

PACHEEDAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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PACHEEDAHT FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2021

The accompanying consolidated financial statements of Pacheedaht First Nation are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

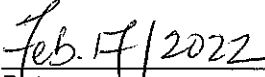
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Finance and Audit Committee (the Committee) review the Band's consolidated financial statements and recommends their approval to Council. The Committee meets 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 annual report, consolidated financial statements and the external auditor's report. The Committee also considers, for review by the Council, the engagement of the external auditors.

The external auditors, Reid Hurst Nagy Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Pacheedaht First Nation and meet when required.

On behalf of Pacheedaht First Nation:


Band Manager


Date

Independent Auditors' Report

To the Members of
Pacheedaht First Nation

Opinion

We have audited the consolidated financial statements of Pacheedaht First Nation, which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, change in net financial assets 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, 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 financial assets, and its consolidated cash flows for the year then ended in accordance with PSAS.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 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 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.

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.

Auditors' 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 auditors' 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 auditors' 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.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
February 17, 2022

PACHEEDAHT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2021	2020
FINANCIAL ASSETS		
Cash	\$ 1,037,782	\$ 715,173
Trust funds held by federal government (Note 2)	408,639	403,284
Accounts receivable (Note 3)	1,135,270	1,146,746
Due from related parties (Note 6)	9,265,512	8,661,152
Investments in government business enterprises (Note 7)	3,413,934	4,312,253
Inventory	36,774	34,460
	15,297,911	15,273,068
LIABILITIES		
Accounts payable (Note 11)	2,322,369	1,855,465
Due to related party (Note 12)	2,160	129,371
Long-term debt (Note 13)	3,250,977	3,348,025
	5,575,506	5,332,861
NET FINANCIAL ASSETS	9,722,405	9,940,207
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	11,209,071	10,516,338
Prepaid expenses	39,305	-
	11,248,376	10,516,338
ACCUMULATED SURPLUS	\$ 20,970,781	\$ 20,456,545
ACCUMULATED SURPLUS		
Equity in Operating Fund	\$ 7,509,522	\$ 6,799,374
Equity in Capital Fund	9,640,814	8,776,031
Equity in Ottawa Trust Fund	408,639	403,283
Equity in Enterprise Fund	3,413,827	4,312,145
Equity in Treaty	(2,021)	165,712
ACCUMULATED SURPLUS	\$ 20,970,781	\$ 20,456,545

APPROVED ON BEHALF OF THE PACHEEDAHT FIRST NATION

 , Chief

 , Councillor

 , Councillor

PACHEEDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31	2021	2020
ANNUAL SURPLUS	\$ 514,236	\$ 1,874,887
Acquisition of tangible capital assets	(1,551,122)	(1,010,265)
Amortization of tangible capital assets	832,975	732,604
Disposal of tangible capital assets	25,414	10,501
	(692,733)	(267,160)
Acquisition of prepaid asset	(39,305)	8,469
Use of prepaid asset	-	24,089
	(39,305)	32,558
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(217,802)	1,640,278
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	9,940,207	8,299,929
NET FINANCIAL ASSETS AT END OF YEAR	\$ 9,722,405	\$ 9,940,207

PACHEEDAHT FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2021	2020
REVENUE		
Indigenous Services Canada	\$ 2,658,727	\$ 2,333,511
Province of BC	2,369,154	957,665
Department of Fisheries & Oceans	1,464,152	951,013
Government of Canada	971,336	1,143,524
Gas station	943,696	1,085,387
First Nations Health Authority	637,668	702,140
Campground	312,388	449,001
Miscellaneous	307,022	692,797
Contract revenue	244,536	276,316
First Nations Education Steering Committee	222,103	112,056
Other revenue	317,754	418,635
Coast Salish Employment & Training Society	109,251	83,079
Rental	83,318	144,835
Administration fee	66,800	120,334
Commercial fishery license leases	31,500	33,680
Interest	5,614	7,013
Share of income (loss) from controlled entities	(898,318)	1,219,278
	9,846,701	10,730,264
EXPENSES		
Band Programs	1,022,091	648,175
Social Development	406,157	328,127
Health	633,548	640,739
Education	1,237,026	1,096,066
Fisheries	1,041,877	737,341
Economic Development	1,853,376	1,968,851
Capital Projects	(70,402)	46,193
Referrals and Lands	602,521	803,280
Own Source Revenue	499,582	648,284
Treaty	849,433	601,243
Capital Fund	832,975	732,604
Housing & Operations and Maintenance	424,278	604,474
	9,332,462	8,855,377
ANNUAL SURPLUS	514,236	1,874,887
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	20,456,545	18,581,658
ACCUMULATED SURPLUS AT END OF YEAR	\$ 20,970,781	\$ 20,456,545

PACHEEDAHT FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2021	2021	2020
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 514,236	\$ 1,874,887
Items not affecting cash		
Amortization	832,975	732,604
Share of (income) loss of government business entities	898,318	(1,219,278)
	2,245,529	1,388,213
Change in non-cash operating working capital	431,414	678,289
	2,676,943	2,066,502
FINANCING ACTIVITIES		
Repayment of long-term debt	(97,049)	(91,647)
Advances to related parties	(731,576)	(590,199)
	(828,625)	(681,846)
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(1,551,123)	(1,010,278)
Disposal of tangible capital assets	25,414	10,511
	(1,525,709)	(999,767)
INCREASE IN CASH AND CASH EQUIVALENTS	322,609	384,889
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	715,173	330,284
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,037,782	\$ 715,173

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

1. 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.

(a) Reporting Entity

The Pacheedaht First Nation ("the First Nation") reporting entity includes the Pacheedaht First Nation government and all related entities that are controlled by the First Nation.

(b) Fund Accounting

The Pacheedaht First Nation maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Treaty Fund reports activities of the treaty negotiating team.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

(c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Pacheedaht First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Pacheedaht First Nation.

Organizations consolidated in Pacheedaht First Nation's financial statements include:

1. Pacheedaht First Nation Government Administration
2. Pacheedaht First Nation Treaty Negotiation Agreement

Organizations accounted for on a modified equity basis include:

3. Pacheedaht Andersen Timber Holdings Limited Partnership
4. Pacheedaht Holding Corporation
5. Pacheedaht Enterprises Inc.
6. Salpac Fisheries Limited Partnership
7. San Juan Market Inc.
8. 1155338 BC Ltd.
9. Soule Creek Lodge Ltd.
10. Qala:yit Forestry Limited Partnership
11. 1228426 BC Ltd.

(d) 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.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Revenue Recognition

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.

Government transfers are recognized as revenues when the transfer is authorized and any 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 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.

(f) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

(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 Pacheedaht First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Land	0% Declining balance
Buildings	10% Declining balance
Community infrastructure	5% Declining balance
Equipment	20% Declining balance
Cable TV System	10% Declining balance
Automotive	20% Declining balance
Computer equipment	20% Declining balance

Tangible capital assets are written down when conditions indicate that they no longer contribute to Pacheedaht 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 consolidated statement of operations.

Contributed 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 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.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Long-term Debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Capital Assets. Proceeds and repayment of principal on long-term are eliminated to the Equity in Capital Assets during the consolidation of the financial statements.

(i) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

(j) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

(k) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates made in these financial statements includes: the useful life of the tangible capital assets, the collectibility of accounts receivable, accrued liabilities and related expenditures.

(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) First 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 March 31, 2021, no liability for contaminated site has been recorded.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(m) Financial Instruments

(i) Measurement of Financial instruments

The First Nation initially measures its financial assets and liabilities at fair value.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value are not recognized in the statement of operations in the period incurred in accordance with PSAS.

Financial assets measured at amortized cost include cash, accounts receivables, funds held in trust.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The First Nation has not designated any financial asset or financial liability to be measured at fair value.

(ii) Impairment

For financial assets measured at cost or amortized cost, the First Nation Corporation determines whether there are indications of possible impairment. When there is an indication of impairment, and the First Nation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the impairment. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(n) 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, prepaid expenses and inventory of supplies.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

2. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Ottawa Trust Funds:

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.

	March 31, 2020	Interest income	March 31, 2021
Revenue funds held in trust	\$ 389,991	\$ 5,355	\$ 395,346
Capital funds held in trust	13,293	-	13,293
	\$ 403,284	\$ 5,355	\$ 408,639

3. ACCOUNTS RECEIVABLE

	2021	2020
Indigenous Services Canada	\$ 51,383	\$ 224,757
Government of Canada	629,320	472,947
Department of Fisheries & Oceans	55,000	168,136
Forestry companies	47,219	59,955
Band members	19,934	18,286
Miscellaneous	352,348	216,300
	1,155,204	1,160,381
Allowance for doubtful accounts	(19,934)	(13,635)
	\$ 1,135,270	\$ 1,146,746

4. RENT RECEIVABLE

	2021	2020
Rent receivable	\$ 490,943	\$ 478,944
Allowance for doubtful accounts	(490,943)	(478,944)
	\$ -	\$ -

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

5. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization					
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2021 net book value
Land	\$ 4,056,107	\$ -	\$ -	\$ 4,056,107	\$ -	\$ -	\$ -	\$ -	\$ 4,056,107
Buildings	5,162,636	1,097,591	-	6,260,227	2,390,949	453,616	-	2,844,565	3,415,662
Automotive equipment	483,765	267,703	-	751,468	191,468	86,168	-	277,636	473,832
Computer equipment	39,075	25,413	-	64,488	39,075	1,240	-	40,315	24,173
Office equipment	92,540	-	-	92,540	82,571	4,600	-	87,171	5,369
General equipment	309,122	34,497	-	343,619	188,932	38,721	-	227,653	115,966
Heavy duty equipment	216,621	-	-	216,621	150,890	33,924	-	184,814	31,807
Marine equipment	445,416	-	-	445,416	198,970	58,134	-	257,104	188,312
Infrastructure	3,296,419	-	-	3,296,419	491,977	156,572	-	648,549	2,647,870
Assets under construction	114,055	125,918	-	239,973	-	-	-	-	239,973
Computer software	25,414	-	(25,414)	-	-	-	-	-	-
Cable TV system	17,000	-	-	17,000	17,000	-	-	17,000	-
Fishing license	10,000	-	-	10,000	-	-	-	-	10,000
	\$ 14,268,170	\$ 1,551,122	\$ (25,414)	\$ 15,793,878	\$ 3,751,832	\$ 832,975	\$ -	\$ 4,584,807	\$ 11,209,071

PACHEEDAHT FIRST 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	Accumulated amortization on disposals	Balance, end of year	2020 Net book value
Land	\$ 4,056,107	\$ -	\$ -	\$ 4,056,107	\$ -	\$ -	\$ -	\$ -	\$ 4,056,107
Buildings	4,925,573	237,063	-	5,162,636	1,980,514	410,435	-	2,390,949	2,771,687
Automotive equipment	278,579	296,695	(91,509)	483,765	224,048	48,427	(81,007)	191,468	292,297
Computer equipment	39,075	-	-	39,075	39,075	-	-	39,075	-
Office equipment	92,540	-	-	92,540	77,971	4,600	-	82,571	9,969
General equipment	309,122	-	-	309,122	152,266	36,666	-	188,932	120,190
Heavy duty equipment	216,621	-	-	216,621	116,965	33,925	-	150,890	65,731
Marine equipment	154,743	290,673	-	445,416	153,440	45,530	-	198,970	246,446
Infrastructure	3,224,636	71,783	-	3,296,419	338,956	153,021	-	491,977	2,804,442
Assets under construction	-	114,055	-	114,055	-	-	-	-	114,055
Buildings	25,414	-	-	25,414	-	-	-	-	25,414
Cable TV system	17,000	-	-	17,000	17,000	-	-	17,000	-
Fishing license	10,000	-	-	10,000	-	-	-	-	10,000
	\$ 13,349,410	\$ 1,010,269	\$ (91,509)	\$ 14,268,170	\$ 3,100,235	\$ 732,604	\$ (81,007)	\$ 3,751,832	\$ 10,516,338

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

6. DUE FROM RELATED PARTIES

	2021	2020
Pacheedaht Holding Company	\$ 561,509	\$ 547,208
1155338 BC Ltd.	180,982	122,918
Pacheedaht Forestry Ltd.	3,891,522	3,931,083
Pacheedaht Fishing Company Inc.	512,185	329,861
Pacific Gateway Marina	50,000	-
San Juan Market Inc.	1,815,974	1,634,331
Soule Creek Lodge Ltd.	2,180,649	109,660
1228426 BC Ltd.	-	1,986,091
Salpac Fisheries Limited Partnership	72,691	-
	\$ 9,265,512	\$ 8,661,152

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

	2021	2020
Investment in Pacheedaht Forestry Limited		
Shares (Held in Trust by Pacheedaht Enterprises Inc.)	\$ 100	\$ 100
Accumulated surplus (deficit)	(1,115,462)	(858,472)
Accumulated surplus (deficit) - Queesto Community Forest Ltd.	(3,876)	-
	(1,119,238)	(858,372)
Investment in Pacheedaht Fishing Company Inc.		
Shares (Held in Trust by Pacheedaht Enterprises Inc.)	100	100
Accumulated retained earnings	(141,299)	12,843
	(141,199)	12,943
Investment in Pacheedaht Andersen Timber Holdings Limited Partnership		
Capital account	3,730,260	3,730,260
Accumulated retained earnings	707,297	-
	4,437,557	3,730,260
Investment in Pacheedaht Enterprises Inc.		
Shares - held in trust	3	3
	3	3
Investment in Salpac Fisheries Limited Partnership		
Capital account	444,535	387,829
	444,535	387,829
Investment in Pacheedaht Holding Corporation		
Long term shareholder loan	369,725	369,725
Shares (Held in Trust by Pacheedaht Trust)	10	10
Accumulated deficit	(14,929)	-
	354,806	369,735

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

7. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES , continued

Investment in San Juan Market Inc.		
Shares (Held in Trust)	1	1
Accumulated deficit	(424,617)	(160,951)
	(424,616)	(160,950)
Investment in Qala:yit Forestry Limited Partnership		
Contribution	62,038	161,131
Accumulated surplus	894,411	698,188
	956,449	859,319
Investment in 1155338 BC		
Shares	1	1
Accumulated deficit	(84,184)	(22,815)
	(84,183)	(22,814)
Investment in Soule Creek Lodge Ltd.		
Shares	100	1
Accumulated deficit	(1,010,388)	(5,811)
	(1,010,288)	(5,810)
Investment in BCFN GP	110	110
	\$ 3,413,936	\$ 4,312,253

8. DEMAND LOAN

Demand operating loans have been authorized by TD Commercial Banking a maximum of \$190,000 in Canadian dollars and bears interest at the Bank's prime lending rate at 3.95% per annum.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

9. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

(i) Year end dated March 31, 2021

(ii) Year end dated December 31, 2020

The Nation holds 49.5% interest each in Pacheedaht Andersen Timber Holdings Limited Partnership and Qala:yit Forestry Limited Partnership.

	Pacheedaht Andersen Timber Holdings LP (ii)	Salpac Fisheries Limited Partnership (i)	Pacheedaht Holding Corporation (i)	Pacheedaht Forestry Limited (ii)	Pacheedaht Enterprises Inc. (ii)	Queesto Community Forest Ltd (ii)
Current assets	\$ 7,733,610	\$ 656,666	\$ 46	\$ 925,062	\$ -	\$ 89,649
Non-current assets	3,197,980	305,020	931,199	2,158,099	-	-
Total assets	\$ 10,931,590	\$ 961,686	\$ 931,245	\$ 3,083,161	\$ -	\$ 89,649
Current liabilities	\$ 1,966,830	\$ 71,044	\$ -	\$ 91,615	\$ -	\$ 97,400
Non-current liabilities	-	-	931,235	4,106,810	-	-
Total liabilities	1,966,830	71,044	931,235	4,198,425	-	97,400
Equity	8,964,760	890,642	10	(1,115,264)	-	(7,751)
Total liabilities and equity	\$ 10,931,590	\$ 961,686	\$ 931,245	\$ 3,083,161	\$ -	\$ 89,649

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

9. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES, continued

	Pacheedaht Andersen Timber Holdings LP (ii)	Salpac Fisheries Limited Partnership (i)	Pacheedaht Holding Corporation (i)	Pacheedaht Forestry Limited (ii)	Pacheedaht Enterprises Inc. (ii)	Queesto Community Forest Ltd (ii)
Revenue	\$ 11,647,565	\$ 677,722	\$ -	\$ 2,070,170	\$ -	\$ 14,288
Expenditures	10,218,683	564,080	14,929	2,327,263	-	16,000
Net income (loss)	\$ 1,428,882	\$ 113,642	\$ (14,929)	\$ (257,093)	\$ -	\$ (1,712)
	1155338 BC Ltd. (ii)	San Juan Market Inc. (ii)	Qala:yit Forestry LP (i)	Pacheedaht Fishing Company Inc. (ii)	1228426 BC Ltd. (i)	Soule Creek Lodge Ltd. (i)
Current assets	\$ -	\$ 204,807	\$ 1,880,674	\$ 402,181	\$ -	\$ 183,107
Non-current liabilities	-	1,143,838	180,257	357,015	-	1,399,172
Total assets	\$ -	\$ 1,348,645	\$ 2,060,931	\$ 759,196	\$ -	\$ 1,582,279
Current liabilities	\$ -	\$ 37,597	\$ 29,664	\$ 699,888	\$ -	\$ 2,552,567
Non-current liabilities	-	1,735,664	75,904	-	-	40,000
Total liabilities	-	1,773,261	105,568	699,888	-	2,592,567
Equity	-	(424,616)	1,955,363	59,308	-	(1,010,288)
Total liabilities and equity	\$ -	\$ 1,348,645	\$ 2,060,931	\$ 759,196	\$ -	\$ 1,582,279

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

9. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES, continued

	1155338 BC Ltd. (ii)	San Juan Market Inc. (ii)	Qala:yit Forestry LP (i)	Pacheedaht Fishing Company Inc. (ii)	1228426 BC Ltd. (i)	Soule Creek Lodge Ltd. (i)
Revenue	\$ -	\$ 1,566,510	\$ 953,557	\$ 167,136	\$ -	\$ 185,456
Expenses	-	1,755,176	757,334	321,278	-	189,595
	\$ -	\$ (188,666)	\$ 196,223	\$ (154,142)	\$ -	\$ (4,139)

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

10. INVENTORY

	2021	2020
Fuel	\$ 13,498	\$ 13,890
Marked	16,509	17,118
Diesel	5,883	2,455
Propane	884	997
	\$ 36,774	\$ 34,460

11. ACCOUNTS PAYABLE

	2021	2020
Accounts payable - general	\$ 1,966,181	\$ 1,583,275
Accrued salaries and employee benefits payable	99,987	82,852
Government remittance payable	112,648	58,163
GST Payable	143,553	131,175
	\$ 2,322,369	\$ 1,855,465

12. DUE TO RELATED PARTIES

	2021	2020
Qala:yit Limited Partnership	\$ 2,160	\$ 80,306
Salpac Fisheries Limited Partnership	-	49,065
	\$ 2,160	\$ 129,371

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related party

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

13. LONG-TERM DEBT

	2021	2020
TD Commercial Banking - Loan advanced for the purchase of Brown's Mountain property, repayable in monthly principal payment of \$7,541 plus interest at prime rate plus 1% per annum, maturing July 2021, secured by a General Security Agreement.	\$ 957,792	\$ 1,048,292
Nuu-chah-nulth Economic Development Corporation - Loan advanced for the construction of campground improvements, repayable in monthly payment of \$2,500 including interest at 3.70% per annum, maturing December 2022, secured by a General Security Agreement.	174,912	201,557
Tale'awtxw Aboriginal Capital Corporation - repayable in monthly principal payment of \$2,257 including interest at 8% per annum, maturing February 2022, secured by a General Security Agreement.	126,462	142,729
Pacheedaht Andersen Timber Holdings Limited Partnership - Loan advanced for purchase of San Juan Market, the advance bears interest at 5% per annum, is unsecured and has no fixed terms of repayment.	1,682,720	1,607,720
TD Commercial Banking (campground) - repayable in monthly principal payment of \$3,219 plus interest at prime rate plus 1% per annum, maturing March 2029.	309,091	347,727
	\$ 3,250,977	\$ 3,348,025
Principal portion of long-term debt due within the next five years:		
2022	\$ 170,552	
2023	299,359	
2024	149,780	
2025	151,494	
2026 and thereafter	2,479,792	
	\$ 3,250,977	

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

14. ACCUMULATED SURPLUS

	2021	2020
Restricted		
Trust Fund	\$ 408,639	\$ 403,283
Treaty	(2,021)	165,712
	406,618	568,995
Unrestricted		
Operating Fund	7,509,522	6,799,374
Capital Fund	9,640,814	8,776,031
Enterprise Fund	3,413,827	4,312,145
	20,564,163	19,887,550
	\$ 20,970,781	\$ 20,456,545

15. BUDGET INFORMATION

Canadian Public Sector Accounting Standards require that the First Nation's budget be presented in the financial statements. As the First Nation did not prepare a budget, no budgeted figures have been presented as otherwise required.

16. ECONOMIC DEPENDENCE

Pacheedaht First Nation receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Agreement". This agreement has been entered into by the Pacheedaht First Nation and Indigenous Services Canada. It is expected that the agreement will be renewed on an annual basis.

The First Nation also receives major funding pursuant to an agreement with First Nations Health Authority, and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

17. SEGMENTED INFORMATION

As previously discussed in note 1 (i) the First Nation conducts its business through reportable segments as follows:

The Band Program department is responsible for administering projects in the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First nation including advisory services relating to financial management, band government, economic development, community services and technical services.

The Community Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

The Education program provides services to eligible First Nation students enrolled in elementary/secondary education programs and eligible post-secondary education programs.

The Social Development program provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

Economic Development and Job Creation Program includes activities related to the growth of the revenue producing projects within the First Nation, as well as land use activities.

Own Revenue Source program provides the non-government source of revenue for the local communities.

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Other operations include Capital Fund, Ottawa Trust Fund, Enterprise Fund, and First Nation Negotiation Support Agreement transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

17. SEGMENTED INFORMATION, continued

	2021 Budget	Band Programs 2021 Actual	2020 Actual	2021 Budget	Social Development 2021 Actual	2020 Actual	2021 Budget	Health 2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 690,344	\$ 540,947	\$ -	\$ 414,055	\$ 303,908	\$ -	\$ 82,200	\$ 82,200
First Nations Health Authority	-	-	-	-	-	-	-	637,668	702,140
Province of BC	-	-	-	-	-	-	-	60,000	22,000
Miscellaneous	-	9,565	18,883	-	-	-	-	1,912	500
Other revenue	-	197,608	150,423	-	-	-	-	-	-
Total revenue	-	897,517	710,253	-	414,055	303,908	-	781,780	806,840
Expenses									
Contractor	-	45,296	66,990	-	4,440	14,777	-	64,509	69,526
Education	-	-	-	-	-	11,000	-	-	-
Materials and supplies	-	106,528	49,583	-	9,928	3,200	-	68,595	61,046
Professional fees	-	231,433	49,366	-	-	-	-	600	22,500
Honorarium	-	72,317	43,200	-	-	-	-	13,756	38,079
Wages and benefits	-	490,663	364,035	-	38,918	50,493	-	290,105	220,134
Other expenses	-	75,850	75,001	-	352,870	248,657	-	195,986	229,454
Total expenses	-	1,022,087	648,175	-	406,156	328,127	-	633,551	640,739
Annual surplus (deficit)	\$ -	\$ (124,570)	\$ 62,078	\$ -	\$ 7,899	\$ (24,219)	\$ -	\$ 148,229	\$ 166,101

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

17. SEGMENTED INFORMATION, continued

	2021 Budget	Education 2021 Actual	2020 Actual	2021 Budget	Fisheries 2021 Actual	2020 Actual	Economic Development 2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 1,080,093	\$ 749,316	\$ -	\$ 50,000	\$ -	\$ -	\$ 42,000	\$ 15,000
Province of BC	-	384,387	57,561	-	-	-	-	960,729	861
Public Works and Government Services Canada	-	-	-	-	-	-	-	204,000	122,210
Contract revenue	-	-	-	-	-	-	-	210,345	276,316
Miscellaneous	-	17,588	21,509	-	94,684	51,136	-	89,979	(1,487,192)
Other revenue	-	372,383	300,084	-	1,455,644	845,785	-	1,299,928	1,522,067
Total revenue	-	1,854,451	1,128,470	-	1,600,328	896,921	-	2,806,981	449,262
Expenses									
Contractor	-	163,878	45,347	-	337,840	62,045	-	44,425	64,968
Education	-	362,721	212,502	-	-	-	-	-	-
Materials and supplies	-	56,290	92,860	-	54,465	56,415	-	150,996	119,204
Professional fees	-	-	-	-	118,913	268,211	-	20,361	-
Purchases	-	-	-	-	-	-	-	817,356	900,200
Honorarium	-	14,538	13,310	-	24,079	250	-	550	954
Wages and benefits	-	449,450	541,178	-	178,842	195,178	-	614,222	596,781
Other expenses	-	190,150	190,869	-	327,739	155,242	-	205,466	286,744
Total expenses	-	1,237,027	1,096,066	-	1,041,878	737,341	-	1,853,376	1,968,851
Annual surplus (deficit)	\$ -	\$ 617,424	\$ 32,404	\$ -	\$ 558,450	\$ 159,580	\$ -	\$ 953,605	\$ (1,519,589)

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

17. SEGMENTED INFORMATION, continued

	2021 Budget	Capital Projects 2021 Actual	2020 Actual	2021 Budget	Referrals and Lands 2021 Actual	2020 Actual	2021 Budget	Own Source Revenue 2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 131,514	\$ 258,121	\$ -	\$ -	\$ 183,905	\$ -	\$ -	\$ -
Province of BC	-	-	-	-	15,000	-	-	267,338	195,543
Contract revenue	-	-	-	-	-	-	-	34,191	-
Miscellaneous	-	-	-	-	50,221	45,495	-	42,323	1,508,932
Other revenue	-	-	-	-	333,960	1,019,704	-	537,849	398,746
Total revenue	-	131,514	258,121	-	399,181	1,249,104	-	881,701	2,103,221
Expenses									
Contractor	-	(78,927)	38,375	-	45,114	141,878	-	91,221	43,853
Materials and supplies	-	3,524	-	-	40,739	42,682	-	2,629	11,017
Professional fees	-	-	-	-	340,400	258,835	-	9,574	4,086
Honorarium	-	-	-	-	4,040	2,367	-	114,466	101,671
Wages and benefits	-	-	-	-	132,323	256,854	-	85,696	74,343
Other expenses	-	5,001	7,818	-	39,906	100,664	-	195,995	413,314
Total expenses	-	(70,402)	46,193	-	602,522	803,280	-	499,581	648,284
Annual surplus (deficit)	\$ -	\$ 201,916	\$ 211,928	\$ -	\$ (203,341)	\$ 445,824	\$ -	\$ 382,120	\$ 1,454,937
	2021 Budget	Capital Fund 2021 Actual	2020 Actual	2021 Budget	Ottawa Trust Fund 2021 Actual	2020 Actual	2021 Budget	Enterprise Fund 2021 Actual	2020 Actual
Revenues									
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ 5,356	\$ 7,013	\$ -	\$ (898,318)	\$ 1,219,278
Total revenue	-	-	-	-	5,356	7,013	-	(898,318)	1,219,278
Expenses									
Amortization	-	832,975	732,604	-	-	-	-	-	-
Total expenses	-	832,975	732,604	-	-	-	-	-	-
Annual surplus (deficit)	\$ -	\$ (832,975)	\$ (732,604)	\$ -	\$ 5,356	\$ 7,013	\$ -	\$ (898,318)	\$ 1,219,278

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

17. SEGMENTED INFORMATION, continued

	2021 Budget	Treaty 2021 Actual	2020 Actual	Housing & Operations and Maintenance 2021 Budget	2021 Actual	2020 Actual	2021 Budget	Consolidated totals 2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ 168,521	\$ 200,114	\$ -	\$ 2,658,727	\$ 2,333,511
First Nations Health Authority	-	-	-	-	-	-	-	637,668	702,140
Rental	-	-	-	-	83,318	144,835	-	83,318	144,835
Province of BC	-	681,700	681,700	-	-	-	-	2,369,154	957,665
Public Works and Government Services Canada	-	-	-	-	-	-	-	204,000	122,210
Contract revenue	-	-	-	-	-	-	-	244,536	276,316
Miscellaneous	-	-	-	-	750	533,534	-	307,022	692,797
Other revenue	-	-	-	-	37,866	37,690	-	3,342,276	5,500,790
Total revenue	-	681,700	681,700	-	290,455	916,173	-	9,846,701	10,730,264
Expenses									
Amortization	-	-	-	-	-	-	-	832,975	732,604
Contractor	-	15,600	-	-	42,475	196,108	-	775,871	743,867
Education	-	-	-	-	-	-	-	362,721	223,502
Materials and supplies	-	1,920	-	-	16,292	49,793	-	511,906	485,800
Professional fees	-	509,038	292,371	-	-	-	-	1,230,319	895,369
Purchases	-	-	-	-	-	-	-	817,356	900,200
Honorarium	-	36,000	10,800	-	-	-	-	279,746	210,631
Wages and benefits	-	261,181	275,353	-	83,069	98,353	-	2,624,469	2,672,702
Other expenses	-	25,694	22,719	-	282,441	260,220	-	1,897,098	1,990,702
Total expenses	-	849,433	601,243	-	424,277	604,474	-	9,332,461	8,855,377
Annual surplus (deficit)	\$ -	\$ (167,733)	\$ 80,457	\$ -	\$ (133,822)	\$ 311,699	\$ -	\$ 514,240	\$ 1,874,887

PACHEEDAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

18. COVID 19

1) On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets due to the possible disruption in supply chains, and measure 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, imposition of quarantines and social distancing) could have a material impact on the First Nation's operations.

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

In accordance with the provincial safety measures, the First Nation has developed a COVID-19 safety plan and the First Nation plans to continue operating under the new protocols beginning on March 11, 2020.

19. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period