

## MALAHAT NATION

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2021

The accompanying consolidated financial statements of Malahat First Nation and all for the year ended March 31, 2021 are the responsibility of management and have been approved by the Chief and 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 judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Malahat First Nation maintains systems of internal accounting and administrative controls of high 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 Chief and 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.

The Chief and Council review the Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report. (The Chief and Council take this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.)

The consolidated financial statements have been audited by Reid Hurst Nagy Inc. in accordance with Canadian generally accepted auditing standards on behalf of their members. Reid Hurst Nagy Inc. has full access to Chief and Council. Reid Hurst Nagy Inc. have full and free access to the management for information purposes.

 Chief	_____
_____	Date
Councilor	_____
_____	Date
Councilor	_____
_____	Date
Councilor	_____
_____	Date
Director of Finance	_____
_____	Date

**ACCOUNTANTS AND BUSINESS ADVISORS**

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**Independent Auditor's Report**

To the Members of  
**Malahat Nation**

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*Qualified Opinion*

We have audited the consolidated financial statements of Malahat Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and 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 matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with Public Sector Accounting Standards (PSAS).

*Basis for Qualified Opinion*

The financial information for related government business enterprises and partnerships are not available and have not been accounted for in the consolidated financial statements for the current year and prior years. In this respect, the financial statements are not in accordance with Canadian public sector accounting standards. We were not able to determine the adjustments that might have been necessary to investment in government business enterprises, liability in government enterprises, investment in government business partnerships, liability in government business partnerships, income (loss) from the government business enterprises, income (loss) from the government business partnerships, due to and from government business enterprises, due to and from government business partnerships, and the enterprises fund balance. Our basis for qualification is consistent with the qualified opinion issued on the Independent Auditor's Report dated July 31, 2020 for the March 31, 2020 consolidated financial statements.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



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

Management is responsible for the preparation and fair presentation of the 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 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 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.
- 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 group audit. We remain solely responsible for our audit opinion.



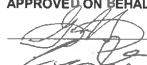

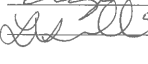


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Reid Hurst Nagy Inc.*

REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS  
VANCOUVER, B.C.  
July 28, 2021

# MALAHAT NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	2021 \$	2020 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	2,097,043	219,174
Portfolio investments (Note 3)	107,491	106,284
Accounts receivable (Note 4)	1,706,738	463,354
Note receivable (Note 5)	38,597,985	37,976,925
Due from related entities (Note 6)	152,258	1,491,328
Investment in Government Business Enterprises (Note 7)	137,427	137,427
Investment in government business partnerships (Note 8)	41,976	41,976
Federal trust funds (Note 9)	779	2,099
Funds held in trust (Note 10)	5,491,692	5,309,220
	<u>48,333,389</u>	<u>45,747,787</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 11)	1,072,614	1,309,259
Deferred revenue (Note 12)	3,127,880	1,011,870
Due to related entities (Note 13)	7,493,154	6,996,320
Liability in Government Business Enterprises (Note 7)	7,332,043	7,333,840
Liability in Government Business Partnerships (Note 8)	83,994	83,994
Long-term debt (Note 14)	2,898,810	2,481,663
Promissory notes (Note 15)	40,632,940	39,695,851
Capital lease obligation (Note 16)	48,334	23,645
	<u>62,689,769</u>	<u>58,936,442</u>
<b>NET DEBT</b>	<u>(14,356,380)</u>	<u>(13,188,655)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 17)	19,426,486	16,211,394
Prepaid expenses	41,360	26,039
	<u>19,467,846</u>	<u>16,237,433</u>
<b>ACCUMULATED SURPLUS (Note 18)</b>	<u>5,111,466</u>	<u>3,048,778</u>
<b>APPROVED ON BEHALF OF THE MALAHAT NATION</b>		
 Chief	 Councilor	
 Councilor	 Councilor	
 Director of Finance		

The accompanying notes are an integral part of the financial statements

## **MALAHAT NATION**

### **CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2021**

	<b>2021 Budget</b>	<b>2021 Actual</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>ANNUAL SURPLUS</b>	<b>(1,607,870)</b>	<b>2,062,688</b>	<b>1,824,530</b>
Acquisition of tangible capital assets	-	(7,893,793)	(9,336,973)
Amortization of tangible capital assets	-	996,440	468,457
Uses of construction in progress	-	3,669,780	3,284,291
Disposition of net tangible capital assets	-	12,481	-
	-	(3,215,092)	(5,584,225)
Acquisition of prepaid assets	(15,321)	(41,360)	(26,039)
Use of prepaid assets	-	26,039	58,858
	(15,321)	(15,321)	32,819
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(1,623,191)</b>	<b>(1,167,725)</b>	<b>(3,726,876)</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<b>-</b>	<b>(13,188,655)</b>	<b>(9,461,779)</b>
<b>NET DEBT, END OF YEAR</b>	<b>-</b>	<b>(14,356,380)</b>	<b>(13,188,655)</b>

The accompanying notes are an integral part of the financial statements

## MALAHAT NATION

### CONSOLIDATED SUMMARY STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2021

	2021 Budget \$	2021 Actual \$	2020 Actual \$
<b>REVENUE</b>			
Indigenous Services Canada (ISC)	2,299,297	2,568,668	1,640,785
ISC - Recovery	(20,000)	-	(67,591)
Canada Mortgage and Housing Corporation	116,353	110,299	116,722
Fisheries and Oceans Canada	844,880	1,405,551	299,840
First Nation Health Authority	765,619	1,360,508	853,615
Natural Resources Canada	-	24,384	108,874
Human Resources and Skills Development Canada	-	17,250	23,495
Ottawa Trust Fund	7,000	778	6,182
Province of BC	240,000	1,364,874	448,000
Gaming revenue	338,543	338,544	315,439
Funding from First Nation Organizations	86,935	308,127	272,152
Net income (loss) from Government Business Enterprises	-	10,000	(425,060)
BC Aboriginal Child Care Society (BCACCS)	-	223,845	-
Loss on disposal of tangible capital	-	(12,281)	-
Loss on disposal of investments	-	(985)	-
Other revenue	2,928,252	5,104,812	3,788,036
Rental income	197,392	170,296	163,921
Deferred revenue - prior year	807,170	1,011,870	2,379,580
Deferred revenue - current year	(269,230)	(3,127,880)	(1,011,870)
	<b>8,342,211</b>	<b>10,878,660</b>	<b>8,912,120</b>
<b>EXPENSES</b>			
Indian Government Services	1,573,981	2,442,950	1,917,269
Treaty Negotiation	-	2,000	-
Health	794,779	803,474	582,363
Housing	1,177,239	312,002	300,285
Education, Employment and Training	909,305	991,326	1,003,076
Social Development	581,075	707,726	680,822
Economic Development	1,856,155	2,414,339	2,121,026
Community Infrastructure	1,880,561	508,484	277,723
Ottawa Trust Fund	7,000	-	-
Housing Reserves	28,160	12,272	5,223
Environment and Sustainable Development	1,137,326	621,399	199,804
	<b>9,945,581</b>	<b>8,815,972</b>	<b>7,087,591</b>
<b>ANNUAL SURPLUS</b>	<b>(1,607,870)</b>	<b>2,062,688</b>	<b>1,824,530</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>-</b>	<b>3,048,778</b>	<b>1,224,248</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>(1,607,870)</b>	<b>5,111,466</b>	<b>3,048,778</b>

The accompanying notes are an integral part of the financial statements

**MLAHAT NATION****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2021**

	2021	2020
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	2,062,688	1,824,530
Items not affecting cash		
Amortization	996,440	468,457
Loss on disposal of tangible capital assets	6,881	-
	3,066,009	2,292,987
Change in non-cash items on statement of financial position		
Accounts receivable	(1,243,384)	1,583,117
Prepaid expenses	(15,321)	32,819
Accounts payable and accrued liabilities	(236,646)	429,605
Deferred revenue	2,116,010	(1,367,710)
Federal trust fund	1,320	489,446
	3,687,988	3,460,264
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(4,224,013)	(6,052,681)
Proceeds from disposition of tangible capital assets	5,600	-
	(4,218,413)	(6,052,681)
<b>FINANCING ACTIVITIES</b>		
Due from related entities	1,339,070	(1,328,016)
Due to related entities	496,834	2,200,279
Principal repayment on long-term debt	(110,599)	(123,652)
Proceed from long-term debt	527,746	354,807
Proceed from promissory notes	2,264,000	3,300,000
Bank demand loan	-	(300,000)
Principal repayment on promissory notes	(1,326,910)	(495,089)
Funds held in trust	(182,472)	(275,122)
Proceeds from capital lease	33,613	27,459
Principal repayment on capital lease	(8,924)	(3,814)
	3,032,358	3,356,852
<b>INVESTING ACTIVITIES</b>		
Investment and liability in Government Business Enterprises	(1,797)	438,060
Note receivable	(621,060)	(628,951)
Portfolio investments	(1,207)	256,409
	(624,064)	65,518
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,877,869</b>	<b>829,953</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>219,174</b>	<b>(610,779)</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>2,097,043</b>	<b>219,174</b>

The accompanying notes are an integral part of the financial statements



## **MALAHAT NATION**

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **1.i NATURE OF OPERATIONS**

Malahat Nation (the "First Nation") is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Indigenous Services Canada (ISC) (formerly Indigenous and Northern Affairs Canada) and other funding agents to benefit its members. The First Nation also represents its members in the negotiation of treaty settlements and specific land claims.

#### **1.ii BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

The First Nation reporting entity includes the Malahat Nation government and all related entities that are controlled by the First Nation.

##### **(a) Principles of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises and government business partnerships, which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The First Nation records its investments in government business enterprises (GBE) and government business partnerships (GBP) on a modified equity basis. 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-entity transactions and balances are not eliminated. 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.

Entities consolidated in Malahat Nation's financial statements include:

1. Kwunew Kwasun Cultural Society

Entities accounted for on a modified equity basis include:

2. Malahat Aquaculture Ltd. - 100% interest
3. Malahat Construction Ltd. - 100% interest
4. MNQM Contracting Ltd. - 51% interest
5. Yos Economic Development Ltd. - 100% interest
6. Malahat Forestry (2012) Ltd. - 100% interest
7. Malahat Investment Corporation - 100% interest
8. Malahat Nation Land Corporation - 100% interest
9. Malahat Tenure Holding Ltd. - 100% interest
10. Malahat Hazelwood Construction Ltd. - 51% interest
11. Malahat Business Park GP Ltd. - 51% interest
12. Malahat Nelson GP Ltd. - 51% interest
13. Salish Strait Seafoods Ltd. - 20% interest

## **MALAHAT NATION**

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 14. Malahat Aquaculture Limited Partnership - 99.99% interest
- 15. Malahat Construction Limited Partnership - 99.99% interest
- 16. Malahat Forestry (2012) Limited Partnership - 99.99% interest
- 17. Malahat Land Development Limited Partnership - 99.99% interest
- 18. Malahat Tenure Holding Limited Partnership - 99.99% interest
- 19. Malahat Business Park Limited Partnership - 99.99% interest
- 20. Malahat Nelson Limited Partnership - 99.99% interest
- 21. Yos Economic Development LP - 100% interest

#### **(b) 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.

#### **(c) Note Receivable**

Note receivable is recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

#### **(d) Trust Funds**

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act.

Federal trust 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.

Other trust fund consist of debt reserves and prepaid loan payments held by the First Nation Finance Authority in relations to repayment of promissory notes outstanding in the year.

#### **(e) Deferred Revenue**

Under the terms of the contribution agreement between the First Nation, ISC and certain other agencies, the First Nation may be liable to repay any contributed funds either not expended or not expended in accordance with the agreement. On the other hand, any deficit, supported by claims eligible for reimbursement under the terms and conditions of the funding agreements, may be reimbursed by the contributor subject to the program's terms and conditions. The First Nation has recorded all known unexpended contribution funds as deferred revenue and/or accounts payable.

## **MALAHAT NATION**

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(f) Long-term Debt**

Loan proceeds related to the financing of tangible capital assets are recorded as revenue in the appropriate fund. The loan amount is also recorded as a liability on the Statement of Financial Position and as a reduction in the Tangible Capital Asset Fund.

Debt payments, including principal and interest, are charged to the fund to which they relate. Principal reductions are reflected as a reduction in the liability with an offsetting increase in the Tangible Capital Assets Fund.

##### **(g) Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Malahat Nation's incremental cost of borrowing.

Amortization is recorded as a reduction to the Tangible Capital Assets Fund and is provided for using the following methods at rates designed to amortize over the estimated useful life of the assets as follows:

Buildings	20 years Straight line
Automotive equipment	5 years Straight line
Equipment	5 years Straight line
Canoes	15 % Declining balance
Infrastructure	20 years Straight line
Marineside development	20 years Straight line
Culture Centre	20 years Straight line
Boat	5 years Straight line
Assets under capital lease	5 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation'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 statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

No amortization will be taken for construction in progress until the project is completed and the tangible capital asset is in service.

## **MALAHAT NATION**

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(h) Revenue Recognition**

###### **Government Funding**

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.

###### **First Nation Capital Revenue Trust Funds**

The First Nation recognizes revenues 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 Trust Funds**

The First Nation recognized interest revenue when earned from debt reserves associated with outstanding promissory notes.

###### **Housing Rental Income**

Rental revenue 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.

###### **Own Source Revenue**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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.

##### **(i) Asset classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible assets and prepaid expenses.

##### **(j) Measurement Uncertainty**

In preparing the consolidated financial statements for the First Nation, management is required 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 period. Items requiring the use of significant estimates include allowance for doubtful accounts and useful life of tangible capital assets. Actual results could differ from these estimates.

## **MALAHAT NATION**

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(k) 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.

##### **(l) Liability for contaminated sites**

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) Malahat Nation is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2020 and 2021, no liability for contaminated sites has been recorded.

## **MALAHAT NATION**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **2. CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Externally restricted:		
Operating reserve	<b>106,326</b>	100,981
Replacement reserve	<b>100,282</b>	42,441
Endowment fund	<b>11,046</b>	18,327
	<b>217,654</b>	161,749
Unrestricted:		
Cash and cash equivalents	<b>1,879,389</b>	57,425
<b>Total Cash and Cash Equivalents (Bank Indebtedness)</b>	<b>2,097,043</b>	219,174

#### **Externally restricted - Operating Reserve**

Under the terms of the agreements with CMHC, excess revenues over expenditures for the Post 1996 phases may be retained in an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds may be used to offset future deficits. Withdrawals are credited to interest first and then principal. At the year end, the reserve was over funded by \$39,304 (2020: under funded by \$26,683).

#### **Externally restricted - Replacement Reserve**

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$20,940 (2020: \$20,940) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the reserve was in surplus by \$13,660 (2020: under funded by \$36,893).

## **MALAHAT NATION**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **3. PORTFOLIO INVESTMENTS**

The portfolio investments consist of guarantee investment certificates (GIC) and investment in BC FN Gaming Revenue Sharing Limited Partnership, of which the Nation is a limited partner.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
GICs with maturity less than a year and earning interest at 1.55% per annum.	<b>62,013</b>	61,058
GICs held as collateral for long-term debt with maturity less than a year and earning interest at 1.25% per annum.	<b>20,444</b>	20,192
GICs held as collateral for long-term debt with maturity in May 2022 and earning interest at 1.85% per annum.	<b>24,924</b>	24,924
BC FN Gaming revenue Sharing Limited Partnership. Measured at cost.	<b>110</b>	110
	<b>107,491</b>	106,284

## MALAHAT NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

#### 4. ACCOUNTS RECEIVABLE

	2021 \$	2020 \$
<b>Due from members</b>		
Rent	59,411	44,260
<b>Due from Government and other Government Organizations:</b>		
Indigenous Services Canada	35,883	35,398
Natural Resources Canada	24,542	7,289
GST Public Service Bodies' Rebate	4,037	7,081
Canada Mortgage and Housing Corporation	9,192	9,192
Ministry of Indigenous Relations and Reconciliation	26,784	12,500
Ministry of Children and Family Development	4,221	-
Fisheries and Oceans Canada	360,164	28,083
Province of BC	42,031	41,077
Transport Canada	164,511	-
First Nations Education Steering Committee	56,873	-
First Nation Health Authority	388,726	272
	<b>1,116,964</b>	<b>128,392</b>
<b>Due from others:</b>		
Others	558,465	312,321
Malahat Business Park LP	172,577	-
	<b>731,042</b>	<b>312,321</b>
	<b>1,907,417</b>	<b>498,208</b>
Allowance for doubtful accounts	(200,679)	(34,854)
	<b>1,706,738</b>	<b>463,354</b>

#### 5. NOTE RECEIVABLE

The note to Malahat Investment Corporation, an indirect wholly owned government business enterprise, is due on demand. The note is payable 30 days after demand and bears interest at 3.1% per annum calculated monthly. There are no fixed terms of principal repayment. Interest shall become due and be paid on the first day of each and every month after the date hereof until the whole of the principal balance of advances made hereunder is paid.

Total interest income recorded for the year is \$1,070,877 (2020: \$1,078,768).

	2021 \$	2020 \$
Note receivable	34,123,946	34,573,763
Interest receivable	4,474,039	3,403,162
	<b>38,597,985</b>	<b>37,976,925</b>



## MALAHAT NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

#### 6. DUE FROM RELATED ENTITIES

	2021	2020
	\$	\$
Malahat Aquaculture Limited Partnership	725	725
Malahat Aquaculture Ltd.	-	2,782
Malahat Business Trust	1,450	1,450
Malahat Construction Limited Partnership	74,914	74,914
Malahat Construction Ltd.	2,254	2,254
Malahat Economic Development Ltd.	-	1,363,429
Malahat Forestry Ltd.	5,612	5,345
Malahat Land Development Limited Partnership	725	725
Malahat Nation Land Corporation	44,809	39,704
Malahat Tenure Holding Ltd.	21,769	-
	<b>152,258</b>	<b>1,491,328</b>

Advances due from related entities are unsecured and without interest or any fixed terms of repayment.

#### 7. INVESTMENT (LIABILITY) IN GOVERNMENT BUSINESS ENTERPRISES

The Malahat Nation's investment (liability) in government business enterprises consist of the following:

	2021	2020
	\$	\$
<b>Investment in government business enterprises</b>		
Malahat Construction Ltd.	1,018	1,018
Malahat Forestry (2012) Ltd.	2	2
Malahat Land Corporation	1	1
Salish Strait Seafoods Ltd.	136,406	136,406
	<b>137,427</b>	<b>137,427</b>
<b>Liability in government business enterprises</b>		
Malahat Investment Corporation	(7,308,796)	(7,308,796)
Malahat Aquaculture Ltd.	-	(1,797)
Malahat Economic Development Ltd.	(8,557)	(8,557)
Malahat Forestry (2012) Ltd.	(1,327)	(1,327)
Malahat Nation Land Corporation	(7,659)	(7,659)
Malahat Tenure Holding Ltd.	(5,704)	(5,704)
	<b>(7,332,043)</b>	<b>(7,333,840)</b>

As of the date of the Independent Auditor's Report, the financial information for all investments, is not available.

## **MALAHAT NATION**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **8. INVESTMENT AND LIABILITY IN GOVERNMENT BUSINESS PARTNERSHIP**

The First Nation's investment in government business partnerships consist of the following:

	2021 \$	2020 \$
Malahat Forestry (2012) Limited Partnership (MFLP)	41,976	41,976

The First Nation's liability in government business partnerships consist of the following:

	2021 \$	2020 \$
Malahat Construction Limited Partnership (MCLP)	83,994	83,994

#### **9. TRUST FUNDS HELD BY FEDERAL GOVERNMENT**

	2021 \$	2020 \$
Capital funds held in trust	1	1
Revenue funds held in trust	778	2,098
	779	2,099

	2021 Revenue \$	2021 Capital \$	2021 Total \$	2020 Total \$
Surplus, beginning of year	2,098	1	2,099	491,546
Withdrawals	(2,098)	-	(2,098)	(495,629)
Interest earnings	7	-	7	5,401
BC Special	771	-	771	781
Surplus, end of year	778	1	779	2,099

## MALAHAT NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

#### 10. FUNDS HELD IN TRUST

	2021 \$	2020 \$
FNFA Secured Revenues Trust Account	3,106,221	3,056,433
FNFA Debt Reserve Fund	2,385,471	2,018,462
	<b>5,491,692</b>	<b>5,074,895</b>

Funds held in trust are established by the First Nations Finance Authority (FNFA) in the First Nation. Secured Revenues Trust Account, as prescribed in the First Nations Fiscal Management Act and regulations as adapted by the Financing Secured by Other Revenues Regulations, are deposited and used to finance the FNFA Promissory note outstanding in the year (note 15). Interest accrued on deposit for 2021 is \$13,810 (2020: \$64,331).

FNFA holds on to 5% of the promissory note in the Debt Reserve Fund. This amount is invested to the credit of the First Nation and will be returned on the maturity of the promissory note. Interest accrued on the deposit for 2021 is \$19,939 (2020: \$83,869).

#### 11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021 \$	2020 \$
Accounts payable and accrued liabilities	935,258	1,248,357
GST payable	28,055	-
Government remittances	39,428	35,170
Vacation payable	65,865	25,341
Wages and benefits payable	4,008	391
	<b>1,072,614</b>	<b>1,309,259</b>

The vacation is comprised of the vacation that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary and the First Nation is required to match their contribution of 5%. The amount of the retirement benefit to be received by the employees will be the amount of the retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributed during the year \$107,482 (2020: \$72,692) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2021.

## **MALAHAT NATION**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **12. DEFERRED REVENUE**

Deferred revenue represents monies received of which the funds are restricted for specific projects or programs and of which the expenses have not yet been incurred.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Indigenous Services Canada	<b>531,235</b>	399,247
First Nation Health Authority	<b>783,702</b>	275,269
Province of British Columbia	<b>1,073,057</b>	81,488
Canadian Mortgage Housing Corporation - Replacement Reserve	<b>86,622</b>	79,334
Other	<b>653,264</b>	176,532
	<b>3,127,880</b>	1,011,870

#### **13. DUE TO RELATED ENTITIES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Malahat Forestry (2012) Ltd.	<b>17,872</b>	17,872
Malahat Forestry (2012) Limited Partnership	<b>595,890</b>	595,890
Malahat Investment Corporation	<b>5,622,667</b>	5,065,969
Malahat Tenure Ltd.	<b>-</b>	1,316,589
Malahat Eco. Dev. Ltd.	<b>1,256,725</b>	-
	<b>7,493,154</b>	6,996,320

Advances due to related entities are unsecured and without interest or any fixed terms of repayment.

## MALAHAT NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

#### 14. LONG-TERM DEBT

	2021 \$	2020 \$
All Nations Trust Company - repayable at \$2,087 per month including interest at 1.14% per annum. The loan will be renewed on June 1, 2021 and will mature in February 2026. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	119,706	143,249
All Nations Trust Company - repayable at \$3,644 per month including interest at 2.21% per annum. The loan will be renewed on February 1, 2024 and will mature in February 2044. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	786,494	749,870
All Nations Trust Company - repayable at \$2,662 per month including interest at 2.41% per annum. The loan will be renewed on April 1, 2023 and will mature in April 2038. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	447,705	468,663
All Nations Trust Company - repayable at \$3,269 per month including interest at 1.83% per annum. The loan will be renewed on December 1, 2024 and will mature in December 2044. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	755,628	768,458
All Nations Trust Company - repayable at \$2,826.48 per month including interest at 1.30% per annum. The loan will be renewed on April 1, 2026 and will mature in April 2046. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	637,562	183,711
Loan advance from Peace Hill Trust has a 15 year term, maturing June 1, 2028 and will be renewed on May 1, 2023. The loan is repayable at \$2,065 per month including interest at 5.50% per annum. The loan is guaranteed by the First Nation Market Housing Fund with a collateral of a GIC for the amount of \$24,924.	151,715	167,712
	<b>2,898,810</b>	<b>2,481,663</b>
Principal portion of long-term debt due within the next five years:		
2022	139,921	
2023	143,065	
2024	146,305	
2025	141,817	
2026 and thereafter	2,327,702	
	<b>2,898,810</b>	
	2021 \$	2020 \$
Interest expense for the year on long-term debt	54,185	55,622

## MALAHAT NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

#### 15. PROMISSORY NOTES

The promissory notes are provided by First Nation Finance Authority as follow:

	2021 \$	2020 \$
First Nation Finance Authority:		
The note has a 25 year term, maturing June 1, 2028. The note is repayable at \$109,621 per month including interest at 3.65% per annum.	21,572,957	22,000,000
The note has a 25 year term, maturing on June 26, 2024. The note is repayable at \$38,185 per month including interest at 2.985% per annum.	6,644,275	6,896,794
The note has a 25 year term, maturing on June 26, 2024. The note is repayable at \$39,500 per month including interest at 2.900% per annum.	7,241,634	7,499,057
The note has a 25 year term, maturing on July 15, 2045. The note is repayable at \$19,423 per month including interest at 2.150% per annum.	5,174,074	-
The note was due on demand without principal repayment and interest was payable monthly at 2.45% per annum. The note was fully paid off in the current fiscal year.	-	3,000,000
Malahat Investment Corporation:		
Note payable to Malahat Investment Corporation was due on demand without principal repayment and bears interest at 5% per annum after default. The note was fully paid off subsequent in the current fiscal year.	-	300,000
	<b>40,632,940</b>	<b>39,695,851</b>

Principal portion of promissory notes due within the next five years:

2021	1,082,170
2022	1,082,170
2023	1,082,170
2024	1,082,170
2025 and thereafter	36,304,260

Interest paid in the current year was \$1,396,898 (2020: 1,309,038).

**MALAHAT NATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2021****16. CAPITAL LEASE OBLIGATION**

	2021	2020
	\$	\$
Kubota Tractor Lease - repayable at \$381 monthly payments bearing no interest. The loan will mature in May 2025. It is secured by the underlining tractor.	19,069	23,645
Ford Escape Lease - repayable at \$540 monthly payments bearing interest at 3.99%. The loan will mature in March 2026. It is secured by the underlining vehicle.	29,265	-
	(48,334)	(23,645)
Interest paid in the current year was \$1,053 (2020: \$Nil).		
Principal portion of capital lease obligation due within the next five years:		
2022	9,988	4,577
2023	10,208	4,577
2024	10,437	4,577
2025	10,674	4,577
2026 and thereafter	7,108	5,337
	48,334	23,645

## MALAHAT NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

#### 17. TANGIBLE CAPITAL ASSETS

The construction projects for CMHC Phase 006 Housing Complex and Sanitary Pump, has been completed and amortized during the fiscal year. The construction in progress for current fiscal year represents construction of the Business Park, Totem Carving Building, a Boat Launch and the Passive Administrative Building.

	Cost				Accumulated amortization			
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization on disposals	Balance, end of year	2021 net book value
	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	9,735,136	70,068	-	9,805,204	931,098	487,289	1,418,387	8,386,817
Automotive equipment	189,939	145,943	(15,601)	320,281	58,302	51,073	106,255	214,026
Equipment	494,027	160,693	-	654,720	108,250	108,767	217,017	437,703
Canoes	14,826	-	-	14,826	12,322	2,224	14,546	280
Infrastructure	659,940	1,688,793	-	2,328,633	363,000	65,966	431,966	2,066,637
Construction in progress	3,653,224	2,000,775	-	5,654,000	543,122	164,787	733,509	4,920,491
Marine development	2,669,024	3,689,376	(3,669,780)	2,688,620	19,436	3,534	22,970	2,688,650
Culture Centre	604,081	-	-	604,081	165,503	30,204	195,707	408,374
Boat	209,954	124,320	-	334,274	145,718	51,119	196,837	137,437
Assets under capital lease	27,459	33,613	-	61,072	4,577	10,447	15,024	46,048
	18,570,722	7,893,793	(3,685,381)	22,779,134	2,359,328	996,440	3,352,648	19,426,486



# MALAHAT NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

	Cost				Accumulated amortization	
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization on disposals
			\$		\$	\$
Buildings	3,254,639	6,480,497	-	9,735,136	77,924	163,174
Automotive equipment	97,575	92,364	-	189,939	38,787	19,515
Equipment	155,326	338,701	-	494,027	77,185	31,065
Canoes	14,826	-	-	14,826	11,880	442
Infrastructure	847,832	12,008	-	859,840	322,309	42,691
Social housing	2,390,059	1,305,669	-	3,695,728	407,858	141,264
Construction in progress	4,273,071	1,046,355	(3,250,372)	2,069,054	-	-
Motor vehicles	3,511,000	-	-	3,511,000	15,903	3,533
Marine equipment	604,091	-	-	604,091	135,289	30,204
Boat	209,954	-	-	209,954	103,727	41,991
Assets under capital lease	-	27,459	-	27,459	-	4,577
	12,518,041	9,303,053	(3,250,372)	18,570,722	1,890,872	468,456

Total interest on long-term debt capitalized in the period is \$1,483 (2020: \$10,563).

## MALAHAT NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

#### 18. ACCUMULATED SURPLUS

	2021 \$	2020 \$
Restricted		
Ottawa Trust Fund	779	2,099
Housing Reserves	29,010	34,040
	<b>29,789</b>	<b>36,139</b>
Unrestricted		
Net invested in tangible capital assets	16,474,913	13,716,367
Operations	(11,393,236)	(10,703,728)
	<b>5,081,677</b>	<b>3,012,639</b>
	<b>5,111,466</b>	<b>3,048,778</b>

#### 19. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates prepared by management and approved by Chief and Council.

#### 20. EXPENSES BY OBJECT

	2021 Budget \$	2021 Actual \$	2020 Actual \$
Amortization	620,000	996,438	468,457
Communications and utilities	33,728	65,565	35,594
Education related expenses	593,849	710,769	649,264
Honorariums	20,200	7,102	5,225
Insurance	109,195	119,603	117,054
Interest and bank charges	1,229,481	1,455,578	1,366,897
Materials and supplies	155,756	155,166	82,391
Membership support	56,500	153,548	7,989
Other expense	743,753	578,767	325,010
Per capita distribution	35,000	68,100	32,600
Professional development	41,784	45,473	6,120
Professional fees	853,145	432,551	405,496
Programs delivery	280,289	74,006	447,819
Repairs and maintenance	99,265	187,090	84,638
Social assistance programs delivery	334,932	394,542	260,573
Subcontractors	1,661,795	154,934	108,557
Travel	68,347	21,564	37,919
Wages and benefits	3,008,562	3,195,178	2,645,988
	<b>9,945,581</b>	<b>8,815,974</b>	<b>7,087,591</b>

## **MALAHAT NATION**

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **21. RELATED PARTY TRANSACTIONS**

During the year ended March 31, 2021, the First Nation entered into transactions with related parties as follows:

- a) The First Nation charged Malahat Investment Corporation \$189,338 (2020: \$187,625) in management and accounting services.
- b) The First Nation received \$375,000 of contribution and \$475,377 of expense reimbursement from YOS Economic Development Limited Partnership in relation to the construction of the Malahat Business Park.
- c) The First Nation paid \$1,202,965 for construction and other project costs to Malahat Hazelwood Construction Ltd. in relation to the Malahat Business Park and other projects.

These transactions are in the normal course of operations and are measured at the exchange value which approximates the arm's length equivalent value for services rendered.

#### **22. ECONOMIC DEPENDENCE**

The Malahat Nation receives a significant portion of its revenue pursuant to a funding agreement with ISC. The nature and extent of this revenue is of such significance that the Malahat Nation is economically dependent on this source of revenue.

#### **23. CONTINGENCIES**

The following contingencies existed as at March 31, 2021:

- a) ISC provides Ministerial Guarantees for loans to the Malahat Nation in the amount of \$3,413,139 with an outstanding balance of \$2,750,961.
- b) Royal Bank of Canada credit facilities to qualified members of the Malahat First Nation with total advances not to exceed \$750,000. Funding under this program is restricted to the purchase, construction or improvement of housing on the Reserve or to refinance loans advanced by another financial institution for that purpose. The Malahat First Nation is required to provide a separate guarantee for each qualified borrower. As at the date of the Independent Auditor's Report, the Malahat Nation had provided a guarantee for one loan with a balance of \$184,428.
- c) The Nation is the named Plaintiff in two cases of litigation regarding employment matters. As the outcome of both cases cannot be reasonably estimated at the date of these financial statements, no adjustment has been reflected in these statements.
- d) The Nation is the named Defendant in three cases of litigation regarding employment matters and damages relating to unpaid consulting invoices. As the outcome of both cases cannot be reasonably estimated at the date of these financial statements, no adjustment has been reflected in these statements.

## **MALAHAT NATION**

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021**

#### **24. SUBSEQUENT EVENT**

Subsequent to the year end, a band owned house with the address of 102 Thunder Road, burned down on June 10th, 2021. The dollar value has not been written off at the date of the financials and the insurance payout estimate cannot be reasonably estimated at this time.

#### **25. COVID-19**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the First Nation's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, impositions of quarantines and social distancing) could have a material impact on the First Nation's operations.

The extent of the impact of this outbreak and related containment measures on the First Nation's operations cannot be reliably estimated at this time.

## MALAHAT NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

#### 26. SEGMENTED INFORMATION

The Malahat Nation provides a wide variety of services to its members. For segment disclosure, these services are grouped and reported under service areas that are responsible for providing such services.

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 in the preparation of the consolidated financial statements as follows:

	Indian Government Services			Treaty Negotiation			Health		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	443,207	698,170	434,630	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	(1,192,022)	-	-	-	-	-	-	-	-
BC Corporation	-	-	-	-	-	-	-	98,845	-
British Columbia Child Care Society	-	-	-	-	-	-	-	903,984	853,615
First Nation Health Authority	-	40,000	40,000	-	-	-	-	-	-
Province of BC	-	25,000	-	-	-	-	-	-	-
Funding from First Nation governments	-	-	-	-	-	-	-	-	-
Other revenue	538,108	64,857	153,012	-	2,000	75,916	79,160	(146,502)	(152,815)
<b>Total revenue</b>	<b>(212,707)</b>	<b>826,027</b>	<b>627,645</b>	<b>-</b>	<b>2,000</b>	<b>75,916</b>	<b>794,779</b>	<b>854,307</b>	<b>700,800</b>
Expenses									
Wages and benefits	1,052,346	995,464	1,076,012	-	-	-	445,969	546,588	383,030
Professional fees	101,470	144,254	120,700	-	-	-	31,200	71,965	14,436
Travel and assistance programs delivery	1,005	1,005	1,005	-	-	-	15,000	15,000	15,000
Treasury	16,500	16,500	9,335	-	-	-	4,000	16,812	3,370
Repairs and maintenance	-	4,429	161	-	-	-	25,850	16,346	9,363
Education related expenses	-	-	-	-	-	-	-	-	-
Interest and bank charges	2,530	2,530	6,452	-	-	-	-	-	1,151
Per diem	35,000	68,100	32,600	-	-	-	-	-	12
Provision for bad debt	-	-	-	-	-	-	-	-	-
Other expenses	351,665	1,211,415	670,012	-	2,000	-	272,760	135,047	163,324
<b>Total expenses</b>	<b>1,573,981</b>	<b>2,442,950</b>	<b>1,917,272</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>794,779</b>	<b>803,474</b>	<b>562,363</b>
<b>Annual surplus (deficit)</b>	<b>(1,786,688)</b>	<b>(1,614,923)</b>	<b>(1,289,627)</b>	<b>-</b>	<b>-</b>	<b>75,916</b>	<b>-</b>	<b>50,833</b>	<b>118,437</b>

# MALAHAT NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

### 26. SEGMENTED INFORMATION, continued

	2021		2020		Education, Employment and Training		2021		Social Development	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues										
Indigenous Services Canada	143,232	-	-	-	602,436	895,108	615,266	284,647	502,019	232,611
Canadian Mortgage and Housing Corporation	1,308,375	110,299	92,722	-	-	-	24,000	-	-	-
First Nation Health Authority	-	-	-	-	-	-	-	-	-	23,667
First Nation Health Authority	-	-	-	-	-	-	40,000	30,000	169,900	300,000
Funding from First Nation Organizations	-	-	-	-	86,935	226,943	122,467	-	-	-
Rental income	192,892	170,296	163,921	-	-	-	-	-	-	-
Other revenue	-	3,450	313,289	147,694	147,694	283,36	388,416	172,473	37,002	101,811
Total revenue	1,644,499	284,085	569,932	865,305	1,060,387	1,190,179	487,120	732,588	664,422	
Expenses										
Wages and benefits	98,527	69,502	147,760	141,462	167,113	158,765	147,265	262,674	93,311	
Professional fees	24,530	4,530	4,530	13,750	4,520	22,299	12,000	300	2,358	
Social assistance programs delivery	-	-	-	-	-	1,726	319,932	364,926	251,170	
Travel	-	-	-	13,157	1,465	9,544	1,040	1,569	3,932	
Repairs and maintenance	42,440	79,162	15,260	-	-	168	-	-	86	
Education related expenses	-	-	-	897,849	706,415	631,121	-	-	-	
Interest and bank charges	25,081	52,026	45,336	-	-	5,770	-	-	-	
Other expenses	986,691	114,862	87,379	153,077	110,947	173,963	100,838	76,257	329,886	
Total expenses	1,177,239	312,002	300,285	909,305	991,326	1,003,076	561,075	707,726	660,822	
Annual surplus (deficit)	467,260	(27,917)	269,647	(44,000)	69,061	187,103	(83,955)	24,862	(16,400)	

# MALAHAT NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

### 26. SEGMENTED INFORMATION, continued

	Economic Development			Community Infrastructure			Ottawa Trust Fund		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$
Indigenous Services Canada	263,323	328,323	290,574	504,452	243,048	67,704	-	-	-
BC Aboriginal Child Care Society	-	-	-	-	125,000	-	-	-	-
Province of BC	35,000	1,034,281	38,000	175,000	104,193	-	-	-	-
First Nation Health Authority	-	-	-	50,000	432,877	-	-	-	-
First Nation Health Authority	44,880	101,024	68,880	-	-	-	-	-	-
Funding from First Nations	-	56,184	-	-	-	-	-	-	-
Organizations	-	-	-	-	-	-	-	-	-
Rental income	1,856,155	3,198,532	2,835,868	4,900	-	-	-	-	-
Other revenue	-	-	-	316,711	(320,663)	1,135,387	7,000	778	6,182
Total revenue	2,229,358	4,701,544	3,336,360	1,050,663	585,055	1,203,091	7,000	778	6,182
Expenses									
Wages and benefits	358,779	473,384	521,551	337,599	203,124	132,177	-	-	-
Professional fees	166,700	164,661	149,324	375,495	13,287	68,737	-	-	-
Social assistance programs delivery	-	-	-	-	48	-	-	-	-
Travel	3,150	1,723	2,999	-	244	688	-	-	-
Repairs and maintenance	-	-	5,934	30,975	77,346	51,869	-	-	-
Interest and bank charges	1,196,100	1,398,527	1,309,050	-	63	277	-	-	-
Other expenses	172,676	377,663	132,191	1,138,502	214,212	23,867	7,000	-	-
Total expenses	1,837,405	2,414,338	2,121,026	1,860,561	508,484	277,723	7,000	-	-
Annual surplus (deficit)	391,953	2,287,206	1,215,334	(809,898)	76,571	925,368	-	778	6,182

# MALAHAT NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2021

### 26. SEGMENTED INFORMATION, continued

	Housing Reserves		Environment and Sustainable Development		Consolidated totals	
	2021 Budget	2020 Actual	2021 Budget	2020 Actual	2021 Budget	2020 Actual
Revenues	\$	\$	\$	\$	\$	\$
Canadian Services Canada	-	-	-	-	2,292,297	2,598,688
Canadian Mortgage and Housing Corporation	-	-	-	-	116,353	110,289
BC Aboriginal Child Care Society	-	-	-	-	223,845	1,640,785
British Columbia Housing Society	-	-	-	-	210,000	116,722
First Nations Health Authority	-	-	-	-	765,619	1,360,598
Fisheries and Oceans Canada	-	-	-	-	874,860	1,405,551
Funding from First Nation	-	-	-	-	86,935	308,127
Indigenous Relations	-	-	-	-	197,392	170,298
Rental income	-	-	-	-	3,787,235	5,652,122
Other revenue	28,880	17,474	497	156,481	-	-
Total revenue	28,880	17,474	497	156,481	10,878,680	8,912,120
Expenses						
Wages and benefits	-	-	426,625	484,349	3,008,562	3,195,178
Professional fees	-	-	188,000	230,356	334,032	352,525
Capital assistance programs delivery	-	-	-	-	68,347	260,576
Travel	-	-	30,500	1,675	21,594	37,520
Repairs and maintenance	-	-	-	8,083	99,265	84,638
Withdrawal	-	-	-	-	1,553,849	1,517,769
Interest and bank charges	-	-	6,000	4,354	1,406,311	1,406,311
Per capita distribution	-	-	-	-	35,000	32,600
Other expenses	28,160	12,272	3,077	93,003	3,723,000	1,804,214
Total expenses	28,160	12,272	5,223	1,137,399	8,945,581	7,087,580
Annual surplus (deficit)	720	5,202	(4,726)	337,282	(1,667,870)	1,824,530