

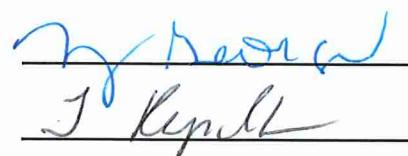
Stellat'en First Nation
Consolidated Statement of Financial Position
As at March 31, 2021

	2021	2020
Financial assets		
Cash (Note 3)	4,795,712	1,373,050
Accounts receivable (Note 4)	1,748,842	2,080,704
Portfolio investments (Note 5)	2,300,495	2,264,049
Advances to related Nation entities and department (Note 6)	4,066	3,880
Investment in Nation business entities (Note 7)	358,421	113,339
Funds held in trust (Note 8)	10,612	9,224
Total of assets	9,218,148	5,844,246
Liabilities		
Accounts payable and accruals (Note 10)	494,006	377,990
Deferred revenue (Note 11)	401,654	71,973
Debt (Note 12)	2,185,061	2,308,547
Total of financial liabilities	3,080,721	2,758,510
Net financial assets	6,137,427	3,085,736
Contingencies (Note 13)		
Significant event (Note 14)		
Non-financial assets		
Tangible capital assets (Schedule 1)	13,744,565	12,655,453
Prepaid expenses	13,807	22,625
Total non-financial assets	13,758,372	12,678,078
Accumulated surplus (Note 15)	19,895,799	15,763,814

Approved on behalf of the Council:



Chief



Councilor

Councilor



Councilor

Councilor

Stellat'en First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

	<i>Schedules</i>	<i>2021 Budget (Note 19)</i>	<i>2021</i>	<i>2020</i>
Revenue				
Indigenous Services Canada (Note 17)		2,259,351	3,152,899	2,668,843
Canada Mortgage and Housing Corporation		-	668,813	12,550
First Nations Health Authority		100,973	173,247	130,076
Ottawa Trust Fund		-	1,389	1,377
Carrier Sekani Tribal Council		-	3,961,317	2,395,048
Resource industry revenue		70,588	1,399,947	928,043
Other revenue		892,926	895,070	825,337
Carrier Sekani Family Services		-	430,251	286,913
Earnings (loss) from investment in Nation business entities		4,200	245,082	(92,833)
Prince George Aboriginal Employment and Training		110,000	98,840	111,181
Province of British Columbia		62,135	55,000	218,398
Carrier Sekani Tribal Council loan forgiveness (Treaty)		-	-	1,097,273
		3,500,173	11,081,855	8,582,206
Expenses				
Nation Government	3	878,427	2,383,409	1,885,211
Social Assistance	4	433,547	402,812	457,302
Education	5	1,097,021	1,063,855	950,977
Operations & Maintenance	6	127,650	125,615	494,619
Economic Development	7	292,677	350,913	445,605
Community Health	8	284,163	528,494	366,833
Other	9	837,469	646,703	1,127,646
Capital	10	470,076	1,448,069	1,169,970
Total Expenses		4,421,030	6,949,870	6,898,163
Annual surplus (deficit)		(920,857)	4,131,985	1,684,043
Accumulated surplus, beginning of year		15,763,814	15,763,814	14,079,771
Accumulated surplus, end of year		14,842,957	19,895,799	15,763,814

Stellat'en First Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2021

	2021 <i>Budget</i> <i>(Note 19)</i>	2021	2020
Annual surplus	(920,857)	4,131,985	1,684,043
Purchases of tangible capital assets	-	(1,942,734)	(768,899)
Amortization of tangible capital assets	-	853,622	815,941
Use (acquisition) of prepaid expenses	-	8,818	(2,331)
Increase (decrease) in net financial assets	(920,857)	3,051,691	1,728,754
Net financial assets, beginning of year	3,085,736	3,085,736	1,356,982
Net financial assets, end of year	2,164,879	6,137,427	3,085,736

Stellat'en First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	4,131,985	1,684,043
Non-cash items		
Amortization	853,622	815,941
(Earnings) loss from investment in Nation business entities	(245,082)	92,833
Carrier Sekani Tribal Council loan forgiveness	-	(1,097,272)
Interest income from Ottawa Trust Fund	(1,388)	(1,377)
	4,739,137	1,494,168
Changes in working capital accounts		
Accounts receivable	331,862	(1,556,877)
Accounts payable and accruals	116,016	41,494
Deferred revenue	329,681	71,973
Prepaid expenses	8,818	(2,331)
	5,525,514	48,427
Financing activities		
Advances of debt	-	1,000,000
Repayment of debt	(123,486)	(102,497)
	(123,486)	897,503
Capital activities		
Purchases of tangible capital assets	(1,942,734)	(768,899)
Investing activities		
Purchase of portfolio investments	(260,567)	(287,131)
Proceeds on disposal of portfolio investments	224,121	301,734
Advances to related Nation entities	(186)	-
	(36,632)	14,603
Increase in cash	3,422,662	191,634
Cash, beginning of year	1,373,050	1,181,416
Cash, end of year	4,795,712	1,373,050

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

1. Operations

The Stellat'en First Nation (the "Nation") is located in the province of British Columbia, and provides various services to its members. Stellat'en 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. Significant accounting policies

These consolidated financial statements are the representations of management in accordance with Canadian public sector accounting standards as recommended by the Public Accounting Standards Board ("PSAB") of CPA Canada and are consistent with the accounting policies set out by the Department of Indigenous Services Canada. Significant accounting policies adopted by the Nation are as follows:

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.

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.

Portfolio investments

Portfolio investments are recorded at cost with gains and losses recorded in the statement of operations and changes in net assets in the period in which they arise. Portfolio investments are comprised of a portfolio of funds managed by investment professionals.

Reporting entities

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

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

- 0987339 B.C. Ltd.
- Stellako Custom Wood Ltd.

Entity which is not controlled or jointly controlled is accounted for at cost. This includes:

- Lhai Ventures Limited Partnership (25%)

Net financial assets

The First Nation'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 the First Nation are 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.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution. All intangible assets and items inherited by the rights of the Nation, such as reserve land, forests, water and mineral resources are not recognized as assets in the Nation's consolidated financial statements. Historic works of art and treasures are not recorded as assets in these consolidated financial statements.

Amortization

Assets under construction are not amortized until the asset becomes available for use. Amortization for other 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:

	Rate
Buildings and infrastructure	4 %
Machinery and equipment	30 %
Office equipment	30 - 55 %
Automobile	30 %

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.

The Nation 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.

Funds held in Trust

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

- Capital trust moneys derived from non-renewable resource transactions on 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.

Measurement uncertainty (use of estimates)

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

Accounts receivable and advances to related Nation entities are stated after evaluation as to their collectability 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 estimated based on the best information available regarding potentially contaminated sites that the Nation is responsible for.

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

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 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 as at March 31, 2021.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

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. As at March 31, 2021, no liability for contaminated sites exists.

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.

Ottawa Trust Fund revenue

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.

Other

Revenue such as resources industry revenue, administration fee revenue, and other revenue is recognized when performance is achieved, amounts are reasonably estimated and collection is reasonably assured.

Segments

The First Nation conducts its business through a number of reportable segments as described in Note 18. 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. Cash

Included in cash is restricted cash of \$513,804 related to unexpended gaming funds.

4. Accounts receivable

	2021	2020
Indigenous Services Canada	149,831	51,671
Goods and Services Tax Receivable	13,729	12,479
Province of British Columbia	5,931	30,000
Carrier Sekani Tribal Council	1,322,289	1,690,775
Carrier Sekani Family Services	76,249	69,304
Other	263,992	257,821
Subtotal	1,832,021	2,112,050
Less: allowance for doubtful accounts	(83,179)	(31,346)
	1,748,842	2,080,704

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

5. Portfolio investments

	2021	2020
CIBC Wood Gundy	2,214,139	2,177,693
Walton Investment Group Limited Liability Partnership	86,356	86,356
	2,300,495	2,264,049

The funds can only be used with the consent of the membership. Market value of CIBC Wood Gundy portfolio investments is \$2,472,360 (2020 - \$2,046,117). Walton Investment Group Limited Liability Partnership is not in an active market, no market value available as at March 31, 2021.

6. Advances to related Nation entities

	2021	2020
Demand promissory note		
Slenyah Store Limited Partnership	162,890	162,890
Advances to (from) Nation entities		
Stellat'en Duchun Forestry Inc.	10,410	10,411
Stellat'en Duchun Forestry Limited Partnership	(1,443)	-
Stellat'en Holdings Inc.	9,175	9,175
Slenyah Store Inc.	3,463	1,833
Slenyah Store Limited Partnership	(162,890)	(162,890)
Stellat'en Holdings Limited Partnership	(17,459)	(17,459)
	(158,744)	(158,930)
Advances from Nation business entities		
0987339 BC Ltd.	(40)	(40)
Stellako Custom Wood Ltd.	(40)	(40)
	(80)	(80)
	4,066	3,880

Demand promissory note and advances to (from) related Nation business entities are unsecured, non-interest bearing and have no set terms of repayment.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

7. Investment in Nation business entities

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Current share of earnings (loss)</i>	<i>Total investment</i>	<i>2021</i>
Wholly-owned Businesses:					
Stellako Custom Wood Ltd.	40	-	-	40	
0987339 BC Ltd.	113,299	-	245,082	358,381	
	113,339	-	245,082	358,421	
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Current share of earnings (loss)</i>	<i>Total investment</i>	<i>2020</i>
Wholly-owned Businesses:					
Stellako Custom Wood Ltd.	40	-	-	40	
0987339 BC Ltd.	206,132	-	(92,833)	113,299	
	206,172	-	(92,833)	113,339	

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

	<i>Stellako Custom Wood Ltd.</i>	<i>0987339 BC Ltd.</i>	
	<i>As at March 31, 2021 (unaudited)</i>	<i>As at March 31, 2021 (unaudited)</i>	
Assets			
Accounts receivable	40	40	
Investments	-	358,341	
Total assets	40	358,381	
 Retained Earnings	 40	 358,381	
 Total revenue	 -	 132,644	
 Total expenses	 -	 150	
 Other comprehensive income	 -	 112,588	
 Comprehensive income	 -	 245,082	

The reported amounts for 0987339 BC Ltd. include the results of the following consolidated entities: Stellat'en Holdings Limited Partnership and Stellat'en Holdings Inc. The year-end for Stellat'en Holdings Limited Partnership is December 31, 2020. No significant or unusual transactions occurred between December 31, 2020 and March 31, 2021, therefore the December 31, 2020 figures are included without adjustment.

During 2020, the Nation acquired 25% ownership of Lhai Ventures Limited Partnership. Lhai Ventures Limited Partnership is not controlled or influenced by the Nation and accounted for using cost method. As at March 31, 2021, no contributions have been made by the Nation and no distributions from the partnership were received during the year.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

8. Funds held in trust

	2021	2020
Capital Trust		
Balance, beginning and end of year	2,202	2,202
Revenue Trust		
Balance, beginning of year	7,022	5,645
Interest	116	136
Special (British Columbia)	1,272	1,241
Balance, end of year	8,410	7,022
	10,612	9,224

Funds held in trust include the Ottawa Trust accounts which arise from moneys 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 moneys are transferred to the Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Nation's Council.

9. Credit facility

As at March 31, 2021, the First Nation had available lines of credit totaling \$100,000 (2020 - \$100,000), none of which were drawn at year-end. The following has been collateralized in connection with this line of credit:

- General security agreement;
- Nation Council Resolution authorizing borrowings and pledge of security; and
- Unlimited hypothecation on portfolio investment at CIBC Wood Gundy (March 31, 2021 - market value of \$2,472,360).

10. Accounts payable and accruals

	2021	2020
Accounts payable and accruals	363,286	265,421
Wages payable	130,720	112,569
	494,006	377,990

11. Deferred revenue

	2021	2020
Indigenous Services Canada - ICMS #9-00128118	3,508	71,973
Canada Mortgage and Housing Corporation - Rapid Housing Initiative Project	398,146	-
	401,654	71,973

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

12. Debt

	2021	2020
CIBC Housing Loan, repayable in monthly installments of \$8,333 plus interest at bank prime rate (2.45% - March 31, 2021), secured by portfolio investments with a market value of \$2,472,360 (2020 - \$2,046,117) and a Nation Council Resolution authorizing borrowings and pledge of security	1,808,334	1,908,334
CIBC demand loan, repayable in monthly instalments of \$2,774 including interest at bank prime rate (2.45% - March 31, 2021), secured by portfolio investments market value of \$2,472,360 (2020 - \$2,046,117) and a Nation Council Resolution authorizing borrowings and pledge of security	<u>376,727</u>	400,213
	2,185,061	2,308,547

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	124,329
2023	124,931
2024	125,549
2025	126,182
2026	126,831
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	627,822
Thereafter	1,557,239
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13. Contingencies

The Nation is a defendant in several lawsuits and is involved in various actions related to land leases, environmental damages, third party liability, garnishment, indemnification, compensatory damages and contract breach. Management cannot determine whether any claims will be successful and cannot estimate the potential loss, if any.

The Nation is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2021 might be recovered.

14. Significant event

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Nation's operations were not significantly impacted by COVID-19 during the year ended March 31, 2021. At this time, it is unknown the full extent of the impact the COVID-19 outbreak may have on the 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. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Nation's business and financial condition.

For the year ended March 31, 2021, the Nation received a total of \$667,211 of COVID-19 related funding from Indigenous Services Canada and \$12,840 from First Nations Health Authority.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

15. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
Equity in Ottawa Trust Funds	10,612	9,224
Equity in operating fund	5,997,262	5,294,345
Equity in tangible capital assets	11,529,504	10,346,906
Investment in Nation business entities	358,421	113,339
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	17,895,799	15,763,814

16. Economic dependence

Stellat'en First Nation receives a significant portion of revenue from Indigenous Services Canada ("ISC") as a result of funding agreements entered into with the Government of Canada. These funding 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 funding agreements.

17. Indigenous Services Canada funding reconciliation

	2021	2020
Direct Nation Funding		
ISC revenue per confirmation	3,084,434	2,740,816
Deferred revenue to subsequent year	-	(71,973)
Deferred revenue recognized during the year	68,465	-
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	3,152,899	2,668,843

18. 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 attributed to the following segments:

Nation Government:

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

Social Assistance:

Includes revenue and expenses relating to social assistance members of the Nation.

Education:

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

Operations and Maintenance:

Includes operations and maintenance of buildings and infrastructure held by the Nation.

Stellat'en First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

17. Segments *(Continued from previous page)*

Economic Development:

Includes activities related to economic development with the Nation.

Community Health:

Includes activities related to the provision of health services with the Nation.

Other:

Includes revenue and expenditures related to programs put on to support the Stellat'en First Nation community.

Capital:

Includes revenue and expenditures related to capital projects.

19. Budget information

The disclosed budget information has been approved by Chief and Council of the Stellat'en First Nation at the Chief and Council meeting held on June 24, 2020. The budget information on the Consolidated Statement of Operations and Accumulated Surplus is presented using the same accounting policies as the actual results. A reconciliation from those results to the surplus amount budgeted by Chief and Council is included below:

Budgeted surplus per Statement of Operations	(920,857)
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Adjusted for:

Transfers	(97,750)
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Budgeted surplus as approved by Chief and Council	(1,018,607)
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20. Comparative figures

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