HUPACASATH FIRST NATION

FINANCIAL STATEMENTS

March 31, 2021

HUPACASATH FIRST NATION
INDEX
March 31, 2021

HUPACASATH FIRST NATION
INDEX
March 31, 2021

Page

Schedules of Financial position and Revenue, Expenditures and Equity by Program, continued

HUPACASATH FIRST NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
March 31, 2021

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

The 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.

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 financial statements.

The Council 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 financial statements and the external auditor's report.

The external auditors, Sabo, Jang Co. Ltd., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Hupacasath First Nation and meet when required.

On behalf of Hupacasath First Nation:

Councillor	Aug 31, 2021 Date
Councillor	21/08/31 Date
Councillor	Date
Councillor	Date

SABO, JANG & CO. LTD.
(A Professional Corporation)
Chartered Professional Accountants

GREG K. SABO, CPA, CGA **MICHAEL JANG, CPA, CGA, CAFM**

Independent Auditor's Report

To the Members of
Hupacasath First Nation

Qualified Opinion
We have audited the financial statements of Hupacasath First Nation (First Nation), which comprise the statement of financial position as at March 31, 2021, and the statements of revenue, expenditures and accumulated surplus, change in net financial assets (debt) and cash flows for the year then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2021, and the results of its operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion
As noted in Note 1 - Basis of Presentation and Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with the Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in capital assets.

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

Emphasis of Matter
Our audit was conducted for the purpose of forming an opinion on the financial statements of First Nation taken as a whole. The supplementary information included on the schedules on pages 31-56 is presented for the purposes of additional analysis and is not a part of the audited financial statements. As such the supplementary information provided is not included under this report and we give no formal opinion on the information provided.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

www.sabojang.com **frontdesk@sabojang.com**
P.O. Box 580,
118 McMillan Street
Parksville, B.C. V9P 2G6
Ph: 250-951-2000
Fax: 250-951-2070

In preparing the 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 Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Salo, Jang & Co. Ltd.

Parksville, B.C.
August 30, 2021

Chartered Professional Accountants

HUPACASATH FIRST NATION
STATEMENT OF FINANCIAL POSITION
March 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash	$ 520,320	$ 623,285
Restricted cash (Note 2)	398,970	389,387
Accounts receivable	607,305	286,014
Excise tax recoverable	-	3,623
Due from/to related parties (Note 3)	828,416	679,870
Loan receivable (Note 4)	3,353,858	3,888,412
Investment in First Nation business partnerships & enterprises (Note 5)	2,078,426	1,919,599
	7,787,295	7,790,190
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	338,041	137,048
Deferred revenue (Note 7)	3,276	92,620
Excise tax payable	32,900	-
Reserves (Note 8)	49,533	44,485
Long-term debt (Note 9)	7,009,763	7,655,571
	7,433,513	7,929,724
NET FINANCIAL ASSETS (DEBT)	353,782	(139,534)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	5,345,691	4,687,756
Prepaid expenses	94,921	109,507
Inventories held for use	-	24,353
	5,440,612	4,821,616
ACCUMULATED SURPLUS & CONTRIBUTED EQUITY (Note 11)	$ 5,794,394	$ 4,682,082

Contingent liabilities (Note 17)
Significant events (Note 19)

Approved on behalf of the Hupacasath First Nation

________________, Councillor

________________, Councillor

________________, Councillor

________________, Councillor

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
For the year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
ANNUAL SURPLUS	$ **392,566**	$ 1,112,311	$ 1,035,029
Acquisition of tangible capital assets	**(558,116)**	(1,166,210)	(2,350,631)
Amortization of tangible capital assets	-	508,276	493,539
Net disposition of tangible capital assets	-	-	23,500
	-	(657,934)	(1,833,592)
Consumption (acquisition) of prepaid assets	**14,586**	14,586	(9,877)
Consumption (acquisition) of inventories held for use	24,353	24,353	(14,773)
Increase (decrease) in net financial assets	**431,505**	493,316	(823,213)
Net Financial Assets (Debt) at beginning of year	-	(139,534)	683,679
Net Financial Assets (Debt) at end of year	$ -	$ 353,782	$ (139,534)

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
For the year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
REVENUE			
Nuu-chah-nulth Tribal Council	**$ 1,443,290**	$ 2,258,546	$ 1,689,971
Logging revenue	**-**	1,296,430	794,212
Province of BC	**202,000**	653,085	360,748
Department of Fisheries and Oceans	**279,000**	344,065	259,931
BC First Nations Gaming Revenue	**337,000**	337,217	313,807
Nuu-chah-nulth Economic Development Corporation	**-**	197,800	-
Interest income	**110,000**	157,526	172,315
Rental income	**10,000**	142,646	122,070
Net income (losses) - Business Partnerships (Note 5)	**-**	135,394	(271,318)
Deferred revenue (Note 7)	**400,000**	92,620	535,753
Grant revenue	**23,000**	88,000	27,601
Canada Mortgage and Housing Corporation	**-**	68,252	57,914
Administration recoveries	**50,000**	48,000	61,700
Lease income	**-**	46,580	94,643
Other revenue	**135,291**	33,838	49,045
First Nations Health Authority	**8,000**	25,059	36,106
First Nation Education Steering Committee	**-**	24,855	13,003
Donations	**15,000**	7,716	18,165
Treaty loan forgiveness	**-**	-	904,411
	3,012,581	5,957,629	5,240,077

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
For the year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
EXPENDITURES (Note 13)			
Operating Fund	**2,503,515**	3,417,900	3,035,507
Social Housing Fund	-	157,186	124,025
Enterprise Fund	-	1,270,172	888,407
Treaty Fund	**10,000**	60	157,109
	2,513,515	4,845,318	4,205,048
ANNUAL SURPLUS	**392,566**	1,112,311	1,035,029
ACCUMULATED SURPLUS AT BEGINNING OF YEAR			
As previously stated	-	2,637,083	1,827,217
Prior period adjustment (Note 15)	-	-	(225,163)
As restated	-	2,637,083	1,602,054
TRANSFERS	**(70,555)**	-	-
ACCUMULATED SURPLUS AT END OF YEAR	$ **322,011**	$ 3,749,394	$ 2,637,083

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
STATEMENT OF CASH FLOWS
For the year ended March 31, 2021

	2021	2020
Cash flows from		
Operating activities		
ANNUAL SURPLUS	$ 1,112,311	$ 1,035,029
Items not affecting cash		
Amortization	508,276	493,539
	1,620,587	1,528,568
Change in non-cash operating working capital		
Accounts receivable	(321,291)	373,198
Prepaid expenses	14,586	(9,877)
Loan receivable	534,554	513,771
Inventory	24,353	(14,773)
Accounts payable and accrued liabilities	200,992	(670,270)
Deferred revenue	(89,344)	(443,133)
Reserves	5,048	8,576
Due to/from related parties	(148,546)	(133,440)
Excise tax payable (recoverable)	36,523	(3,623)
	1,877,462	1,148,997
Capital activities		
Acquisition of tangible capital assets	(1,166,209)	(2,350,629)
Disposition of capital asset	-	23,500
	(1,166,209)	(2,327,129)
Financing activities		
Long-term debt	(645,808)	815,004
Investing activities		
Increase (decrease) in long-term investments	(158,827)	405,333
Increase in restricted cash	(9,583)	(21,114)
	(168,410)	384,219
Increase (decrease) in cash and cash equivalents	(102,965)	21,091
Cash and cash equivalents, beginning of year	623,285	602,194
Cash and cash equivalents, end of year	$ 520,320	$ 623,285
Supplementary information		
Interest paid	$ 238,675	$ 197,076
Interest received	$ 157,525	$ 172,315

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
NOTES TO 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 the Canadian Institute of Chartered Accountants.

(a) Fund accounting

The Hupacasath First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual, or voluntary actions. The various funds have been amalgamated for the purposes of presentation in the consolidated financial statements. Detail of the operations of each fund are set out in the supplementary schedules.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Reporting entity principles of financial reporting

The Hupacasath First Nation reporting entity includes the Hupacasath First Nation and all related entities which are accountable to the Council, and which are either owned, directly or indirectly, or controlled by the Hupacasath First Nation.

The controlled business of the First Nation meeting the definition of a government business partnership or enterprise have been recorded by the First Nation using the modified equity method where applicable. Under the modified equity method of accounting, only the Nation's investment in the government business enterprise or government business partnership and their share of the entities net income and other changes in equity are recorded. No adjustments are made for accounting policies of the entities that are different from those of the Nation.

Government business partnerships and entities, which are partially or wholly-owned by the Nation and which are not dependent on the Nation for their continuing operations, included in the consolidated financial statements using the modified equity method are as follows:

- Ahahswinis Green Investments Ltd.
- HFN Environmental Waste Disposal Services Limited Partnership
- Kleekhoot Gold Limited Partnership
- Nootka Insurance Limited Partnership
- Tsuma-as Tseafoods Limited Partnership
- Upnit Power Limited Partnership

See Note 5 on Investment in first nation business partnerships and enterprises.

The First Nation also prepares Financial Statements that consolidate the assets, liabilities and results of operations for the following entities which lend themselves to consolidation:

1. Operating Fund
2. Trust Fund
3. Social Housing Fund
4. Enterprise Fund
5. Treaty Fund

All inter-fund balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

(c) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, inventories held for use and prepaid expenses.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Net financial assets

The First Nation's consolidated financial statements have been presented to highlight net financial assets as the measurement of financial position. Net financial assets of the First Nation are reported as the difference between liabilities and financial assets. Net financial assets added with non-financial assets calculates the accumulated surplus as a second indicator of financial position.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits.

(f) 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 Hupacasath First Nation's incremental cost of borrowing.

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

Automotive equipment	5 years Straight line
Boats	8 years Straight line
Buildings	20 years Straight line
Computer equipment	3 years Straight line
Computer software	3 years Straight line
Equipment	5 years Straight line
Equipment (10 year)	10 years Straight line
Fencing	10 years Straight line
Infrastructure	20 years Straight line
Roads and Parking lots	20 years Straight line
Signage	3 years Straight line
Storage and sheds	5 years Straight line

Social Housing capital assets have been amortized in an amount equal to the principal reduction of the mortgage, as required for CMHC reporting purposes.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(g) 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.

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

The First Nation recognizes revenue of the Trust Funds at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Deferred revenue includes funding that is received but restricted for a specific use and is not in the applicable statement of revenue, expenditures and surplus. Deferred revenue is recognized once the related expenses are incurred.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Significant items subject to estimates include the valuation of accounts receivable, prepaid expenses, estimated useful life of tangible assets and accrued liabilities. Actual results could differ from those estimates.

(i) Comparative figures

Comparative figures have been reclassified, where applicable, to conform to current presentation.

2. RESTRICTED CASH

	2021	2020
In Trust for Membership	$ 320,103	$ 304,414
Ottawa Trust Funds	39,647	38,440
Social Housing reserve bank	39,219	46,138
Treaty	-	395
	$ 398,969	$ 389,387

In trust for membership funds are held in a GIC earning 1.4% interest. This amount includes $67,091 which is committed as security for the BMO loan to ensure that the First Nation has cash reserves to cover the monthly payments of the BMO loan for Upnit Power LP, if Upnit Power LP is unable to make its monthly loan payment to the First Nation.

Ottawa trust fund accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Social Housing funds held in Replacement and Operating Reserves according to the terms of the agreements with CMHC under Section 95 of the National Housing Act of Canada are presented on the Statements of Funded Reserves with the Social Housing Fund financial information.

Under the terms of the agreements with CMHC these funds, along with accumulated interest, must be held in separate bank accounts and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise may be mutually agreed to by the First Nation and CMHC. Withdrawals from the reserves are credited to interest first and then to principal.

Treaty funds were restricted to use on treaty related activities.

3. DUE FROM/TO RELATED PARTIES

The exchange method of measuring related party transactions is used by the First Nation.

	2021	2020
1054423 Fisheries LP	$ 40,116	$ (25,344)
Ahahswinis Green Investments Ltd	263,066	-
HFN Environmental Waste Disposal Services LP	112,472	141,848
Kleekhoot Gold LP	420,096	342,870
Nootka Insurance LP	-	5,156
Tsuma-as Tseafoods LP	57,890	192,117
Upnit Power LP	(65,224)	23,223
	$ 828,416	$ 679,870

Advances due from/to related entities are unsecured and without interest or any fixed terms of repayment. Related party transactions are measured at the exchange amount and are not measurably different in value than what would have been otherwise charged if the parties were not related.

The above entities are related due to the Nation having control over them. Details of ownership are outlined in Note 5.

4. LOAN RECEIVABLE

	2021	2020
Upnit Power Limited Partnership, repayable at $56,697 per month including interest at 4.00% per annum, guaranteed by a General Security Agreement, maturity date October, 2026.	$ 3,353,857	$ 3,888,412

Loans receivable are valued at the lower of cost and net realizable value. Valuation allowances are used to reflect the collectability and risk of loss of receivables. No valuation allowance was recorded during the year and interest earned is recorded as received.

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS & ENTERPRISES

	2021	2020
Ahahswinis Green Investments Ltd.	$ (50,866)	$ 1
HFN Environmental Waste Disposal Services Limited Partnership	(105,670)	(103,488)
Kleekhoot Gold Limited Partnership	(294,173)	(305,324)
Nootka Insurance Agency Limited Partnership	-	5,195
Tsuma-as Tseafoods Limited Partnership	279,839	201,378
Upnit Power Limited Partnership	2,249,296	2,121,837
Total Investment in Business Partnerships & Enterprises	$ 2,078,426	$ 1,919,599

The First Nation owns 100% of the common shares of Ahahswinis Green Investments Ltd. Ahahswinis Green Investments Ltd. is a cannabis production and wholesale company.

The First Nation owns 99.99% of the outstanding units of HFN Environmental Waste Disposal Services Limited Partnership. HFN Environmental Waste Disposal Services LP operates a waste collection and disposal operation that services its membership and the general public.

The First Nation owns 99.99% of the outstanding units of Kleekhoot Gold Limited Partnership. Kleekhoot Gold LP operates a maple syrup production and bottling company that sells its products.

The First Nation owns 99.99% of the outstanding units of Nootka Insurance Agency Limited Partnership. Nootka Insurance Agency operates an insurance brokerage servicing the public.

The First Nation owns 99.99% of the outstanding units of Tsuma-as Tseafoods Limited Partnership. Tsuma-as Tseafoods LP manages fishing operations for the First Nation.

The First Nation owns 72.5% of the outstanding units of Upnit Power Limited Partnership. Upnit Power Limited Partnership operates a micro hydro facility which began operations in December 2005.

Events related to and transactions of the partnerships and enterprises during the intervening period between their last reporting date and March 31, 2021 were estimated to not have a significant effect on the Nations results from operations or statement of financial position

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their December 31, 2020 year ends is as follows:

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS & ENTERPRISES, continued

	Ahahswinis Green Investments Ltd.	HFN Environ Waste Disposal Services Limited Partnership	Kleekhoot Gold Limited Partnership	Nootka Insurance Agency Limited Partnership	Tsuma-as Tseafoods Limited Partnership	Upnit Power Limited Partnership	2020 Total
Cash	$ 32,411	$ 40,647	$ 31,594	$ -	$ 82,745	$ 101,182	$ 288,579
Accounts receivable	862	1,374	-	-	-	314,878	317,114
Prepaid expenses	22,023	-	-	-	-	2,218	24,241
Tangible capital assets	16,950	-	14,356	-	-	7,077,737	7,109,043
Due from related parties	-	4,155	5,138	-	6,442	27,864	43,599
Investments	-	-	-	-	386,075	-	386,075
Inventory	-	-	41,664	-	-	-	41,664
Total assets	$ 72,246	$ 46,176	$ 92,752	$ -	$ 475,262	$7,523,879	$8,210,315
Accounts payable	$ 3,863	$ 8,913	$ 11,276	$ -	$ 32,009	$ 58,485	$ 114,546
Current portion of callable debt	-	-	-	-	-	21,982	21,982
Current portion of long term debt	1,875	1,875	6,480	-	1,875	563,669	575,774
Deferred revenue	-	-	15,109	-	-	-	15,109
Due to related parties	95,249	119,024	331,329	-	139,442	-	685,044
Callable debt	-	-	-	-	-	581,804	581,804
Long term debt	22,125	22,040	22,766	-	22,040	3,527,003	3,615,974
Total liabilities	123,112	151,852	386,960	-	195,366	4,752,943	5,610,233
Equity	(50,866)	(105,676)	(294,208)	-	279,896	2,770,936	2,600,082
Total liabilities and equity	$ 72,246	$ 46,176	$ 92,752	$ -	$ 475,262	$7,523,879	$8,210,315
Revenue	$ 16,109	$ 72,427	$ 16,302	$ 5	$ 151,969	$ 1,622,134	$1,878,946
Expenses	66,976	74,637	32,764	2,003	73,500	1,446,292	1,696,172
	$(50,867)	$ (2,210)	$ (16,462)	$ (1,998)	$ 78,469	$ 175,842	$ 182,774

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS & ENTERPRISES, continued

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their December 31, 2019 year ends is as follows:

	HFN Environ Waste Disposal Services Limited Partnership	Kleekhoot Gold Limited Partnership	Nootka Insurance Agency Limited Partnership	Tsuma-as Tseafoods Limited Partnership	Upnit Power Limited Partnership	2019 Total
Cash	$ 9,977	$ 728	$ 23,766	$ 1,468	$ 30,354	$ 66,293
Accounts receivable	5,394	942	-	88,784	184,947	280,067
Prepaid expenses	-	-	-	-	2,598	2,598
Tangible capital assets	-	15,716	-	-	7,533,432	7,549,148
Due from related parties	3,355	4,338	-	4,842	629	13,164
Investments	-	-	-	239,366	-	239,366
Inventory	-	41,664	-	-	-	41,664
Total assets	$ 18,726	$ 63,388	$ 23,766	$ 334,460	$7,751,960	$8,192,300
Accounts payable	$ 2,199	$ 3,323	$ 13,578	$ 2,774	$ 98,985	$ 120,859
Deferred revenue	-	15,109	-	-	-	15,109
Due to related parties	119,992	340,620	-	130,260	101,439	692,311
Long term debt	-	9,690	-	-	4,956,440	4,966,130
Total liabilities	122,191	368,742	13,578	133,034	5,156,864	5,794,409
Equity	(103,465)	(305,354)	10,188	201,426	2,595,096	5,794,409
Total liabilities and equity	$ 18,726	$ 63,388	$ 23,766	$ 334,460	$7,751,960	$8,192,300
Revenue	$ 57,858	$ 1,265	$ 24,149	$ 221,814	$ 1,113,879	$1,418,965
Expenses	85,371	60,684	14,060	208,584	1,393,559	1,762,258
	$ (27,513)	$ (59,419)	$ 10,089	$ 13,230	$ (279,680)	$ (343,293)

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS & ENTERPRISES, continued

The 5 year loan principal repayment schedule for each entity is as follows:

	Ahahswinis Green Investments Ltd	HFN Environmental Waste Disposal Services Limited Partnership	Kleekhoot Gold Limited Partnership	Tsuma-as Tseafoods Limited Partnership	Upnit Power Limited Partnership
2021	$ 1,875	$ 1,875	$ 6,480	$ 1,875	$ 563,669
2022	7,500	7,500	8,226	7,500	592,451
2023	7,500	7,500	7,500	7,500	616,567
2024	7,040	7,040	7,040	7,040	641,224
Thereafter	85	-	-	-	1,676,761
Total	$ 24,000	$ 23,915	$ 29,246	$ 23,915	$ 4,090,672

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade payables	$ 266,228	$ 88,354
Wages payable	11,270	5,773
Vacation and overtime payable	14,937	18,295
Government remittances	40,052	16,517
Pensions payable	4,155	5,376
Employee savings plan	1,399	2,733
	$ 338,041	$ 137,048

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 $24,233 (2020- $16,897) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2021.

7. DEFERRED REVENUE

	2021	2020
Rental income	$ 3,276	$ 1,650
DFO - Funding for new truck	-	87,500
Youth fundraising	-	3,470
	$ 3,276	$ 92,620

Deferred revenue are amounts received during the year that have not been expended during the fiscal year and will be recognized within the following fiscal year. Deferred revenue in the current year consists of deposits on rentals for the 2022 fiscal year.

8. RESERVES

	2021	2020
Social Housing replacement reserve	$ 26,710	$ 20,296
Social Housing operating reserve	22,823	24,189
	$ 49,533	$ 44,485

9. LONG-TERM DEBT

	2021	2020
Toyota Credit Canada Inc., repaid in the year.	$ -	$ 7,994
NEDC, repaid in the year.	-	4,793
Bank of Montreal, although due on demand, the bank is accepting $8,384 per month including interest at prime plus 0.5% per annum, matures 2026; secured by a general security agreement.	524,528	608,359
All Nations Trust Company, repayable at $2,006 per month including interest at 1.86% per annum, guaranteed by Hupacasath First Nation and the Federal Government, renewal date is April 2024 (matures April 2026).	116,885	138,390
All Nations Trust Company, repayable at $2,804 per month including interest at 1.97% per annum, guaranteed by Hupacasath First Nation and the Federal Government, renewal date is December 2022 (matures October 2032).	349,068	375,030
NEDC, repaid in the year.	-	15,617

9. LONG-TERM DEBT, continued

	2021	2020
NEDC, repayable at $2,808 per month including interest at 4.45% per annum, matures January 2026; secured by PPSA and a promissory note of the First Nation.	141,677	172,057
NEDC, repayable at $10,144 including interest at prime + 2% per annum; guaranteed by a general security agreement, matures in April 2040.	1,569,785	1,642,804
BMO loan, repayable at $54,853 per month including interest at 3.30% per annum, matures September 2026; secured by the Upnit Power LP assets (see Note 5 for carrying value) and a general security agreement.	3,305,920	3,845,680
All Nations Trust Company, repayable at $3,536 per month including interest at 1.83% per annum, guaranteed by the Hupacasath First Nation and the Federal Government, renewal date is December 2024 (matures December 2044).	851,036	844,847
NEDC - repayable at $2,909 per month including interest at 6% per annum, guaranteed by a general security agreement, matures in March 2026.	150,864	-
	$ 7,009,763	$ 7,655,571

Principal portion of long-term debt due within the next five years:

2022	$ 822,722
2023	851,402
2024	881,183
2025	912,113
2026 and thereafter	3,542,343
	$ 7,009,763

10. TANGIBLE CAPITAL ASSETS

Tangible capital asset continuity schedule for 2021

	Cost				Accumulated amortization			
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2021 net book value
Automotive equipment	$ 740,417	$ 77,660	$ -	$ 818,077	$ 662,615	$ 62,385	$ 725,000	$ 93,077
Boats	318,539	-	-	318,539	209,159	26,374	235,533	83,006
Buildings	4,207,442	608,093	-	4,815,535	2,630,583	174,289	2,804,872	2,010,663
Cardlock	-	254,207	-	254,207	-	-	-	254,207
Computer equipment	192,834	8,454	-	201,288	170,970	12,839	183,809	17,479
Computer software	79,855	-	-	79,855	34,728	12,894	47,622	32,233
Equipment	646,813	27,697	-	674,510	489,534	90,866	580,400	94,110
Equipment (10 year)	343,902	-	-	343,902	222,820	32,311	255,131	88,771
Fencing	46,897	-	-	46,897	22,948	3,486	26,434	20,463
Infrastructure	1,441,851	188,207	-	1,630,058	1,170,803	30,905	1,201,708	428,350
Land	314,981	1,894	-	316,875	-	-	-	316,875
Nets	5,248	-	-	5,248	875	1,749	2,624	2,624
Roads and Parking Lots	237,444	-	-	237,444	87,946	11,872	99,818	137,626
Signage	3,100	-	-	3,100	3,100	-	3,100	-
Social Housing	2,367,718	-	-	2,367,718	553,204	48,307	601,511	1,766,207
	$10,947,041	$1,166,212	$ -	$12,113,253	$6,259,285	$ 508,277	$6,767,562	$ 5,345,691

TANGIBLE CAPITAL ASSETS, continued

Tangible capital asset continuity schedule for 2020

	Cost				Accumulated amortization			
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2020 Net book value
Automotive equipment	$ 730,987	$ 9,430	$ -	$ 740,417	$ 576,601	$ 86,014	$ 662,615	$ 77,802
Boats	292,247	49,792	(23,500)	318,539	173,236	35,923	209,159	109,380
Buildings	3,073,791	1,133,651	-	4,207,442	2,500,968	129,615	2,630,583	1,576,859
Computer equipment	181,302	11,532	-	192,834	151,829	19,141	170,970	21,864
Computer software	79,855	-	-	79,855	21,834	12,894	34,728	45,127
Equipment	609,278	37,535	-	646,813	410,429	79,105	489,534	157,279
Equipment (10 year)	325,063	18,839	-	343,902	182,000	40,820	222,820	121,082
Fencing	46,897	-	-	46,897	19,462	3,486	22,948	23,949
Infrastructure	1,274,586	167,265	-	1,441,851	1,148,785	22,018	1,170,803	271,048
Land	305,008	9,973	-	314,981	-	-	-	314,981
Nets	-	5,248	-	5,248	-	875	875	4,373
Roads and Parking Lots	237,444	-	-	237,444	76,074	11,872	87,946	149,498
Signage	3,100	-	-	3,100	3,100	-	3,100	-
Social Housing	1,460,353	907,365	-	2,367,718	501,427	51,777	553,204	1,814,514
	$ 8,619,911	$ 2,350,630	$ (23,500)	$ 10,947,041	$ 5,765,745	$ 493,540	$ 6,259,285	$ 4,687,756

A $254,207 addition to the cardlock is not being amortized as it is not yet in use.

11. ACCUMULATED SURPLUS

	2021	2020
Accumulated surplus at end of year	$ 3,749,394	$ 2,637,082
Contributed equity	2,045,000	2,045,000
	$ 5,794,394	$ 4,682,082

The First Nation has committed the cumulative surplus of the following programs for the future expenditures in only those specific programs.

	2021	2020
Community and Human Services	$ 708,097	$ 556,995
Capital - Residential	217,610	205,938
Capital - Non-residential	664,285	574,688
Natural Resources	326,360	337,505
	$ 1,916,352	$ 1,675,126

These balances are included in the accumulated surplus at end of year line of the table above and are not supported by seperate assets.

12. BUDGETED FIGURES

Budgets were not prepared for all segments and all departments in 2021. As such, the budget figures in the Consolidated Statement of Operations are not presented for the same scope of the activities as the actual results.

The disclosed budget information has been approved by the Chief Councillor and Council of the Hupacasath First Nation.

13. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2021 Budget	2021 Actual	2020 Actual
Advertising	$ **25,000**	$ 18,789	$ 39,762
Amortization	**-**	508,276	493,539
Bad debts	**-**	5,156	(4,389)
Bank charges and service fees	**6,900**	8,397	9,431
Basic needs and other social development costs	**275,000**	264,103	282,201
COVID-19 support	**156,000**	287,974	7,211
Community planning costs	**-**	946	20,038
Community support programs	**63,055**	38,368	56,077
Consultant fees	**20,000**	-	31,762
Contracts	**289,260**	413,110	510,187
Election costs	**-**	7,940	2,385
Fire protection	**18,000**	40,188	21,981
Fuel	**2,500**	15,196	14,281
Honorariums	**21,000**	56,700	95,285
Insurance	**64,500**	120,132	97,317
Interest on long-term debt	**100,000**	238,675	197,076
Licences, dues and fees	**10,000**	11,261	6,373
Materials and supplies	**47,200**	47,540	83,574
Meetings	**10,000**	18,163	34,868
Membership distribution	**95,000**	98,100	89,100
National Child Tax Benefit	**30,000**	30,084	54,455
Office expenses	**10,500**	11,621	24,308
Operating reserve transfers	**-**	(1,366)	9,546
Patient transportation	**35,000**	28,889	22,936
Production costs - logging	**-**	907,451	641,367
Professional fees	**67,500**	89,032	44,987
RRAP renovations	**-**	2,248	10,867
Rental property costs	**13,000**	3,261	5,997
Repairs and maintenance	**51,000**	101,674	62,433
Replacement reserve transfers	**-**	17,560	14,371
Security	**4,000**	125,494	1,678
Special needs	**3,000**	25,204	13,766
Student allowances	**25,000**	14,255	17,077
Telecommunications	**15,300**	19,226	19,260
Tradition and culture	**-**	500	20,836
Training	**2,500**	5,571	4,716
Travel	**8,000**	19,766	46,286
Utilities	**86,500**	149,945	96,481
Wages and benefits	**878,300**	1,095,889	1,005,622
	$ **2,433,015**	$ 4,845,318	$ 4,205,048

14. SEGMENTED INFORMATION

The First Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

Operating
Includes general operations, support and financial management of the First Nation. Additionally, it includes activities related to education, health and community infrastructure.

Trust
Includes activities related to funds held in trust and a specific claim trust.

Social Housing
Includes revenue and expenses relating to the social housing of the members of the Hupacasath First Nation.

Enterprise
Includes activities related to the growth of revenue producing projects with the First Nation such as the First Nation business partnerships outlined in note 5.

Treaty
Includes activities related to the treaty negotiation with the Federal Government.

Segmented information is a summary of the activities of each of the segments. The revenues and expenditures include amounts eliminated on consolidation and capital asset purchases.

14. SEGMENTED INFORMATION, continued

	Operating Fund			Trust Fund			Social Housing Fund		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Nuu-chah-nulth Tribal Council	$ 1,418,278	$ 2,233,534	$ 1,665,243	$ -	$ -	$ -	$ -	$ -	$ -
Department of Fisheries and Oceans	279,000	344,065	259,931	-	-	-	-	-	-
Province of BC	202,000	151,463	344,281	-	-	-	-	-	-
Interest income	110,000	156,890	171,502	-	454	602	-	182	212
Canada Mortgage and Housing Corporation	-	-	5,938	-	-	-	-	68,252	51,975
Rental income	10,000	44,293	42,034	-	-	-	-	98,353	80,036
Other revenue	878,291	1,077,652	1,128,108	-	753	746	-	-	-
Total revenue	2,897,569	4,007,897	3,617,037	-	1,207	1,348	-	166,787	132,223
Expenses									
Wages and benefits	803,800	969,662	870,397	-	-	-	-	-	-
Contracts	289,260	413,110	395,179	-	-	-	-	-	-
Amortization	-	360,022	364,711	-	-	-	-	48,307	51,777
Repairs and maintenance	51,000	63,024	51,497	-	-	-	-	30,817	5,072
Other expenses	1,359,455	2,170,199	1,668,326	-	-	-	-	87,663	75,374
Total expenses	2,503,515	3,976,017	3,350,110	-	-	-	-	166,787	132,223
Annual surplus (deficit)	$ 394,054	$ 31,880	$ 266,927	$ -	$ 1,207	$ 1,348	$ -	$ -	$ -

14. SEGMENTED INFORMATION, continued

	Enterprise Fund 2021 Budget	Enterprise Fund 2021 Actual	Enterprise Fund 2020 Actual	Treaty Fund 2021 Budget	Treaty Fund 2021 Actual	Treaty Fund 2020 Actual
Revenues						
Logging revenue	$ -	$ 1,296,430	$ 794,212	$ -	$ -	$ -
Lease income	-	43,080	91,644	-	-	-
Province of BC	-	481,622	16,465	-	20,000	-
Nuu-chah-nulth Tribal Council	-	-	-	25,012	25,012	24,728
Treaty loan forgiveness	-	-	-	-	-	904,411
Net losses - Business Partnerships	-	135,394	(271,318)	-	-	-
Other revenue	-	89,800	600	-	-	236,927
Total revenue	-	2,046,326	631,603	25,012	45,012	1,166,066
Expenses						
Wages and benefits	74,500	126,227	112,712	-	-	22,513
Honorariums	-	-	-	-	-	10,500
Consultant fees	-	-	1,200	10,000	-	19,661
Production costs - logging	-	907,451	641,367	-	-	-
Other expenses	(74,500)	536,494	433,128	-	60	104,435
Total expenses	-	1,570,172	1,188,407	10,000	60	157,109
Annual surplus (deficit)	$ -	$ 476,154	$ (556,804)	$ 15,012	$ 44,952	$ 1,008,957

15. PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to correct the presentation of commited funds. The effect of this change is a decrease in liabilities of $1,675,126, a decrease in net debt of $1,675,126 and an increase in accumulated surplus of $1,675,126.

A prior period adjustment was made to correct long term debt in 2020. The effect of the correction was a decrease in revenue of $50,000, an increase in long term debt of $50,000 and a decrease in equity of $50,000. A second prior period adjustment was made to correct Tsuma-as Tseafoods Limited Partnership share of income from the prior year. The effect of the correction was a decrease in revenue of $175,163, a decrease in equity of $175,163, and a decrease in the investment in Tsuma-as Tseafoods LP.

The comparative figures have been restated to reflect these changes.

16. ECONOMIC DEPENDENCE

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

17. CONTINGENT LIABILITIES

a) The First Nation is contingently liable for guarantees of mortgages of members' residences situated on reserve. The total amount of such mortgages as at March 31, 2021 is $241,176 (2020 - $262,166).

b) The First Nation is contingently liable for $92,470 (2020 - $100,877) loaned by Canadian Mortgage and Housing Corporation to the First Nation controlled entity Ooh-ah-tluk-kuu-wil Society. Commencing in August 2007, the loan is forgiven at a rate of one fifteenth of the original principal amount for each year the Society continues to own and operate the safehouse project.

c) The First Nation and individual band members have entered into loan agreements with Canada Mortgage and Housing Corporation to finance renovations under the On-Reserve Residential Rehabilitation Assistance Program (RRAP). The loans are forgivable over the terms of the agreements (between 1 and 5 years) provided the First Nation is not in default under the agreement and that the band members continue to own and occupy their houses during the term. As the First Nation has and intends to continue to comply with the loan agreement, the loan has been classified as a conditional grant, with loan proceeds recognized as revenue as the funds are received under the terms of the agreement. No liability has been recorded in the financial statements. The balance of contingent loan payable as at March 31, 2021 is $21,667 (2020 - $27,084).

18. FINANCIAL INSTRUMENTS

The financial instruments of the First Nation consist of cash, accounts receivable, accounts payable and accruals, wages payable and debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

19. SIGNIFICANT EVENTS

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19" outbreak. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As the impacts of COVID-19 continue, there could be further impact on the First Nation. Management is actively monitoring the affects on its financial condition, liquidity, operations, supplier, sector and workforce.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations at this time, nevertheless management does believe that the First Nation is still able to continue as a going concern.