|
| Royal Bank of Canada ("RBC") operating line of credit, maximum limit \$300,000 to support general account operating cash flow | <b>155,000</b> | 240,000 |
| RBC operating line of credit, maximum limit \$50,000 to support health account operating cash flow, repaid in full            | -              | 50,000  |
|   | <b>155,000</b> | 290,000 |

The operating lines of credit are unsecured, due on demand and bear interest at the bank's prime rate plus 0.75% per annum. The prime rate as of March 31, 2021 was 2.45% (2020 - 2.45%).

**10. Long-term debt**

|   | <b>2021</b>    | 2020      |
|---|----------------|-----------|
| All Nations Trust Company ("ANTCO") loan bearing interest at 1.84% per annum, repayable in blended monthly payments of \$3,178, matures August 2032 and is secured by guarantee of Xaxli'p and the Government of Canada | <b>392,600</b> | 423,255   |
| RBC term loan bearing interest at 3.84% per annum, repayable in blended monthly payments of \$7,500, unsecured and matures August 2022  | <b>234,466</b> | 313,832   |
| RBC demand loan bearing interest at 3.59% per annum, repayable in blended monthly payments of \$787, unsecured and matures August 2023  | <b>122,324</b> | 127,295   |
| ANTCO loan bearing interest at 1.73% per annum, repayable in blended monthly payments of \$2,739, matures January 2025 and is secured by guarantee of Xaxli'p and the Government of Canada                              | <b>121,802</b> | 152,283   |
| ANTCO loan bearing interest at 1.43% per annum, repayable in blended monthly payments of \$2,344, matures March 2024 and is secured by guarantee of Xaxli'p and the Government of Canada                                | <b>82,568</b>  | 109,316   |
| ANTCO loan bearing interest at 1.43% per annum, repayable in blended monthly payments of \$2,129, matures February 2022 and is secured by guarantee of Xaxli'p and the Government of Canada                             | <b>23,249</b>  | 48,266    |
|   | <b>977,009</b> | 1,174,247 |

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 | 200,051 |
| 2023 | 181,760 |
| 2024 | 164,424 |
| 2025 | 65,847  |
| 2026 | 39,505  |

**11. Contingencies**

The financial results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.

Xaxli'p is subject to funding reviews according to their agreements with federal government agencies. It is possible that adjustments could be made based on the results of these reviews by the federal government agencies. Recoveries are recorded in the year of adjustment.



**Xaxli'p**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**12. Accumulated surplus**

Accumulated surplus consists of:

|   | 2021             | 2020             |
|---|------------------|------------------|
| CMHC replacement reserve                | 367,877          | 298,385          |
| CMHC operating reserve                  | 366,689          | 338,979          |
| Funds held in trust                     | 481,896          | 473,177          |
| Equity in investment in business entity | 2,041,273        | 1,770,468        |
| Equity in tangible capital assets       | 2,417,489        | 2,311,782        |
| Unrestricted                            | 4,229,371        | 3,327,435        |
|   | <b>9,904,595</b> | <b>8,520,226</b> |

**13. Indigenous Services Canada funding reconciliation**

|  | 2021             | 2020             |
|--|------------------|------------------|
| <b>Direct Funding</b>                                    |                  |                  |
| ISC revenue per confirmation                             | 3,797,400        | 2,908,504        |
| Surplus during the year                                  | -                | 670              |
| Funding per confirmation carried-forward from prior year | (22,344)         | -                |
|  | <b>3,775,056</b> | <b>2,909,174</b> |

**14. Segments**

Xaxli'p 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 Xaxli'p.

*Public Works*

Includes revenue and expenditures related to capital projects.

*Housing*

Includes revenue and expenses related to Xaxli'p owned and social housing programs of Xaxli'p.

*Health*

Includes revenue and expenses related to the health services to the members of Xaxli'p.

*Community and Member Services*

Includes revenue and expenses related to the social assistance and other services to the members of Xaxli'p.

*Education*

Includes revenue and expenses related to primary, secondary and post-secondary education of the members of Xaxli'p.

*Resources*

Includes revenue and expenses related to stewardship of Xaxli'p's land and resources.

*Economic Development*

Includes revenue and expenses related to economic endeavours of Xaxli'p.

**14. Segments** *(Continued from previous page)*

*Ministry of Transportation and Infrastructure - Slide Stabilization Project*

Includes revenue and expenses related to the long-term contract with the Ministry of Transportation and Infrastructure.

*Social Development*

Includes revenue and expenses related to family support to the members of Xaxli'p.

*St'at'imc Trust*

Includes revenue and expenses related to funds received from the St'at'imc Trust.

**15. Budget information**

Canadian public sector accounting standards require the disclosure of budget information for comparison to Xaxli'p's actual revenue and expenses based on the original approved budget. The disclosed budget information has been approved by the Chief and Council of Xaxli'p. Budget information was not prepared for the full scope of activities performed by Xaxli'p for the year ended March 31, 2021. Budget information was not prepared, available or approved for several departments.

**16. Economic dependence**

Xaxli'p receives a significant portion of its revenue from the Government of Canada. The funding for First Nation programs are administered by Department of Indigenous Services Canada under the terms and conditions of the *Indian Act*. The ability of Xaxli'p to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

**17. Comparative figures**

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