

Haisla Nation Council
Consolidated Financial Statements
For the year ended March 31, 2021

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Consolidated Financial Statements
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	Contents
Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3 - 5
Consolidated Financial Statements	
Exhibit A - Consolidated Statement of Financial Position	6
Exhibit B - Consolidated Statement of Change in Net Assets	7
Exhibit C - Consolidated Statement of Operations	8 - 10
Exhibit D - Consolidated Statement of Cash Flows	9
Summary of Significant Accounting Policies	10 - 13
Notes to Consolidated Financial Statements	14 - 31

Management's Responsibility for Financial Reporting

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

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

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

The Haisla Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through its Executive committee.

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

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



Chief Operating Officer



Finance Manager

Independent Auditor's Report

To the Members of
Haisla Nation Council

Qualified Opinion

We have audited the consolidated financial statements of Haisla Nation Council (the Group), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of change in net financial assets, operations and cashflows 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 matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Haisla Nation Council as at March 31, 2021 and the results of its operations, change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As noted in the Summary of 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 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 as at March 31, 2021 and 2020, the related amortization expense and annual surplus for the year ended March 31, 2021 and 2020 and equity in tangible capital assets as at April 1 and March 31 for both the 2021 and 2020 years.

We are unable to satisfy ourselves regarding the appropriate treatment on the Haisla Nation Council's Investments in Nation business entities due to inability to obtain audited financial statements of each business entity. We are unable to determine whether adjustments to the investment in business entities are appropriate as at March 31, 2021 and 2020, revenue and annual surplus (deficit) for the year ended March 31, 2021 and 2020, and accumulated surplus as at April 1 and March 31 for both the 2021 and 2020 years.

Our audit opinion on the financial statements for the year ended March 31, 2020 was modified for the above matters.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

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

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

Auditor's Responsibilities for the Audit of the 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 Groups's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Chartered Professional Accountants

Kamloops, British Columbia
October 5, 2021

Haisla Nation Council

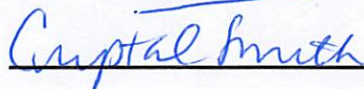
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2021	2020
Financial Assets		
Cash (Note 1)	\$ 16,439,919	\$ 3,258,144
Restricted cash (Note 2)	358,594	1,203,003
Accounts receivable (Note 3)	4,795,653	3,468,484
Investments (Note 4)	198,384,888	194,212,232
Investment in Nation business entities (Note 10)	31,131,431	26,087,678
	<u>251,110,485</u>	<u>228,229,541</u>
Liabilities		
Accounts payable (Note 5)	3,915,378	3,059,178
Deferred revenue (Note 6)	2,469,054	2,168,838
Long term debt (Note 7)	2,219,073	2,468,154
Due to related party (Note 17)	14,567,919	11,979,715
	<u>23,171,424</u>	<u>19,675,885</u>
Net Assets	<u>227,939,061</u>	<u>208,553,656</u>
Non-financial Assets		
Prepaid expense	194,996	566,040
Inventory held for resale	308,975	302,206
Tangible capital assets (Note 8)	52,033,988	47,544,787
	<u>52,537,959</u>	<u>48,413,033</u>
Accumulated Surplus (Note 9)	<u>\$ 280,477,020</u>	<u>\$ 256,966,689</u>

Approved on behalf of the Band Council:



Deputy Chief Councilor



Chief Councilor

Haisla Nation Council

Exhibit B - Consolidated Statement of Change in Net Assets

For the year ended March 31	2021	2020
Surplus - Exhibit C	\$ 22,446,183	\$ 24,666,801
Purchases of tangible capital assets	(7,272,398)	(19,843,164)
Amortization of tangible capital assets	2,587,197	2,194,250
Disposal of tangible capital assets	-	13,000
Write-downs of tangible capital assets (phase 4)	-	619,947
Write-downs on accumulated amortization (phase 4)	-	(456,614)
Write-downs of tangible capital assets (phase 1)	508,380	-
Write-downs on accumulated amortization (phase 1)	(312,380)	-
Change in tangible capital assets	(4,489,201)	(17,472,581)
 Change in prepaid expense	 371,043	 10,915,846
Change in Ottawa trust funds	15,484	5,060
Change in department surplus/deficit	954,750	-
Change in internal administration	87,743	-
Change in restricted equity	(309,802)	(970,379)
Change in transfers	317,488	166,281
Change in replacement reserve	(8,283)	(90,579)
	1,428,423	10,026,229
 Increase in net assets	 19,385,405	 17,220,449
Net assets, beginning of year	208,553,656	191,333,207
 Net assets, end of year	 \$227,939,061	 \$208,553,656

Haisla Nation Council

Exhibit C - Consolidated Statement of Operations

For the year ended March 31	Budget	2021	2020
Revenue			
Indigenous Services Canada	\$ -	\$ 8,359,003	\$ 7,087,942
First Nations Health Authority	-	2,686,613	6,024,363
Fisheries and Oceans Canada	-	409,876	269,122
Province of British Columbia	-	2,563,384	1,072,115
Rio Tinto Alcan	-	517,874	468,681
Social Housing rental income	-	223,195	220,642
Canada Mortgage and Housing Corporation	-	170,522	177,700
Canada Post	-	19,619	19,940
Funds from Ottawa Trust - lease agreement	-	8,691,669	18,584,145
Rental income	-	81,040	99,390
First Nations Education Steering Committee	-	446,007	396,309
Interest and investment income	-	7,232,172	11,008,815
Investment income from business entities	-	23,801,445	11,994,236
Fees and other income	-	5,289,543	8,452,742
Property taxes	-	3,018,354	3,020,624
	-	63,510,316	68,896,766
Expenses			
Administration	-	24,524,174	22,301,947
Community welfare	-	1,430,834	789,815
Operations & maintenance	-	3,401,552	3,156,951
Education	-	3,812,847	5,173,858
Economic development	-	3,922,908	7,562,729
Health services	-	2,211,444	2,743,095
Social housing	-	621,743	752,533
Natural resource management	-	943,228	1,552,581
Treaty related matters	-	-	-
Capital	-	195,403	196,456
	-	41,064,133	44,229,965
Surplus for the year	\$ -	\$ 22,446,183	\$ 24,666,801

Haisla Nation Council

Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2021	2020
Operating activities		
Cash receipts from various sources	\$ 30,444,870	\$ 42,619,814
Cash receipts from taxation	3,018,354	3,020,624
Cash paid to employees and suppliers	(25,667,116)	(26,234,636)
Interest paid	(1,136,408)	(1,148,259)
Payments from JV's and LP's	23,801,445	11,994,236
Interest received	5,218,694	7,699,823
Cash flows from operating activities	35,679,839	37,951,602
Capital activity		
Purchase of capital assets	(6,764,018)	(19,210,217)
Investing activities		
Change in investment in business entities	(5,043,753)	(10,321,925)
Purchase of investments	(10,977,033)	(9,342,837)
Cash flows used in investing activities	(22,784,804)	(38,874,979)
Financing activity		
Issuance of long term debt	-	1,058,785
Repayment of long term debt	(249,078)	(367,457)
Cash flows from financing activity	(249,078)	691,328
Net increase (decrease) in cash and cash equivalents	12,645,957	(232,049)
Cash and cash equivalents, beginning of year	4,461,147	4,693,196
Cash and cash equivalents, end of year	\$ 17,107,104	\$ 4,461,147
Represented by:		
Cash	\$ 16,748,510	\$ 3,258,144
Restricted cash	358,594	1,203,003
	\$ 17,107,104	\$ 4,461,147

Haisla Nation Council

Summary of Significant Accounting Policies

March 31, 2021

Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for government entities, as defined in the CPA Public Sector Accounting and Auditing Handbook, which encompasses the following.

Reporting Entity and Principles

The Haisla Nation Council reporting entity includes the Haisla Nation Council government and all related entities which are accountable to the Haisla Nation Council and are either owned or controlled by the Haisla Nation Council.

All controlled entities are consolidated in the Haisla Nation Council's financial statements according to the Haisla Nation Council's percentage ownership except for entities that meet the definition of a government business enterprise or a government business partnership, which are included in the financial statements on a modified equity basis. Accounting policies of consolidated and proportionately consolidated entities are conformed to those of the Haisla Nation Council and inter-organizational balances and transactions are eliminated upon consolidation.

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

- Haisla Nation Council, and the following entities: Haisla Capacity Development Society, Haisla Trust Society, Haisla (HL) Developments Ltd., Haisla Projects GP Inc., HN Gas Export Corp., Haisla (BC) Developments Ltd., Cedar 3 LNG Export, Cedar 2 LNG Export, Cedar 1 LNG Export, HN Gas Management Inc., 078498 BC Ltd. and Cedar LNG Export Development Ltd., HN LNG LP, Haisla Driving School, 0728078 BC Ltd., and 1156673 BC Ltd.

Incorporated business entities and government partnerships, which are owned or controlled by the Haisla Nation Council and which are not dependent on the band for their continuing operations, are included in the summary financial statements using the modified equity method. Refer to note 11.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.

Haisla Nation Council

Summary of Significant Accounting Policies

March 31, 2021

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates included in these consolidated financial statements include the valuation of accounts receivable, accuracy of accounts payable and accrued liabilities, and calculation of deferred revenue.

Temporary Investments

Temporary investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value. Unless the decline is determined to be temporary in nature.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Tangible capital assets acquired as part of the Social Housing Fund are recorded in that fund. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded at revenue.

Amortization is recorded on a declining balance basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows below.

Automotive equipment	30%
Band owned houses	5%
Buildings	5%
Construction equipment	20%
Infrastructure	2%
Office and furniture equipment	20-30%

In the year of acquisition, 50% of the normal amortization is recorded.

No amortization is taken on assets under construction until they have been fully developed.

Social Housing Fund assets acquired under CMHC subsidized housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for CMHC reporting purposes.

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

Haisla Nation Council

Summary of Significant Accounting Policies

March 31, 2021

Revenue Recognition	<p>Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements, which relates to a subsequent fiscal period, is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.</p> <p>Rental revenue is recognized when a tenant commences occupancy and rent is due. Haisla Nation Council retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.</p> <p>Taxation revenue is recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated noncollectable amounts.</p> <p>All other revenue is recognized in the period in which the events that give rise to the revenue occurs.</p>
Ottawa Trust Funds	<p>Haisla Nation Council uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized as revenue of the band upon authorized withdrawal from the Ottawa Trust Fund.</p>
Rents Receivable	<p>Canada Mortgage and Housing Corporation (CMHC) does not allow or recognize bad debts recorded in the financial statements of Social Housing and will not subsidize rental arrears.</p>
Government Transfers	<p>Government transfers are recognized as revenue in the financial statements 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 the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p>
Deferred Revenue	<p>Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.</p>

Haisla Nation Council

Summary of Significant Accounting Policies

March 31, 2021

Leased Assets	Leases entered into that transfer substantially all of the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with the tangible capital assets owned by the Group, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.
Non-Financial Assets	Non-financial assets are used to provide the Haisla Nation Council's services in future periods. These assets do not normally provide resources to discharge the liabilities of the Haisla Nation Council unless they are sold. The Haisla Nation Council's non-financial assets include tangible capital assets, prepaid expenses and inventory held for sale.
Trusts Under Administration	Trusts administered by the Haisla Nation Council are not included in these financial statements.

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

1. Cash

	2021	2020
Operating	\$ 15,471,682	\$ 2,620,652
Gas Bar	186,305	132,062
Social Housing Operating reserve	702,857	11,814
Kuldo	76,284	394,946
Haisla Driving School	3,966	33,208
Cedar LNG	(8,241)	58,369
Haisla (HL) Developments Ltd.	7,066	7,093
	\$ 16,439,919	\$ 3,258,144

Cash is held in two Canadian Chartered Banks and earns interest at the current prevailing rates for business operating accounts.

2. Restricted Cash

	2021	2020
Ottawa Trust revenue	\$ 24,890	\$ 9,406
Ottawa Trust capital	21,934	21,934
Social Housing Replacement reserve (PRE)	271,811	448,302
Social Housing Replacement reserve (POST)	39,959	723,361
	\$ 358,594	\$ 1,203,003

The Ottawa trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Nation and Nation members. The expenditures of capital funds requires the consent of Indigenous Services Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

In order to provide for replacement of major capital items, the terms of the operating agreements between Haisla Nation Council and CMHC provide that a replacement reserve fund be established by annual charges to operations in amount prescribed by the agreements. Under these agreements, Haisla Nation Council is required to segregate annual transfers to reserve funds and interest earned on these funds from other cash. As at March 31, 2021, the replacement reserve was overfunded (underfunded) by \$(102,676) (2020 - \$25,573).

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

3. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	<u>2021</u>	<u>2020</u>
Operating		
Accounts receivable - Trade	\$ 4,324,407	\$ 3,252,116
Rents receivable	1,961	15,261
Allowance for rents receivable	(1,961)	(15,261)
Indigenous Services Canada	<u>263,908</u>	<u>95,650</u>
	4,588,315	3,347,766
Accounts receivable - Other entities	<u>207,338</u>	<u>120,718</u>
	<u>\$ 4,795,653</u>	<u>\$ 3,468,484</u>

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

4. Investments

	2021		2020	
	Market Value	Book Value	Market Value	Book Value
Investments				
Cash	\$ 4,675,653	\$ 4,675,653	\$ 5,440,040	\$ 5,440,040
Fixed Income	33,921,064	33,202,955	33,227,547	32,131,977
Preferred Shares	2,049,531	2,081,195	1,996,956	2,111,330
Common Shares	52,981,316	46,086,216	38,909,894	40,500,766
Foreign Securities	429,104	291,689	220,024	289,012
Mutual Funds	14,961,719	14,487,471	13,833,438	14,450,518
American Depository Receipts	9,636,331	8,339,640	11,534,313	12,822,532
	118,654,718	109,164,819	105,162,212	107,746,175
Kitamaat LNG Investments				
Cash	283,985	283,985	1,978,055	1,978,055
Provincial Bonds	5,977,314	6,046,651	5,810,064	5,690,771
US Equities	6,229,604	5,650,696	3,218,631	3,384,347
Fund Units	33,834,239	30,233,289	24,387,088	24,687,794
Federal Government Bonds	6,925,289	6,667,982	11,811,116	11,087,154
Corporate Bonds	10,559,317	10,174,341	12,016,843	11,419,558
Canadian Equities	9,194,584	6,840,257	5,810,464	5,385,961
	73,004,332	65,897,201	65,032,261	63,633,640
Legacy Trust				
Cash	-	-	64,699	64,699
Fixed Income	4,156,020	4,165,314	4,408,743	4,291,665
Common Shares	4,554,761	3,741,915	3,172,989	3,033,428
Mutual Funds	2,618,727	2,637,911	3,013,765	3,127,418
Foreign Securities	60,503	34,470	41,840	52,958
American Depository Receipts	4,268,435	1,737,057	1,589,333	1,255,183
	15,658,446	12,316,667	12,291,369	11,825,351
Members' Trust				
Fixed Income	6,201	6,201	6,201	6,201
	6,201	6,201	6,201	6,201
Cedar LNG				
Fixed Income	11,000,000	11,000,000	11,000,865	11,000,865
	\$ 218,323,697	\$ 198,384,888	\$ 193,492,908	\$ 194,212,232

Included in investments is \$13,594,085 of investments held for restricted equities consolidated in from Cedar LNG.

The Nation also maintains the Haisla Minors LNG trust fund. The investment balance of the fund has been excluded from the financial statements as the asset are beneficially held in trust for third parties.

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

4. Investments (continued)

The fixed income investments include treasury bills and government and bank bonds with maturity dates that range from April 2021 to December 2046. The interest rates earned on the fixed income investments range from 1.25% to 6.40% per annum.

The Members' Trust is made up of internally restricted funds received under the Rio Tinto Alcan Legacy Agreement.

5. Accounts Payable

	<u>2021</u>	<u>2020</u>
Operating	\$ 3,722,101	\$ 3,013,602
A/P - Social Housing	12,237	12,852
A/P - Haisla Capacity	2,000	2,000
A/P Haisla Driving School	148,615	30,724
A/P Haisla Trust	30,425	-
	<u>\$ 3,915,378</u>	<u>\$ 3,059,178</u>

6. Deferred Revenue

Deferred revenue represents funding received for programs/projects that were not completed during the year.

	<u>2021</u>	<u>2020</u>
Operating Fund - Other		
Miscellaneous	\$ 2,469,054	\$ 2,168,838

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

7. Long Term Debt

	2021	2020
<u>Operating</u>		
Royal Bank of Canada term loan, repayable in monthly instalments of \$7,490 including interest at 4.70% per annum, maturing July 2021	\$ 747,687	\$ 814,941
<u>Social Housing</u>		
All Nations Trust Company, mortgage, repayable in monthly instalments of \$4,391 including interest of 1.69% per annum, September 2044	1,022,074	1,058,786
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,402 including interest at 1.14% per annum, maturing May, 2021	4,795	33,414
All Nations Trust Company, mortgage, repayable in monthly instalments of \$ 2,515 including interest at 1.65% per annum, maturing May 2022	34,630	63,969
All Nations Trust Company, mortgage, repaid during the year	-	6,692
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,183 including interest at 1.14% per annum, maturing May 2026	71,202	84,590
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,725 including interest at 1.71% per annum, maturing July 2023	47,426	67,247
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,998 including interest at 1.44% per annum, maturing February 2027	135,904	157,955
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,284 including interest at 1.44% per annum, maturing February 2027	155,355	180,560
Subtotal	\$ 2,219,073	\$ 2,468,154

All Social Housing mortgages are secured by a Ministerial Guarantee from Indigenous Services Canada

	2021	2020
Long term debt carried forward	\$ 2,219,073	\$ 2,468,154
Less: current portion	900,838	996,604
	\$ 1,318,235	\$ 1,471,550

Haisla Nation Council
Notes to Consolidated Financial Statements

March 31, 2021

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

2022	\$ 900,838
2023	123,540
2024	106,483
2025	101,077
2026	102,596
Thereafter	<u>884,539</u>
	<u>\$ 2,219,073</u>

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

8. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 3,473,978	\$ -	\$ 3,473,978	\$ -
Artwork	16,500	-	16,500	-
Assets under construction	7,777,252	-	2,489,957	-
Equipment				
Automotive equipment	3,012,954	2,116,953	2,732,406	1,793,071
Construction equipment	748,989	731,967	748,989	727,711
Other equipment	4,801,022	3,017,569	4,386,491	2,615,008
Communication equipment	10,375	10,341	10,375	10,326
Boating equipment	527,124	516,515	527,124	511,969
Buildings				
Community buildings	26,077,696	7,998,045	25,734,280	7,055,522
Band owned houses	221,924	107,056	221,924	101,010
Community buildings	129,258	56,400	129,258	53,365
Land improvements				
Infrastructure	3,179,068	1,112,959	3,179,068	1,070,793
Housing construction	588,263	143,179	588,263	119,754
	50,564,403	15,810,984	44,238,613	14,058,529
Social Housing	6,034,147	3,041,823	6,542,527	3,174,590
Haisla (HL) Developments Ltd				
Land	453,234	-	453,234	-
Assets under construction	870,555	-	870,555	-
	1,323,788	-	1,323,789	-
Haisla Driving School				
Vehicles	106,342	62,003	106,342	42,999
	1,430,130	62,003	1,430,131	42,999
Haisla Trust Society				
Land held in trust	397,135	-	397,135	-
Land	103,124	-	103,124	-
Building Kuldo Apartments	12,797,135	910,317	12,110,529	302,764
Building MK Bay	582,007	86,246	322,006	66,995
Other equipment	58,250	20,970	58,249	11,650
	13,937,651	1,017,533	12,991,043	381,409
	71,966,331	19,932,343	65,202,314	17,657,527
Net book value	\$ 52,033,988		\$ 47,544,787	

Haisla Nation Council
Notes to Consolidated Financial Statements

March 31, 2021

8. Tangible Capital Assets (continued)

	2021							
	Land	Artwork	Equipment	Buildings	Land Improvements	Assets under construction	Dock	Total
Cost, beginning of year	\$4,754,138	\$ 16,500	\$ 8,626,776	\$ 41,158,697	\$ 3,179,068	\$ 6,878,871	\$ 588,263	\$65,202,313
Additions		-	695,079	1,290,023	-	5,287,296	-	7,272,398
Write-downs (phase 1)	(196,000)	-	-	(312,380)	-	-	-	(508,380)
Cost, end of year	\$4,558,138	\$ 16,500	\$ 9,321,855	\$ 42,136,340	\$ 3,179,068	\$12,166,167	\$ 588,263	\$71,966,331
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 5,701,084	\$ 10,765,897	\$ 1,070,793	\$ -	\$ 119,752	\$17,657,526
Amortization	-	-	754,264	1,767,342	42,166	-	23,425	2,587,197
Write-downs (phase 1)	-	-	-	(312,380)	-	-	-	(312,380)
Accumulated amortization, end of year	\$ -	\$ -	\$ 6,455,348	\$ 12,220,859	\$ 1,112,959	\$ -	\$ 143,177	\$19,932,343
Net carrying amount, end of year	\$4,558,138	\$ 16,500	\$ 2,866,507	\$ 29,915,481	\$ 2,066,109	\$12,166,167	\$ 445,086	\$52,033,988

Haisla Nation Council
Notes to Consolidated Financial Statements

March 31, 2021

8. Tangible Capital Assets (continued)

2020

	Land	Artwork	Equipment	Buildings	Improvements	Land Assets under construction	Dock	Total
Cost, beginning of year	\$ 4,917,471	\$ 16,500	\$ 7,315,317	\$26,614,967	\$ 3,179,068	\$ 3,360,510	\$ 588,263	\$45,992,096
Additions		-	1,324,459	15,000,344	-	3,518,361	-	19,843,164
Disposals		-	(13,000)	-	-	-	-	(13,000)
Write-downs (phase 4)	(163,333)	-	-	(456,614)	-	-	-	(619,947)
Cost, end of year	\$ 4,754,138	\$ 16,500	\$ 8,626,776	\$41,158,697	\$ 3,179,068	\$ 6,878,871	\$ 588,263	\$65,202,313
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 4,985,987	\$ 9,811,042	\$ 1,027,767	\$ -	\$ 95,094	\$15,919,890
Amortization		-	715,097	1,411,469	43,026	-	24,658	2,194,250
Write-downs (phase 4)		-	-	(456,614)	-	-	-	(456,614)
Accumulated amortization, end of year	\$ -	\$ -	\$ 5,701,084	\$10,765,897	\$ 1,070,793	\$ -	\$ 119,752	\$17,657,526
Net carrying amount, end of year	\$ 4,754,138	\$ 16,500	\$ 2,925,692	\$30,392,800	\$ 2,108,275	\$ 6,878,871	\$ 468,511	\$47,544,787

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

9. Accumulated Surplus

	2021	2020
Unrestricted surplus	\$186,856,051	\$167,348,874
Restricted surplus	56,692,786	57,002,588
Equity in tangible capital assets	34,528,728	30,011,489
Equity in replacement reserve	414,446	422,729
Contributed Surplus	1,985,009	2,181,009
Accumulated Surplus	\$280,477,020	\$256,966,689

Restricted Surplus consists of:

	2021	2020
Eurocan	\$ 1,906,702	\$ 1,906,702
Forest and Range agreement	414,788	414,788
KLNG (before 2013) restricted surplus	11,687,383	11,687,383
CIBC Shell Minor's Trust restricted surplus	-	100,000
RBC Minor's Trust restricted surplus	-	(20,777)
Rio Tinto Alcan restricted surplus	10,216,327	10,216,327
KLNG (after 2012) restricted surplus	32,467,586	32,698,165
	\$ 56,692,786	\$ 57,002,588

Haisla Nation Council Notes to Consolidated Financial Statements

March 31, 2021

10. Investments in Nation Business Entities

The Nation has investments in the following entities:

	2021	2020
Limited Partnerships		
Commercial real estate	\$ 6,720,578	\$ 6,086,071
LNG	23,124,957	8,421,055
	29,845,535	14,507,126
Joint Ventures		
LNG	130,261	10,455,552
Haisla Trust Society		
Commercial real estate	1,125,000	1,125,000
Haisla Projects GP Inc		
LNG	30,635	-
Total investment in Nation business entities	\$ 31,131,431	\$ 26,087,678

Haisla Nation Council owns 50.1% to 99.9% of all Limited Partnerships and 50.1% of all Joint Ventures.

During the 2021 year ended Haisla Nation Council transferred 17 limited partnerships and joint ventures to HN Projects Limited partnership of which Haisla Nation Council holds a 99.9% interest in.

For partnerships, equity is comprised of partnership advances, less drawings, plus the partner's proportional share of net income. The Haisla Nation Council has investments in the following entities:

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

10. Investment in Nation Business Entities (continued)

						2021	2020
	Assets	Liabilities	Net Assets	Revenue	Expenses	Total Earnings (Loss)	Total Earnings (Loss)
<u>Limited Partnerships</u>							
Commercial real estate	\$ 23,070,567	\$ 10,555,964	\$ 12,514,603	\$ 5,221,063	\$ 3,959,137	\$ 1,261,926	\$ 1,038,545
LNG	\$ 58,296,520	\$ 18,387,873	\$ 39,908,647	\$ 215,828,993	\$ 162,355,197	\$ 53,473,796	\$ 31,225,209
<u>Joint Ventures</u>							
LNG	-	-	-	202,719,961	68,740,446	133,979,515	152,928,485
	\$ 81,367,087	\$ 28,943,837	\$ 52,423,250	\$ 423,770,017	\$ 235,054,780	\$ 188,715,237	\$ 185,192,239

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

10. Investment in Nation Business Entities (continued)

The following period of financial information was used to determine the amount of the investment in Haisla Nation Council's business activities:

Limited Partnerships

Commercial real estate	April 1, 2020 - March 31, 2021
LNG	April 1, 2020 - March 31, 2021

Joint Ventures

LNG	April 1, 2020 - March 31, 2021
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11. Comparative Figures

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

12. Line of Credit

The Royal Bank of Canada has approved an operating line of credit up to \$500,000 at the bank's prime lending rate plus 0.5%. Payments revolve in increments of \$10,000, due on demand. At March 31, 2021, this facility is unused.

13. Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited annually. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada and Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

The Group is in compliance with the term of its agreement with CMHC requiring Replacement Reserve funds to be held in a separate bank account. As at March 31, 2021, the Replacement Reserve was overfunded (underfunded) by \$(102,676) (2020 - \$25,573).

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

14. Commitments and Contingent Liabilities

Haisla Nation has guaranteed loans for Nation members for the year ended March 31, 2021 in the amount of 1,985,009 (2020 - \$64,472). These loans are in addition to the Canada Mortgage and Housing loans for Social Housing that are reflected as liabilities in these consolidated financial statements.

15. Employee Benefits

The Group has a defined contribution plan providing pension benefits to certain employees. The pension cost charge represents contributions payable by the Nation to the plans and amount to \$331,067 (2020 - \$300,910).

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

16. Fiscal Plan

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

17. Due to Related Party

The advances from HN Projects Limited Partnership, 1156673 BC Ltd, Haisla Trust Society, 0728078 BC Ltd, 0789498 BC Ltd, and HN DL 99 Limited Partnership, are unsecured, non-interest bearing with no specific terms of repayment.

18. Impacts on Haisla Nation Council

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

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

19. Expenses by Type

	2021	2020
Advertising (recovery)	\$ (15)	\$ 12,836
Amortization	2,587,197	2,194,250
Automotive	82,204	177,384
Bad debts	13,300	9,222
Bank charges	1,021,214	1,085,838
COLA payments	12,133,572	1,974,455
Contract services	4,107,966	3,872,150
Council remuneration	415,192	463,559
Insurance	557,233	399,808
Management fee	162,148	197,447
Interest	47,671	63,092
Local education agreement	547,720	523,483
Materials and supplies	1,340,018	2,172,759
Office and miscellaneous	417,659	774,192
Patient transportation	212,035	595,213
Professional fees	1,626,615	2,524,955
Program expenses	1,746,869	11,887,286
Repairs and maintenance	352,043	377,413
Rent	-	347,975
Replacement reserve	66,084	30,756
Salaries and benefits	9,563,488	8,653,040
Social assistance	760,301	493,971
Student allowance and transportation	1,810,212	2,173,575
Telephone	206,314	187,881
Travel and accommodation	132,288	1,235,796
Training	699,886	1,505,531
Utilities	454,919	296,098
	\$ 41,064,133	\$ 44,229,965

Haisla Nation Council

Notes to Consolidated Financial Statements

March 31, 2021

20. Segment Disclosure

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

Administration

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

Community Welfare

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

Operations and Maintenance

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

Education

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Haisla Nation Council's Members.

Economic Development

This service area provides for the development of economic opportunities to the Members.

Health Services

This service area provides for health-related services and programs to the Members.

Social Housing

This service area provides for social housing to the Members.

Natural Resource Management

This service area includes exploration of natural resources and development of natural resource revenues.

Treaty Related Matters

This service area includes treaty negotiations and specific claims for the Haisla Nation Council.

Capital

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

Haisla Nation Council
Notes to Consolidated Financial Statements

March 31, 2021

**20. Segment Disclosure
(continued)**

2021

	Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Treaty Related Matters	Capital	Total
Revenue											
ISC	\$ 1,255,972	\$ 2,734,881	\$ 553,871	\$ 2,969,920	\$ 117,656	\$ -	\$ -	\$ -	\$ -	\$ 726,703	\$ 8,359,003
Other	13,508,707	252,483	80,782	1,496,836	32,086,791	2,753,540	422,523	1,511,297	3,018,354	20,000	55,151,313
	<u>14,764,679</u>	<u>2,987,364</u>	<u>634,653</u>	<u>4,466,756</u>	<u>32,204,447</u>	<u>2,753,540</u>	<u>422,523</u>	<u>1,511,297</u>	<u>3,018,354</u>	<u>746,703</u>	<u>63,510,316</u>
Expenses											
Payroll	4,596,373	330,651	948,379	1,485,326	595,409	1,313,480	136,299	376,118	-	-	9,782,035
Other	19,291,677	1,100,183	700,717	2,327,521	3,327,499	897,964	305,831	567,110	-	195,403	28,713,905
Amortization	636,124	-	1,752,456	-	-	-	179,613	-	-	-	2,568,193
	<u>24,524,174</u>	<u>1,430,834</u>	<u>3,401,552</u>	<u>3,812,847</u>	<u>3,922,908</u>	<u>2,211,444</u>	<u>621,743</u>	<u>943,228</u>	<u>-</u>	<u>195,403</u>	<u>41,064,133</u>
Surplus (deficit)	<u>\$ (9,759,495)</u>	<u>\$ 1,556,530</u>	<u>\$ (2,766,899)</u>	<u>\$ 653,909</u>	<u>\$ 28,281,539</u>	<u>\$ 542,096</u>	<u>\$ (199,220)</u>	<u>\$ 568,069</u>	<u>\$ 3,018,354</u>	<u>\$ 551,300</u>	<u>\$ 22,446,183</u>

2020

	Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Treaty Related Matters	Capital	Total
Revenue											
ISC	\$ 938,544	\$ 1,316,789	\$ 287,938	\$ 2,684,872	\$ 115,463	\$ -	\$ -	\$ -	\$ -	\$ 1,744,336	\$ 7,087,942
Other	21,132,286	-	179,940	1,571,939	27,187,771	2,390,372	425,713	1,085,414	3,020,624	4,814,765	61,808,824
	<u>22,070,830</u>	<u>1,316,789</u>	<u>467,878</u>	<u>4,256,811</u>	<u>27,303,234</u>	<u>2,390,372</u>	<u>425,713</u>	<u>1,085,414</u>	<u>3,020,624</u>	<u>6,559,101</u>	<u>68,896,766</u>
Expenses											
Payroll	3,469,413	266,331	913,446	1,596,260	589,577	1,281,098	110,314	581,066	-	1,350	8,808,855
Other	18,503,953	523,484	601,388	3,577,598	6,973,152	1,461,997	445,815	971,515	-	195,106	33,254,008
Amortization	328,581	-	1,642,117	-	-	-	196,404	-	-	-	2,167,102
	<u>22,301,947</u>	<u>789,815</u>	<u>3,156,951</u>	<u>5,173,858</u>	<u>7,562,729</u>	<u>2,743,095</u>	<u>752,533</u>	<u>1,552,581</u>	<u>-</u>	<u>196,456</u>	<u>44,229,965</u>
Surplus (deficit)	<u>\$ (231,117)</u>	<u>\$ 526,974</u>	<u>\$ (2,689,073)</u>	<u>\$ (917,047)</u>	<u>\$ 19,740,505</u>	<u>\$ (352,723)</u>	<u>\$ (326,820)</u>	<u>\$ (467,167)</u>	<u>\$ 3,020,624</u>	<u>\$ 6,362,645</u>	<u>\$ 24,666,801</u>