

**Cheslatta Carrier Nation
Consolidated Financial Information
For the year ended March 31, 2021**

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For the year ended March 31, 2021

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Cheslatta Carrier Nation are the responsibility of management and have been approved by the Chief and another Band Councilor of the Band Council.

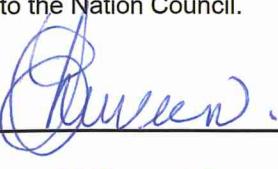
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Cheslatta Carrier Nation maintains systems of internal accounting and administrative controls of sufficient quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately accounted for and adequately safeguarded.

The Cheslatta Carrier Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through its Finance & Audit Committee.

The Finance & Audit Committee reviews the Nation's consolidated financial statements and recommends their approval to Chief & Council. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Nation Council.



Chief



Director of Operations

Independent Auditor's Report

To the Chief and Council of Cheslatta Carrier Nation

Qualified Opinion

We have audited the consolidated financial statements of the Cheslatta Carrier Nation and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statement of operations, consolidated statement of change in net financial assets (liabilities) and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2021, and the results of operations, change in net financial assets (liabilities), and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Under Canadian public sector accounting standards, the financial statements should consolidate all controlled government organizations. Cheslatta Carrier Nation has not consolidated the Cheslatta Community Trust (the Trust) for the year ended March 31, 2021 nor has the Nation included in revenue the funds received that were used to create the trust.

The financial statements for the certain Government Business Enterprises have not been prepared under a financial reporting framework. As required by public sector accounting standards a Government Business Enterprise should follow international financial reporting standards (IFRS). We have not been engaged to prepare them under this reporting standard nor have we been engaged to audit the differences that would arise by them adopting this framework. Therefore, we are unable to determine the impact of this departure from public sector accounting standards on investments in Government Business Enterprises as at March 31, 2021 and 2020, Government Business Enterprises income and annual surplus (deficit) for the year ended March 31, 2021 and 2020, and the accumulated surplus as at April 1 and March 31 for both the 2021 and 2020 year.



A listing of the opening tangible capital assets at historical costs was not provided. Therefore we were unable to verify existence, completeness and valuation of tangible capital assets as at March 31, 2021 and 2020, and the accumulated surplus as at April 1 and March 31 for both the 2021 and 2020 year.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2021 was modified for the above matters.

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 Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the 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 audit opinion.

Emphasis of Matter - Restated comparative Information

We draw attention to Note 12 to the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

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

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

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

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

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

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



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

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

Chartered Professional Accountants

Kamloops, British Columbia
August 15, 2024

Cheslatta Carrier Nation
Exhibit A - Consolidated Statement of Financial Position

| As at March 31 | 2021 | 2020 |
|---------------------------------------------------------|---------------|--------------|
| Financial Assets | | |
| Cash | \$ 4,660,703 | \$ 1,352,019 |
| Restricted cash (Note 2) | 127,459 | 125,165 |
| Accounts receivable (Note 3) | 4,929,779 | 1,685,816 |
| Investments (Note 4) | 43,265 | 43,265 |
| Investments in Government Business Enterprises (Note 5) | 1,384,345 | 2,564,976 |
| Advances to Government Business Enterprises (Note 5) | 1,794,372 | 1,733,198 |
| | <hr/> | <hr/> |
| | 12,939,923 | 7,504,439 |
| Liabilities | | |
| Accounts payable (Note 7) | 3,081,628 | 1,465,477 |
| Deferred revenue (Note 8) | 577,405 | 21,132 |
| Silviculture Liability (Note 12) | 4,305,478 | 4,672,403 |
| Long term debt (Note 9) | 2,043,742 | 2,527,454 |
| | <hr/> | <hr/> |
| | 10,008,253 | 8,686,466 |
| Net Financial Assets (Liabilities) | <hr/> | <hr/> |
| | 2,931,670 | (1,182,027) |
| Non-financial Assets | | |
| Tangible capital assets (Note 6) | 7,145,405 | 7,241,439 |
| Inventory | 5,105 | 5,105 |
| Prepaid expenses | 97,192 | 113,644 |
| | <hr/> | <hr/> |
| | 7,247,702 | 7,360,188 |
| Accumulated surplus (Note 10) | <hr/> | <hr/> |
| | \$ 10,179,372 | \$ 6,178,161 |

Approved on behalf of the Band Council:




Chief

Band Administrator

Cheslatta Carrier Nation
Exhibit B - Consolidated Statement of Change in Net Financial Assets (Liabilities)

| For the year ended March 31 | Budget | 2021 | 2020 |
|--------------------------------------------------------|-------------------|----------------|----------------|
| Annual Surplus (deficit) | \$ - | \$ 4,001,211 | \$ (4,145,830) |
| Acquisition of tangible capital assets | - (798,532) | (1,377,681) | |
| Amortization of tangible capital assets | - 894,567 | 912,273 | |
| Change of prepaid expenses | - 16,450 | 80,342 | |
| Net change in net financial assets | - 4,113,696 | (4,530,896) | |
| Net financial assets, opening | - (1,182,027) | 3,348,869 | |
| Net financial assets (liabilities), end of year | \$ - \$ 2,931,669 | \$ (1,182,027) | |

Cheslatta Carrier Nation
Exhibit C - Consolidated Statement of Operations

| <u>For the year ended March 31</u> | <u>Budget</u> | <u>2021</u> | <u>2020</u> |
|----------------------------------------------|------------------------|----------------|--------------|
| Revenue | | | |
| Indigenous Services Canada | \$ - | \$ 1,494,892 | \$ 1,072,091 |
| First Nations Health Authority | - | 74,691 | 10,282 |
| Rio Tinto | - | 17,422,906 | 3,145,607 |
| BCFN Gaming | - | 345,439 | 320,780 |
| Forestry & logging | - | 7,705,289 | 6,968,152 |
| Province of BC | - | 941,560 | 430,000 |
| PGNAETA | - | 123,908 | 50,270 |
| Rental revenue | - | 254,931 | 84,814 |
| FNESC | - | 48,592 | 18,111 |
| CSFS | - | 553,322 | 109,876 |
| Interest | - | 24,866 | 53,237 |
| Government business enterprise (loss) income | - | (143,573) | 293,910 |
| Other revenue | - | 2,738,143 | 1,739,160 |
| Treaty loan forgiveness | - | - | 566,000 |
| | <hr/> | <hr/> | <hr/> |
| | - 31,584,966 | 14,862,290 | |
| Expenses | | | |
| Administration | - 2,339,787 | 3,332,794 | |
| Community Welfare | - 1,171,081 | 1,321,527 | |
| Operations & Maintenance | - 852,772 | 767,180 | |
| Education | - 114,924 | 156,441 | |
| Economic Development | - 20,650,575 | 11,622,986 | |
| Health Services | - 370,197 | 193,855 | |
| Social Development | - 519,674 | 319,296 | |
| Housing | - 330,043 | 377,868 | |
| Capital | - 340,136 | 1,742 | |
| Amortization | - 894,566 | 912,273 | |
| Treaty Related Matters | - - | 2,158 | |
| | <hr/> | <hr/> | <hr/> |
| | - 27,583,755 | 19,008,120 | |
| Surplus (deficit) for the year | <hr/> | <hr/> | <hr/> |
| | \$ - \$ 4,001,211 | \$ (4,145,830) | |

Cheslatta Carrier Nation
Exhibit D - Consolidated Statement of Cash Flows

| For the year ended March 31 | 2021 | 2020 |
|---------------------------------------------------------|---------------------|---------------------|
| | | (Restated) |
| Operating activities | | |
| Cash received from funding agreements and contracts | \$ 28,897,278 | \$ 15,233,005 |
| Cash paid to suppliers and employees | <u>(25,423,512)</u> | <u>(15,551,343)</u> |
| Cash flows from (used in) operating activities | <u>3,473,766</u> | <u>(318,338)</u> |
| Financing activities | | |
| Repayment of long term debt | <u>(483,711)</u> | <u>(431,833)</u> |
| Cash flows from (used in) financing activities | <u>(483,711)</u> | <u>(431,833)</u> |
| Capital activities | | |
| Purchase of capital assets | <u>(798,532)</u> | <u>(1,377,681)</u> |
| Cash flows used in capital activities | <u>(798,532)</u> | <u>(1,377,681)</u> |
| Investing activities | | |
| Advances from GBE's | 1,119,455 | 532,694 |
| Purchase of investments | - | (14,748) |
| Cash flows from investing activities | <u>1,119,455</u> | <u>517,946</u> |
| Increase (decrease) in cash and cash equivalents | <u>3,310,978</u> | <u>(1,609,906)</u> |
| Cash and cash equivalents, beginning of year | <u>1,477,184</u> | <u>3,087,090</u> |
| Cash and cash equivalents, end of year | <u>\$ 4,788,162</u> | <u>\$ 1,477,184</u> |
| Represented by: | | |
| Cash | \$ 4,660,703 | \$ 1,352,019 |
| Restricted cash | <u>127,459</u> | <u>125,165</u> |
| Cash and cash equivalents, end of year | <u>\$ 4,788,162</u> | <u>\$ 1,477,184</u> |

Cheslatta Carrier Nation **Summary of Significant Accounting Policies**

March 31, 2021

Basis of Accounting These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for government entities, as issued by the Canadian Public Sector Accounting Board.

Reporting Entity and Principles of Financial Reporting The Cheslatta Carrier Nation reporting entity (the Nation) includes the Cheslatta Carrier Nation government and all related entities which are accountable to the Nation and are either owned or controlled by the Nation except for entities that meet the definition of a government business enterprise or a business partnership, which are included in the consolidated financial statements on a modified equity basis. Accounting policies of consolidated and proportionately consolidated entities are conformed to those of the Nation and inter-organizational balances and transactions are eliminated upon consolidation.

These consolidated financial statements consolidate the assets, liabilities and results of operations for the following entities:

- Cheslatta Carrier Nation

Business entities, which controlled by the Nation and which are not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under this method these entities' accounting policies are not adjusted to conform with those of the Nation and inter-organizational transactions and balances are not eliminated. The Nation recognizes its equity interest in the annual income or loss of the entities in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment in government business enterprise.

Cheslatta Carrier Nation Summary of Significant Accounting Policies

March 31, 2021

Reporting Entity and Principles of Financial Reporting (continued)

Organizations accounted for on a modified equity basis include:

- Cheslatta Forest Products Ltd. (100% owned)
- Cheslatta Forest Products Limited Partnership (100% interest)
- Ootsa Resources Limited Partnership (100% interest)
- Noot'senay Enterprises Ltd. (100% owned)
- Noot'senay Enterprises Limited Partnership (99.9% interest)
- Tsacho Enterprises General Partner Ltd. (100% owned)
- Tsacho Enterprises Limited Partnership (99.9% interest)
- Pondosy Bay Wilderness Resort Ltd. , including Valentine Guiding and Outfitting Ltd. (100% owned)
- Cheslatta Aggregates General Partner Ltd. (100% owned)
- Cheslatta Aggregates Limited Partnership (100% interest)
- Cheslatta Limited Partnership (100% interest)
- Cheslatta Contractors Limited Partnership (100% interest)
- Cheslatta Development Limited Partnership (100% interest)
- Green Demo North Partnership (100% interest)
- Cheslatta Property Management Ltd. (100% interest)
- Nechako River Legacy Partnership (100% interest)
- Danskin Garage Enterprises Ltd. (100% owned)

Cash

Cash includes cash on hand and short-term, highly liquid investments that are readily convertible to cash

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Segmented Disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the Nation. The Nation identifies its segments based on the specific projects and funding arrangements. Revenue and expenses are allocated to these segments according to methods of identification.

Ottawa Trust Funds

The Nation uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the fund. Trust monies are recognized as revenue upon authorized withdrawal from the Ottawa Trust Fund.

Cheslatta Carrier Nation Summary of Significant Accounting Policies

March 31, 2021

Revenue Recognition Revenue is recognized on the accrual basis as it becomes receivable under the terms of applicable funding agreements.

Government transfers are recognized as revenues in the period in events giving rise to the transfers occur, providing that transfers are authorized, any eligibility criteria is met, and reasonable estimates of the amounts can be made. If the transfer contains stipulations that create a liability, the transfer is recognized as revenue in the period in which the liability is extinguished.

Contract revenues are recorded on an accrual basis and are recognized when the service has been provided.

Grants and donations are recognized as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured. Interest income is recorded as revenue in the period earned.

Rental revenue is recorded on a straight-line basis over the term of the agreement and is recognized when the tenant commences occupancy, the amounts to be received can be reasonably estimated and collection is reasonably assured.

Deferred Revenue Deferred revenue represents grants and other fees which have been collected, but for which the related expenses or services have yet to be incurred or performed. These amounts will be recognized as revenues in the fiscal year in which the services are performed or related expenses are incurred.

Tangible Capital Assets Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded in revenue. Expenses for repairs and maintenance that do not materially add to the useful life or service potential of the asset are not capitalized, but expensed as incurred. The cost, less residual value, of the tangible capital assets, excluding land, is amortized over the estimated useful lives as follows:

| | |
|----------------------|--------------------------------|
| Automotive equipment | 20% - declining balance method |
| Buildings | 5% - declining balance method |
| Equipment | 20% - declining balance method |
| Infrastructure | 4% - declining balance method |
| Marine equipment | 20% - declining balance method |

Additions during the year have been amortized at one-half the above annual rates.

Cheslatta Carrier Nation Summary of Significant Accounting Policies

March 31, 2021

| | |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Use of Estimates | <p>The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates. Significant estimates in these financial statements include valuation of accounts receivable, calculation of deferred revenue, calculation of silviculture liability, valuation of government business entities and amortization of tangible capital assets.</p> |
| Inventories held for resale | <p>Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.</p> |
| Inventories held for use | <p>Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.</p> |
| Silviculture Liability | <p>Forestry legislation in British Columbia obligates the Nation to incur the costs of the reforestation on its harvested forest and forest licenses, which include the costs to restore, maintain and manage the timberland over an approximate 4 year period. Accordingly the Nation records an estimate at fair value of the costs of reforestation in the current period in which the timber is cut, with the fair value of the liability determined with reference to the present value of the estimated future cash flows. In the periods subsequent to initial measurement, changes in the liability resulting from passage of time and revisions to the estimated future cash flows are recognized in the statement of earnings as they occur. Estimates for reforestation may be materially impacted by forest fires, adverse weather conditions, wildfire damage, forest health issues, changing government legislation and inaccurate projections.</p> |
| Investments | <p>The Nation accounts for its investments in government businesses using the modified equity method. Under this method the cost of this investment are adjusted by earnings or losses of the entities from the date of acquisition. Any losses in excess of equity invested are not recorded as this would create a negative investment balance. In such circumstances, no income inclusion would be recorded until these unrecognized losses have been eliminated.</p> <p>Inter-entity balances and transactions are not eliminated under the modified equity method.</p> <p>Portfolio investments are recorded on the cost, unless the market value has declined below cost, in which case they are written down to market value. Unless the decline is determined to be temporary in nature.</p> |

Cheslatta Carrier Nation Notes to Consolidated Financial Statements

March 31, 2021

1. Impacts of COVID on Cheslatta Carrier Nation

As the impacts of COVID-19 continue, there could be further impact on the Group, its funders and its business entities. The Group has continued to deliver services during this pandemic through a variety of means, whether face-to-face or utilizing technology as the Group was deemed an essential service. Management is actively monitoring the effect on its financial condition, liquidity, operations and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to fully estimate the effects of the COVID-19 outbreak on its result of operations, financial condition, or liquidity at this time.

2. Restricted Cash

| | 2021 | 2020 |
|------------------------|--------------------------|--------------------------|
| Ottawa trust - Revenue | \$ 91,195 | \$ 88,901 |
| Ottawa trust- Capital | <u>36,264</u> | <u>36,264</u> |
| | <u>\$ 127,459</u> | <u>\$ 125,165</u> |

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. These funds are restricted in their use. The Group is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Nation and Nation members. The expenses of capital funds requires the consent of Indigenous Services Canada ("ISC") and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

3. Accounts Receivable

| | 2021 | 2020 |
|---------------------------------|----------------------------|----------------------------|
| Loans and advances | \$ 453,717 | \$ 467,688 |
| Social Development loans | 3,835 | 3,835 |
| Trade receivables | <u>4,649,356</u> | <u>1,391,422</u> |
| | <u>5,106,908</u> | <u>1,862,945</u> |
| Allowance for doubtful accounts | <u>(177,129)</u> | <u>(177,129)</u> |
| | <u>\$ 4,929,779</u> | <u>\$ 1,685,816</u> |

Included above are employee loans receivable and social development loans receivable. These loans require bi-weekly repayments, are non-interest bearing, and are repayable in full within thirty days if demanded.

Cheslatta Carrier Nation Notes to Consolidated Financial Statements

March 31, 2021

4. Investments

| | 2021 | 2020 |
|-------------------------------------------------|------------------|------------------|
| Four Rivers Co-operative | \$ 41,740 | \$ 41,740 |
| British Columbia First Nation Gaming Revenue LP | 110 | 110 |
| Chinook Comfor LP | <u>1,415</u> | <u>1,415</u> |
| | \$ 43,265 | \$ 43,265 |

Investment in Four Rivers Co-operative is comprised of the proportionate share of equity earned from purchases at Four Rivers Co-operative located in Vanderhoof British Columbia.

During the year the Group invested in BC First Nation Gaming Limited Partnership.

The Nation has a 14.18% interest in Chinook Comfor Limited Partnership.

5. Investments in Government Business Enterprises

| | 2021 | 2020 |
|--------------------------------------------|---------------------|---------------------|
| Cheslatta Forest Products Ltd. | \$ (10,882) | \$ (24,222) |
| Ootsa Resources Limited Partnership | (582) | (582) |
| Danskin Garage Enterprises Ltd. | <u>(157,357)</u> | <u>(165,583)</u> |
| Noot'senay Enterprises Limited Partnership | 1,682,085 | 2,789,310 |
| Tsacho Enterprises Limited Partnership | 389,048 | 366,536 |
| Pondosy Bay Wilderness Resort Ltd. | <u>(517,967)</u> | <u>(400,483)</u> |
| | \$ 1,384,345 | \$ 2,564,976 |

The below table summarizes Advances to Government Business Enterprises:

| | 2021 | 2020 |
|----------------------------------------------------|---------------------|---------------------|
| Due from Danskin Garage Enterprises Ltd. | \$ 514,193 | \$ 506,515 |
| Due from Pandosy Bay Wilderness Resort Ltd. | 1,300,366 | 1,168,600 |
| Due from Cheslatta Property Management Ltd. | 12,612 | 10,771 |
| Due from Cheslatta Aggregates GP Ltd. | 1,961 | 1,961 |
| Due from Tsacho Enterprises Limited Partnership | 3,555 | 3,428 |
| Due from Cheslatta Limited Partnership | 2,248 | 2,248 |
| Due from Cheslatta Contractors Limited Partnership | 16,198 | 15,864 |
| Due from Cheslatta Development Limited Partnership | 39,056 | 19,628 |
| Due from Green Demo North Partnership | 4,146 | 4,146 |
| Due from Nechako River Legacy Partnership | 37 | 37 |
| Due to Nootsenay Enterprises Ltd. | <u>(100,000)</u> | - |
| | \$ 1,794,372 | \$ 1,733,198 |

Cheslatta Carrier Nation
Notes to Consolidated Financial Statements

March 31, 2021

5. Investments in Government Business Enterprises (continued)

Combined financial information for government businesses owned 100% by the Nation is as follows:

| | 2021 | 2020 |
|------------------------------|----------------------------|--------------------------|
| Balance Sheet | | |
| Assets | \$ 3,480,029 | \$ 4,355,905 |
| Liabilities | 2,087,887 | 1,786,521 |
| Equity | 1,392,139 | 2,569,381 |
| Results of Operations | | |
| Revenue | \$ 328,886 | \$ 805,038 |
| Expenses | <u>456,653</u> | <u>511,128</u> |
| Net income | <u>\$ (127,767)</u> | <u>\$ 293,910</u> |

Cheslatta Carrier Nation
Notes to Consolidated Financial Statements

March 31, 2021

6. Tangible Capital Assets

| | 2021 | | | | | | | |
|---------------------------------------------|---------------------|---------------------|-------------------|---------------------|-------------------|----------------------|-------------------------------------|----------------------|
| | Equipment | Buildings | Infrastructure | Land | Marine equipment | Automotive equipment | Nation Owned Housing - buildings | Total |
| Cost, beginning of year | \$ 4,183,942 | \$ 2,468,648 | \$ 673,207 | \$ 1,587,827 | \$ 743,850 | \$ 1,217,421 | \$ 1,377,153 | \$ 12,252,048 |
| Additions | 462,705 | 1,672 | 14,753 | - | - | 46,844 | 272,558 | 798,532 |
| Cost, end of year | <u>\$ 4,646,647</u> | <u>\$ 2,470,320</u> | <u>\$ 687,960</u> | <u>\$ 1,587,827</u> | <u>\$ 743,850</u> | <u>\$ 1,264,265</u> | <u>\$ 1,649,711</u> | <u>\$ 13,050,580</u> |
| Accumulated amortization, beginning of year | \$ 1,482,367 | \$ 1,144,356 | \$ 555,730 | \$ - | \$ 324,958 | \$ 970,496 | \$ 532,702 | \$ 5,010,609 |
| Amortization | 582,386 | 96,395 | 34,029 | - | 62,834 | 69,886 | 49,036 | 894,566 |
| Accumulated amortization, end of year | <u>\$ 2,064,753</u> | <u>\$ 1,240,751</u> | <u>\$ 589,759</u> | <u>\$ -</u> | <u>\$ 387,792</u> | <u>\$ 1,040,382</u> | <u>\$ 581,738</u> | <u>\$ 5,905,175</u> |
| Net carrying amount, end of year | <u>\$ 2,581,894</u> | <u>\$ 1,229,569</u> | <u>\$ 98,201</u> | <u>\$ 1,587,827</u> | <u>\$ 356,058</u> | <u>\$ 223,883</u> | <u>\$ 1,067,973</u> | <u>\$ 7,145,405</u> |

Cheslatta Carrier Nation
Notes to Consolidated Financial Statements

March 31, 2021

6. Tangible Capital Assets (continued)

| | | | | | | | | 2020 | |
|---------------------------------------------|---------------------|---------------------|-------------------|---------------------|-------------------|----------------------|---------------------|----------------------|-----------|
| | Equipment | Buildings | Infrastructure | Land | Marine equipment | Automotive equipment | Nation Owned | Housing - buildings | Total |
| Cost, beginning of year | \$ 3,853,783 | \$ 2,349,295 | \$ 614,739 | \$ 1,587,827 | \$ 576,262 | \$ 1,075,526 | \$ 816,935 | \$ 10,874,367 | |
| Additions | 330,159 | 119,353 | 58,468 | - | 167,588 | 141,895 | 560,218 | | 1,377,681 |
| Cost, end of year | <u>\$ 4,183,942</u> | <u>\$ 2,468,648</u> | <u>\$ 673,207</u> | <u>\$ 1,587,827</u> | <u>\$ 743,850</u> | <u>\$ 1,217,421</u> | <u>\$ 1,377,153</u> | <u>\$ 12,252,048</u> | |
| Accumulated amortization, beginning of year | \$ 852,988 | \$ 1,047,997 | \$ 523,531 | - | \$ 265,823 | \$ 904,997 | \$ 503,000 | | 4,098,336 |
| Amortization | 629,379 | 96,359 | 32,199 | - | 59,135 | 65,499 | 29,702 | | 912,273 |
| Accumulated amortization, end of year | <u>\$ 1,482,367</u> | <u>\$ 1,144,356</u> | <u>\$ 555,730</u> | <u>-</u> | <u>\$ 324,958</u> | <u>\$ 970,496</u> | <u>\$ 532,702</u> | <u>\$ 5,010,609</u> | |
| Net carrying amount, end of year | <u>\$ 2,701,575</u> | <u>\$ 1,324,292</u> | <u>\$ 117,477</u> | <u>\$ 1,587,827</u> | <u>\$ 418,892</u> | <u>\$ 246,925</u> | <u>\$ 844,451</u> | <u>\$ 7,241,439</u> | |

Cheslatta Carrier Nation
Notes to Consolidated Financial Statements

March 31, 2021

7. Accounts Payable

| | 2021 | 2020 |
|------------------------------------------|----------------------------|----------------------------|
| Accounts payable and accrued liabilities | \$ 2,581,560 | \$ 1,365,207 |
| GST | 35,282 | (53,241) |
| Accrued wages and benefits | 206,020 | 83,190 |
| Worksafe BC payable | 68,329 | 8,723 |
| Government Remittances | <u>190,437</u> | <u>61,598</u> |
| | <u>\$ 3,081,628</u> | <u>\$ 1,465,477</u> |

8. Deferred Revenue

Deferred revenue represents amounts received that relate to a subsequent period. A breakdown of deferred revenue is as follows:

| | 2021 | 2020 |
|-------------------------|--------------------------|-------------------------|
| FNHA- Headstart program | \$ 7,405 | \$ 21,132 |
| Nechako Stewardship | <u>570,000</u> | - |
| | <u>\$ 577,405</u> | <u>\$ 21,132</u> |

Cheslatta Carrier Nation Notes to Consolidated Financial Statements

March 31, 2021

9. Long Term Debt

| | 2021 | 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| Loan bearing interest at 4.20% per annum, repayable in monthly blended payments of \$20,091, maturing June 2025. | \$ 939,578 | \$ 1,137,603 |
| Loan bearing interest at 4.45% per annum, repayable in monthly blended payments of \$7,771, maturing December 2024. | 405,452 | 477,950 |
| Mortgage bearing interest at prime plus 1% (2019 - 1%) per annum, repayable in monthly principal payments of \$5,750 plus interest, maturing April 2021 and is secured by the assignment of rents on the houses owned by the Nation. | - | 69,028 |
| Mortgage bearing interest at 3.90% per annum, repayable in monthly principal payments of \$949, maturing November 2026. | 57,235 | 66,183 |
| Loan bearing interest at 4.50% per annum, repayable in monthly blended payments of \$4,215, maturing June 2025. | 207,138 | 246,450 |
| Loan bearing interest at 4.20% per annum, repayable in monthly blended payments of \$9,158, maturing May 2025. | 434,339 | 530,240 |
| | <u>\$ 2,043,742</u> | <u>\$ 2,527,454</u> |

The estimated principal repayments on the above long term debt required over the next four years and thereafter are as follows:

| | |
|------------|----------------------------|
| 2022 | \$ 441,178 |
| 2023 | 457,118 |
| 2024 | 473,651 |
| 2025 | 550,623 |
| Thereafter | <u>121,172</u> |
| | <u>\$ 2,043,742</u> |

10. Accumulated Surplus

| | 2021 | 2020 |
|-----------------------------------|-----------------------------|----------------------------|
| Unrestricted surplus (deficit) | \$ 3,093,633 | \$ (1,001,318) |
| Equity in Ottawa Trust | 127,459 | 125,165 |
| Equity in Tangible Capital Assets | <u>6,958,280</u> | <u>7,054,314</u> |
| | <u>\$ 10,179,372</u> | <u>\$ 6,178,161</u> |

Cheslatta Carrier Nation **Notes to Consolidated Financial Statements**

March 31, 2021

11. Comparative Figures

Certain comparative amounts presented in the financial statements have been restated to conform to current year's presentation.

12. Silviculture Liability

A silviculture liability was established to bear the responsibility of funding silviculture expenditures with regards to Nation owned timber licenses. The Nation funds the silviculture liability based on a set charge per cubic metre of logs harvested. Balance accrued for March 31, 2021 based on logging performance is \$4,305,478 (2020 - \$4,672,403).

13. Fiscal Plan

Canadian public sector accounting standards requires that the Nation's budget be presented in the financial statements. As the Nation currently does not prepare the budget in a format comparative to the consolidated statement of operations line items, no budgeted figures have been presented as otherwise required.

Cheslatta Carrier Nation
Notes to Consolidated Financial Statements

March 31, 2021

14. Expenses by Object

| | 2021 | 2020 |
|----------------------------|----------------------------|----------------------------|
| Advertising & promotion | \$ 8,195 | \$ 4,890 |
| Amortization | 894,566 | 912,273 |
| Fuel | 486,482 | 659,095 |
| Bad debts | 173,497 | 87,367 |
| Bank charges & interest | 13,463 | 12,995 |
| Program expenses | 1,284,706 | 952,369 |
| Consulting fees | 200,228 | - |
| Sub contractors | 5,396,950 | 3,795,996 |
| Silviculture expenses | 685,593 | 2,365,485 |
| Materials & supplies | 2,942,722 | 610,991 |
| Honoraria | 83,814 | 85,983 |
| Insurance | 243,720 | 192,384 |
| Interest on long-term debt | 87,534 | 97,162 |
| Meetings | 30,090 | 19,135 |
| Office & miscellaneous | 360,408 | 363,566 |
| Membership payments | 2,242 | 1,270,300 |
| Travel | 134,895 | 301,611 |
| Travel - RTA contracts | 1,587,690 | 99,201 |
| Professional fees | 1,700,293 | 1,369,949 |
| Property taxes | 22,007 | 17,546 |
| Repairs and maintenance | 584,268 | 809,147 |
| Equipment rental | 1,195,627 | 489,839 |
| Wages & benefits | 9,161,959 | 4,193,724 |
| Student support | 167,578 | 205,810 |
| Telephone | 59,116 | 52,554 |
| Training | 36,505 | - |
| Utilities | 39,607 | 38,748 |
| | <hr/> \$ 27,583,755 | <hr/> \$ 19,008,120 |

Cheslatta Carrier Nation **Notes to Consolidated Financial Statements**

March 31, 2021

15. Segment Disclosure

The Nation is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Social Development

This service area provides services to help the members by providing a variety of programs, community services and social assistance.

Administration

This item relates to the revenues and expenses that relate to the operations of the Nation itself and cannot be directly attributed to a specific segment.

Operations and Maintenance

This service area provides services relating to the development, maintenance and service of the Nation's assets, infrastructure and common property.

Education

This service area relates to revenues and expenses related to primary, secondary, and post secondary education of the Nation's members.

Health Services

This service area includes activities related to the provision of health related services for the Nation's members.

Community Welfare

This service area includes activities related to the support of the Nation's members through community projects.

Economic Development

This service area provides for the development of economic opportunities to the members, along with the exploration of the development of natural resource revenues.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Treaty Related Matters

This service area relates to revenues and expenses related to the Treaty Fund with ISC.

Housing

This service area relates to revenues and expenses relating to maintenance of house for the Nation's members.

Cheslatta Carrier Nation
Notes to Consolidated Financial Statements

March 31, 2021

**15. Segment Disclosure
(continued)**

| <u>2021</u> | | Administration | Community Welfare | Operations & Maintenance | Education | Economic Development | Health Services | Social Development | Housing | Treaty Related Matters | Capital | Total |
|-------------------|--|-----------------------|-------------------|--------------------------|------------------|----------------------|-------------------|--------------------|--------------------|------------------------|-----------------------|---------------------|
| Revenue | | | | | | | | | | | | |
| ISC | | \$ 85,172 | \$ 272,691 | \$ 270,942 | \$ 194,394 | \$ 118,172 | \$ - | \$ 553,521 | \$ - | \$ - | \$ - | \$ 1,494,892 |
| Other | | 1,164,085 | 1,594,547 | 884,011 | - | 25,509,406 | 612,963 | 30,000 | 260,866 | - | 34,196 | 30,090,074 |
| | | 1,249,257 | 1,867,238 | 1,154,953 | 194,394 | 25,627,578 | 612,963 | 583,521 | 260,866 | - | 34,196 | 31,584,966 |
| Expenses | | | | | | | | | | | | |
| Payroll | | 1,294,513 | 74,897 | 371,453 | - | 7,314,031 | 68,264 | 33,829 | 10 | - | 4,945 | 9,161,942 |
| Other | | 1,045,274 | 1,096,184 | 481,319 | 114,924 | 13,336,544 | 301,933 | 485,845 | 330,033 | - | 335,191 | 17,527,247 |
| Amortization | | - | - | - | - | - | - | - | - | - | 894,566 | 894,566 |
| | | 2,339,787 | 1,171,081 | 852,772 | 114,924 | 20,650,575 | 370,197 | 519,674 | 330,043 | - | 1,234,702 | 27,583,755 |
| Surplus (deficit) | | \$ (1,090,530) | \$ 696,157 | \$ 302,181 | \$ 79,470 | \$ 4,977,003 | \$ 242,766 | \$ 63,847 | \$ (69,177) | - | \$ (1,200,506) | \$ 4,001,211 |

| <u>2020</u> | | Administration | Community Welfare | Operations & Maintenance | Education | Economic Development | Health Services | Social Development | Housing | Treaty Related Matters | Capital | Total |
|-------------------|--|---------------------|---------------------|--------------------------|------------------|-----------------------|--------------------|--------------------|---------------------|------------------------|---------------------|-----------------------|
| Revenue | | | | | | | | | | | | |
| ISC | | \$ 319,924 | \$ 20,721 | \$ 153,100 | \$ 245,119 | \$ - | \$ 321,977 | \$ - | \$ - | \$ 11,250 | \$ 1,072,091 | |
| Other | | 2,262,225 | 917,596 | 21,639 | - | 9,753,679 | 121,458 | 30,000 | 89,704 | 566,000 | 27,898 | 13,790,199 |
| | | 2,582,149 | 938,317 | 174,739 | 245,119 | 9,753,679 | 121,458 | 351,977 | 89,704 | 566,000 | 39,148 | 14,862,290 |
| Expenses | | | | | | | | | | | | |
| Payroll | | 1,000,114 | 81,080 | 189,847 | - | 2,843,580 | 44,092 | 35,010 | - | - | - | 4,193,723 |
| Other | | 2,332,680 | 1,240,447 | 577,333 | 156,441 | 8,779,406 | 149,763 | 284,286 | 377,868 | 2,158 | 1,742 | 13,902,124 |
| Amortization | | - | - | - | - | - | - | - | - | - | 912,273 | 912,273 |
| | | 3,332,794 | 1,321,527 | 767,180 | 156,441 | 11,622,986 | 193,855 | 319,296 | 377,868 | 2,158 | 914,015 | 19,008,120 |
| Surplus (deficit) | | \$ (750,645) | \$ (383,210) | \$ (592,441) | \$ 88,678 | \$ (1,869,307) | \$ (72,397) | \$ 32,681 | \$ (288,164) | \$ (563,842) | \$ (874,867) | \$ (4,145,830) |