

HALALT FIRST NATION
Financial Statements
Year Ended March 31, 2022

HALALT FIRST NATION
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Year Ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of HALALT FIRST NATION

Report on the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of HALALT FIRST NATION (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, changes in 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

Basis for Qualified Opinion

In the current year, management commenced a project to switch the accounting system. As part of this project, management determined that certain account balances and some department surplus/deficit on the consolidated statement of financial position have been changed. Management has not maintained records and documentation that are adequate to support these changes. As such, the accumulated surplus/deficit by department are undetermined. The effects of this have not been determined because it is impractical to do so. The management is advised to properly reconcile department fund balances, which is expected to be completed within the next fiscal year.

The First Nation was not able to provide with information for certain revenue and government funding. As a result, the revenues, accounts receivable and deferred revenue for the year ended March 31, 2022 may be understated or overstated.

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

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

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

(continues)

Independent Auditor's Report to the Members of HALALT FIRST NATION *(continued)*

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

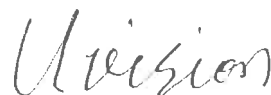
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


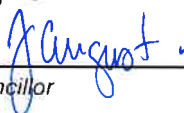




HALALT FIRST NATION
Consolidated Statement of Financial Position
March 31, 2022

	2022	2021
ASSETS		
Cash and cash equivalents (Note 3)	\$ 3,200,053	\$ 4,361,722
Ottawa Trust Funds (Note 4)	57,528	55,970
Accounts receivable (Note 5)	816,107	590,806
Advances to related entity (Note 6)	4,000	-
Investment in First Nation business enterprise (Note 7)	2,563,599	2,626,247
	<u>6,641,287</u>	<u>7,634,745</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	330,860	676,189
Current portion of long term debt (Note 10)	73,556	71,032
Long term debt (Note 10)	888,444	958,145
Deferred capital contributions (Note 9)	-	1,604,499
	<u>1,292,860</u>	<u>3,309,865</u>
NET FINANCIAL ASSETS	<u>5,348,427</u>	<u>4,324,880</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	36,780	15,509
Tangible capital assets (Note 11)	7,968,873	3,361,344
	<u>8,005,653</u>	<u>3,376,853</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 13,354,080</u>	<u>\$ 7,701,733</u>

CONTINGENT LIABILITY (Note 13)

Approved by Chief and Council


 Chief

 Councillor


 Councillor

 Councillor

HALALT FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2022

	Budget 2022 <i>(Unaudited)</i>	2022	2021
REVENUES			
Indigenous Services Canada	\$ 3,751,470	\$ 3,748,504	\$ 6,929,719
Other government funding	1,249,376	1,424,752	355,305
Province of British Columbia	963,509	967,444	2,025,539
Other income	796,417	834,314	967,670
Fisheries and Oceans Canada (DFO)	324,859	264,194	87,770
Shellfish Sales	188,187	188,187	183,986
Rental income	150,109	149,759	124,357
Interest income	20,420	20,420	19,865
Canada Mortgage and Housing Corporation	14,191	14,191	14,356
Ottawa Trust	1,557	1,557	5,424
	<u>7,460,095</u>	<u>7,613,322</u>	<u>10,713,991</u>
EXPENSES			
Band Operating Expense	863,092	989,675	730,894
Education and training	811,446	795,325	593,734
Public works	865,420	855,265	4,486,580
Social Housing	159,665	405,692	398,018
Social service	948,897	912,727	860,637
Economic development	1,021,207	1,038,429	366,814
Capital Project	772,325	591,053	829,319
Other	306,168	230,636	-
	<u>5,748,220</u>	<u>5,818,802</u>	<u>8,265,996</u>
ANNUAL SURPLUS	<u>\$ 1,711,875</u>	<u>\$ 1,794,520</u>	<u>\$ 2,447,995</u>

See notes to financial statements

HALALT FIRST NATION
Consolidated Statement of Changes in Accumulated Surplus
Year Ended March 31, 2022

	2022	2021
ACCUMULATED SURPLUS - BEGINNING OF YEAR		
As previously reported	\$ 7,701,733	\$ 5,238,492
Transfer to capital assets	3,826,557	-
Prior year adjustment	31,270	-
As restated	11,559,560	5,238,492
ANNUAL SURPLUS	1,794,520	2,447,995
ACCUMULATED SURPLUS - END OF YEAR	\$ 13,354,080	\$ 7,701,733

See notes to financial statements

HALALT FIRST NATION
Consolidated Statement of Changes in Net Financial Assets
Year Ended March 31, 2022

	Budget 2022	2022	2021
ANNUAL SURPLUS	\$ 1,711,875	\$ 1,794,520	\$ 2,447,995
Additions to capital assets	(1,148,916)	(1,148,916)	(585,274)
Proceeds on disposal of capital assets	-	-	460,103
Increase in prepaid expenses	(21,271)	(21,271)	(10,014)
Amortization of tangible capital assets	367,944	367,944	246,891
Prior year adjustment	31,270	31,270	-
	(770,973)	(770,973)	111,706
INCREASE IN NET FINANCIAL ASSETS	940,902	1,023,547	2,559,701
NET FINANCIAL ASSETS - BEGINNING OF YEAR	4,324,880	4,324,880	1,765,179
NET FINANCIAL ASSETS - END OF YEAR	\$ 5,265,782	\$ 5,348,427	\$ 4,324,880

See notes to financial statements

HALALT FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus	\$ 1,794,520	\$ 2,447,995
Item not affecting cash:		
Amortization of property, plant and equipment (Note 11)	367,943	246,891
	<u>2,162,463</u>	<u>2,694,886</u>
Changes in non-cash working capital:		
Accounts receivable	(225,301)	643,750
Accounts payable and accrued liabilities	(357,684)	323,043
Prepaid expenses	(21,271)	(10,014)
Wages payable	12,355	-
Funds held in trust	-	1,669,558
Deferred revenue	-	(1,669,558)
Deferred capital contributions	(1,604,499)	(94,382)
Ottawa Trust Funds	(1,558)	(5,423)
Adjustment	31,270	404,268
	<u>(2,166,688)</u>	<u>1,261,242</u>
Cash flow from (used by) operating activities	<u>(4,225)</u>	<u>3,956,128</u>
INVESTING ACTIVITIES		
Additions to capital assets	(1,148,916)	(585,274)
Proceeds on disposal of capital assets	-	460,103
Long term investments	62,649	(1,320,818)
Cash flow used by investing activities	<u>(1,086,267)</u>	<u>(1,445,989)</u>
FINANCING ACTIVITIES		
Advances from related parties	(4,000)	-
Repayment of long term debt	(67,177)	(64,436)
Cash flow used by financing activities	<u>(71,177)</u>	<u>(64,436)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(1,161,669)</u>	<u>2,445,703</u>
Cash - beginning of year	<u>4,361,722</u>	<u>1,916,019</u>
CASH - END OF YEAR	<u>\$ 3,200,053</u>	<u>\$ 4,361,722</u>

See notes to financial statements

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2022

1. NATURE OF OPERATIONS

Halalt First Nation (the "First Nation") is located in the province of British Columbia, and its principal purpose is to provide services to its band members. Halalt First Nation includes the First Nation's members, government and all the related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity and basis of consolidation

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

(a) Consolidated entities:

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation's business enterprises and First Nation business partnerships. The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Halalt First Nation Government Administration
- Halalt First Nation Ottawa Trust Funds
- Halalt First Nation Canada Mortgage and Housing Corporation (CMHC) Housing Program Fund

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

(b) Investment in government business enterprises and partnerships:

Government business enterprises (GBE), owned or controlled by the First Nation but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified method. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

Government business partnerships (GBP), jointly owned and controlled by the First Nation and 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 business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

The First Nation's government business enterprise investment consists of the following, with a 100% interest:

- 1241478 BC LTD
- Halalt Corporate Holdings LTD
- VIG Projects BC GP LTD
- VIG Projects BC Limited Partnership

(continues)

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2022

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

The First Nation's government business enterprise investment consists of the following, with 99.9% interest:

- Halalt Logging Contracting Limited Partnership

(c) Investments that are accounted for using the cost basis of accounting:

Investments in entities in which the First Nation does not control individually or jointly are recorded at acquisition cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value. Investments in entities in which the First Nation does not control but has joint control or significant influence in operations are accounted for, similar to government business partnerships, using the modified equity method.

- Hul'q'umi'num Fisheries Limited Partnership
- BC First Nations Gaming Revenue Sharing Limited Partnership

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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short term cash commitments.

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

Tangible capital assets are recorded at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Buildings	20 years	straight-line method
Social Housing (CMHC)	20 years	straight-line method
Infrastructure	25 years	straight-line method
Equipment	10 years	straight-line method
Motor vehicles	10 years	straight-line method
Boats	5 years	straight-line method
Machinery	5 years	straight-line method

Tangible capital assets are written down when associated output indicate that they are no longer contribute to the Band's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated statement of operations.

Tangible capital assets under construction, development or acquired during the year but not placed into use are not amortized until they are available to be put into service.

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

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HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2022

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

Funds held in trust

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Funds are owned by the First Nation but administered by the Government of Canada. The Ottawa Trust Funds are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

Reserve funds

Reserve funds represent the replacement and operating reserve funds required under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC).

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

Revenue recognition

Revenue is recognized in the period as it becomes receivable under the terms of applicable funding agreements. Revenue received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

Government transfers and grant revenue are recognized as revenues when the transfer is authorized and all eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

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

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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(continues)

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2022

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

Financial instruments

Financial instruments consist of cash, investments, accounts receivable, bank indebtedness, accounts payable and accruals, and long-term debt. It is management's opinion that the First Nation is not exposed to significant currency or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate risk on its loans with fixed interest rates and on its investment portfolio consisting partially of fixed income securities.

Segments

The First Nation conducts its business through a number of operating segments. 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 AND CASH EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$4,260 (2021 - \$4,260) annually. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement and Operating Fund.

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Operating Reserve account is to be credited with any surplus amount in phase I to III, based on the minimum rent calculation. The Operating Reserve fund has not been fully funded.

	2022	2021
Unrestricted - Operating	\$ 3,075,600	\$ 4,275,351
Restricted - CMHC Replacement Reserve	124,453	86,371
	<u>\$ 3,200,053</u>	<u>\$ 4,361,722</u>

4. OTTAWA TRUST FUNDS

	Opening	Additions	Withdrawals	2022	2021
Capital Trust	\$ 28,999	\$ -	\$ -	\$ 28,999	\$ 28,999
Revenue Trust	26,971	1,558	-	28,529	26,971
	<u>\$ 55,970</u>	<u>\$ 1,558</u>	<u>\$ -</u>	<u>\$ 57,528</u>	<u>\$ 55,970</u>

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2022

5. ACCOUNTS RECEIVABLE

	2022	2021
Accounts receivable	\$ 575,249	\$ 489,001
AR - Indigenous Services Canada	237,255	56,435
Rents receivable	2,420	-
AR - CMHC subsidies	1,183	45,370
	\$ 816,107	\$ 590,806

6. ADVANCES TO RELATED ENTITY

Advances to related entities are unsecured, non-interest bearing and due on demand. This entity is related by virtue of common control or joint control by the First Nation.

	2022	2021
HLC General Partner Ltd	\$ 4,000	\$ -

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2022

7. INVESTMENT IN FIRST NATION BUSINESS ENTERPRISES

	2022	2021
1241478 BC LTD	\$ 2,265,627	\$ 2,259,787
Hul'q'umi'num Fisheries Limited Partnership	5,000	5,000
Halalt Logging Contracting Limited Partnership	291,103	360,977
Halalt Corporate Holdings Ltd	1,759	373
BC First Nations Gaming Revenue Sharing LP	110	110
	<u>\$ 2,563,599</u>	<u>\$ 2,626,247</u>

	1241478 BC LTD	Halalt Corporate Holdings LTD	Halalt Logging Contracting Limited Partnership	2022	2021
Total assets	\$ 2,282,096		\$ 305,917	\$ 2,588,013	\$ 2,754,667
Total liabilities	2,267,945		15,263	\$ 2,283,208	2,370,678
	14,151	-	290,654	304,805	383,989
Total revenues	\$ 124,858		\$ 224,493	\$ 349,351	\$ 309,621
Total expenses	110,070		320,190	\$ 430,260	355,688
Net income (loss)	14,788	-	(95,697)	(80,909)	(46,067)

The financial information for 1241478 BC LTD provided in this note is for the period ended March 31, 2022, with comparative information for the year ended March 31, 2021.

The financial information for Halalt Corporate Holdings LTD for the period ended December 31, 2021 is not available, with comparative information for the year ended December 31, 2020 provided. There have been no significant events or transactions in the period.

The financial information for Halalt Logging Contracting Limited Partnership provided in this note is for the period ended December 31, 2021, with comparative information for the year ended December 31, 2020.

The financial information for VIG Projects BC GP LTD and VIG Projects BC Limited Partnership is not available on the date of the audit report. There have been no significant events or transactions in the period.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Accounts payable and accrued liabilities	\$ 281,646	\$ 639,330
Wages payable	49,214	36,859
	<u>\$ 330,860</u>	<u>\$ 676,189</u>

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2022

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent government contributions which were provided to assist in the purchase or construction of tangible capital assets.

The changes in the deferred contributions balance for the year are as follows:

	2022 Opening	Revenue Recognized	2022 Ending	2021 Ending
ISC - Capital Project #8444 Community Waterworks System	\$ 1,604,499	\$ (1,604,499)	\$ -	\$ 1,604,499

10. LONG TERM DEBT

	2022	2021
BMO loan bearing interest at 5.4% per annum, repayable in monthly blended payments of \$6,835. The loan matures on February 29, 2024 and is secured by Guarantee for On-Reserve Housing Loan Program (ORHLP).	\$ 691,563	\$ 734,975
CMHC Phase 1 loan bearing interest at 2.39% per annum, repayable in monthly blended payments of \$777. The loan matures on January 1, 2028 and is secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phase I housing units..	50,766	58,783
CMHC Phase 2 loan bearing interest at 2.5% per annum, repayable in monthly blended payments of \$508. The loan matures on June 1, 2033 and is secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phase II housing units.	59,763	64,311
CMHC Phase 3 loan bearing interest at 0.68% per annum, repayable in monthly blended payments of \$1,027. The loan matures on October 1, 2035 and is secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phase III housing units.	159,908	171,108
	962,000	1,029,177
Amounts payable within one year	(73,556)	(71,032)
	\$ 888,444	\$ 958,145

Principal repayment terms are approximately:

2023	\$ 73,556
2024	76,300
2025	78,500
2026	81,900
2027	84,800
Thereafter	566,944
	\$ 962,000

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2022

11. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	<u>2021 Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>2022 Balance</u>
Social Housing	\$ 799,012	\$ -	\$ -	\$ 799,012
Band Housing	568,265	-	-	568,265
Infrastructure	630,138	-	-	630,138
Equipment	132,809	-	-	132,809
Vehicles	117,500	55,500	-	173,000
Gym	1,242,661	-	-	1,242,661
Waterline	2,364,730	4,572,822	-	6,937,552
Boats	57,500	199,000	-	256,500
Machinery & Equip	-	127,551	-	127,551
Under Construction	-	20,600	-	20,600
	<u>\$ 5,912,615</u>	<u>\$ 4,975,473</u>	<u>\$ -</u>	<u>\$ 10,888,088</u>

<u>Accumulated Amortization</u>	<u>2021 Balance</u>	<u>Amortization</u>	<u>Accumulated Amortization on Disposals</u>	<u>2022 Balance</u>
Social Housing	\$ 293,411	\$ 39,951	\$ -	\$ 333,362
Band Housing	564,755	3,510	-	568,265
Infrastructure	267,294	25,205	-	292,499
Equipment	119,796	7,278	-	127,074
Vehicles	64,583	12,092	-	76,675
Gym	469,658	49,706	-	519,364
Waterline	754,525	186,046	-	940,571
Boats	17,250	31,400	-	48,650
Machinery & Equip	-	12,755	-	12,755
Under Construction	-	-	-	-
	<u>\$ 2,551,272</u>	<u>\$ 367,943</u>	<u>\$ -</u>	<u>\$ 2,919,215</u>

<u>Net book value</u>	<u>2022</u>	<u>2021</u>
Social Housing	\$ 465,650	\$ 505,601
Band Housing	-	3,510
Infrastructure	337,639	362,844
Equipment	5,735	13,013
Vehicles	96,325	52,918
Gym	723,297	773,003
Waterline	5,996,981	1,610,205
Boats	207,850	40,250
Machinery & Equip	114,796	-
Under Construction	20,600	-
	<u>\$ 7,968,873</u>	<u>\$ 3,361,344</u>

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2022

12. ACCUMULATED SURPLUS

The First Nation segregates its accumulated surplus into the following categories:

	2022	2021
Equity in Operating Fund	\$ 9,850,026	\$ 4,239,766
Equity in Capital Fund	1,286,856	608,746
Equity in Ottawa Trust Funds	55,970	50,547
Equity in Social Housing	366,708	354,679
Annual Surplus (deficit)	1,794,520	2,447,995
	<u>\$ 13,354,080</u>	<u>\$ 7,701,733</u>

13. CONTINGENT LIABILITY

The First Nation has a contingent liability of \$1,230,089 for various on-reserve housing loan guarantees.

14. INDIGENOUS SERVICES CANADA FUNDING RECONCILIATION

	2022	2021
Revenue per confirmation	\$ 2,144,005	\$ 6,835,337
Deferred capital recognized (Note 8)	1,604,499	94,382
	<u>\$ 3,748,504</u>	<u>\$ 6,929,719</u>

15. ECONOMIC DEPENDENCE

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

16. BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of Halalt First Nation. The budget figures were not audited nor reviewed but compiled from information provided by management.

17. COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economics.

The First Nation has amended its operations in order to continue to deliver services during this pandemic. 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 First Nation is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2022

18. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

19. SUBSEQUENT EVENTS

The following event occurred subsequent to the fiscal year end:

Recovery Claim Approval

Emergency Management BC approved the local government body recovery claim submitted by Halalt First Nation subsequent to March 31, 2022. The claim has been approved for \$100,000, which was related to two floods occurred in 2020 and 2021 fiscal year.

20. SEGMENTS

Halalt First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

Band - Includes government activities of Chief and Council and band support and membership. It oversees the delivery of all government services including ensuring that adequate policies and procedures are in place to safeguard assets and to properly report financial activities.

Education and training - Includes activities that provide education to the First Nation members for primary, secondary schooling and reimbursement of tuition costs and living and other allowances to students who are attending post-secondary institutions.

Public works - Contains all activities that relate to the maintenance of buildings, road, infrastructure, and land of the First Nation.

Social housing - Includes activities related to the provision of Band owned housing to the members of the First Nation and CMHC program housing to the members of the First Nation.

Capital projects - Includes major capital projects and activities occurring in the First Nation during the year.

Social services - Provides financial benefits and services to individuals and families, resident on reserve and off reserve, who are in need.

Land management - Includes management activities related to all reserve lands.

Economic development - Provides a number of services including providing guidance to Band and Council around natural resource matters and managing referrals, as well as project funding related to natural resources and the environment.

HALALT FIRST NATION
Expenses by Object
Year Ended March 31, 2022

(Schedule 1)

	2022	2021
Accounting and legal	\$ 325,985	\$ 171,226
Amortization	367,944	246,891
Consulting	1,017,266	4,454,581
Distributions to citizens	122,849	30,113
Education	530,003	468,512
Honoraria	47,300	32,150
Insurance	144,172	78,470
Interest (recovery)	42,569	46,162
Miscellaneous	332,990	202,632
IT & Programming	15,342	23,108
Repairs and maintenance	539,241	436,809
Supplies	645,722	667,949
Telephone and utilities	201,346	290,210
Travel and training	100,795	18,333
Wages and benefits	1,178,582	747,556
Emergency	206,696	351,294
	\$ 5,818,802	\$ 8,265,996

See notes to financial statements

HALALT FIRST NATION

Segment Disclosure

Year Ended March 31, 2022

(Schedule 2)

	Band 2022	Band 2021	Education & Training 2022	Education & Training 2021	Public Works 2022	Public Works 2021	Social Housing 2022	Social Housing 2021
REVENUES								
Indigenous Services Canada	\$ 2,011,288	\$ 566,487	\$ 631,484	\$ 552,885	\$ 490,394	\$ 4,397,319	\$ -	\$ -
Province of British Columbia	29,769	1,150,486	-	300,000	331,305	248,554	-	-
Rental income	96,324	66,818	-	-	16,585	17,391	36,850	40,149
Ottawa Trust	1,557	5,424	-	-	-	-	-	-
Other government funding	28,000	-	259,253	101,377	216,037	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	14,191	14,356
Interest income	20,420	19,865	-	-	-	-	-	-
Other income	303,141	303,141	8,242	50,071	109,296	69,545	-	15,000
	<u>2,490,499</u>	<u>2,112,221</u>	<u>898,979</u>	<u>1,004,333</u>	<u>1,163,617</u>	<u>4,732,809</u>	<u>51,041</u>	<u>69,505</u>
EXPENSES								
Accounting and legal	83,898	664	-	-	4,916	-	5,000	5,000
Amortization	235,752	142,161	-	-	-	-	39,951	39,951
Consulting	204,241	65,156	13,681	7,094	354,317	3,942,458	-	-
Distributions to citizens	3,211	13,400	3,653	-	63	-	-	-
Education	582	1,200	529,421	467,312	-	-	-	-
Honoraria	12,150	16,050	900	-	450	-	-	-
Insurance	25,161	37,736	1,634	1,485	108,529	33,263	8,849	5,986
Interest (recovery)	38,614	41,484	-	-	-	35	3,955	4,643
IT & Programming	15,342	17,708	-	5,400	-	-	-	-
Repairs and maintenance	68,973	58,557	14,049	97	142,892	101,999	101,274	81,030
Supplies	166,166	103,325	11,124	347,913	52,422	42,613	10,251	-
Telephone and utilities	29,798	33,181	5,838	9,661	126,758	228,212	624	169
Travel and training	6,265	5,407	42,170	59	6,428	2,556	-	-
Wages and benefits	198,285	118,940	96,073	41,527	205,279	18,807	-	-
Emergency	19,854	133,047	-	-	186,842	15,456	-	-
Miscellaneous	150,683	1,936	77,132	2,608	-	135,169	36	36
	<u>1,258,975</u>	<u>789,952</u>	<u>795,675</u>	<u>883,156</u>	<u>1,188,896</u>	<u>4,520,568</u>	<u>169,940</u>	<u>136,815</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ 1,231,524</u>	<u>\$ 1,322,269</u>	<u>\$ 103,304</u>	<u>\$ 121,177</u>	<u>\$ (25,279)</u>	<u>\$ 212,241</u>	<u>\$ (118,899)</u>	<u>\$ (67,310)</u>

See notes to financial statements

HALALT FIRST NATION

Segment Disclosure

Year Ended March 31, 2022

(Schedule 3)

	Capital Projects 2022	Capital Projects 2021	Social Services 2022	Social Services 2021	Land Management 2022	Land Management 2021	Economic Development 2022	Economic Development 2021
REVENUES								
Indigenous Services Canada	\$ 101,370	\$ 832,650	\$ 502,422	\$ 513,583	\$ 11,546	\$ 66,795	\$ -	\$ -
Province of British Columbia	452,875	-	60,000	30,000	10,000	170,000	83,495	126,500
Other government funding	-	-	-	-	905,533	216,674	15,929	37,255
Shellfish Sales	-	-	-	-	-	-	188,187	183,986
Fisheries and Oceans Canada (DFO)	-	-	-	-	-	-	264,194	87,770
Other income	30,655	-	60,524	77,206	305,103	215,103	17,353	237,601
	584,900	832,650	622,946	620,789	1,232,182	668,572	569,158	673,112
EXPENSES								
Accounting and legal	-	-	-	-	231,841	165,115	330	448
Amortization	92,241	64,779	-	-	-	-	-	-
Consulting	23,475	4,042	-	12,970	401,482	240,092	20,072	161,449
Distributions to citizens	-	-	24,163	16,713	91,566	-	193	-
Honoraria	-	-	1,200	-	32,600	16,100	-	-
Repairs and maintenance	211,252	178,532	-	129	-	522	800	5,943
Supplies	251,970	999	14,270	-	18,501	6,245	121,018	166,854
Telephone and utilities	22,482	-	12,711	17,972	325	-	2,810	1,014
Travel and training	-	-	2,017	489	40,145	8,817	3,769	1,004
Wages and benefits	29,506	-	348,809	320,543	198,059	207,893	102,571	39,847
Emergency	-	5,500	-	197,291	-	-	-	-
Miscellaneous	-	-	31,101	30,920	33,647	63,283	40,390	-
	630,926	253,852	434,271	597,027	1,048,166	708,067	291,953	376,559
INCOME (LOSS) FROM OPERATIONS	\$ (46,026)	\$ 578,798	\$ 188,675	\$ 23,762	\$ 184,016	\$ (39,495)	\$ 277,205	\$ 296,553

See notes to financial statements