

Little Shuswap Lake Indian Band
Consolidated Financial Statements
For the year ended March 31, 2021

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	Contents
Management's Responsibilities for Financial Reporting	3
Independent Auditor's Report	4 - 6
Financial Statements	
Exhibit A - Consolidated Statement of Financial Position	7
Exhibit B - Consolidated Statement of Changes in Net Assets	8
Exhibit C - Consolidated Statement of Operations	9 - 10
Exhibit D - Consolidated Statement of Cash Flows	11
Summary of Significant Accounting Policies	12
Notes to Consolidated Financial Statements	15 - 29

Management's Responsibility for Financial Reporting

The accompanying financial statements of Little Shuswap Lake Indian Band (the "Band") 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 financial statements are presented fairly, in all material respects.

The Little Shuswap Lake Indian Band 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 Band's assets are appropriately accounted for and adequately safeguarded.

The Little Shuswap Lake Indian Band is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its Finance review meetings.

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

The 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 Councilor



Band Administrator



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Independent Auditor's Report

To the Chief and Council of Little Shuswap Lake Indian Band

Qualified Opinion

We have audited the consolidated financial statements of Little Shuswap Lake Indian Band (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of changes in net financial assets, operations and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2021 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The financial statements for certain Government Business Enterprises have been prepared using Canadian accounting standards for private enterprises (ASPE) rather than international financial reporting standards (IFRS) as required by public sector accounting standards. We have not been engaged to audit the differences that may arise from using ASPE versus IFRS; Therefore, we are unable to determine the impact of this departure from public sector accounting standards on investments in government business enterprises as at March 31, 2021, Government Business Enterprise income and annual surplus (deficit) for the year ended March 31, 2021, and accumulated surplus as at April 1 and March 31 for the 2021 year.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2021 was modified for the above matter.

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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



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

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

In preparing the consolidated financial statements, management is responsible for assessing the Band'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 Band or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Band'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 Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Band to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Band to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Band 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

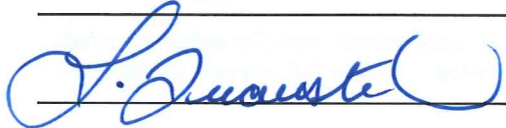
**Kamloops, British Columbia
July 11, 2022**

Little Shuswap Lake Indian Band
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2021	2020
Financial Assets		
Cash (Note 2)	\$ 8,096,887	\$ 2,162,338
Temporary investments (Note 3)	7,711,347	11,029,233
Restricted cash (Note 4)	1,515,636	1,547,615
Accounts receivable (Note 5)	2,073,390	2,981,790
Inventory held for resale	-	363,899
Portfolio investments (Note 6)	150,032	150,032
Related party balances	4,136	-
Investment in Government Business entities (Note 15)	5,790,975	-
	25,342,403	18,234,907
Liabilities		
Accounts payable (Note 7)	1,426,029	1,174,040
Deferred revenue (Note 8)	1,650,734	2,141,213
Long term debt (Note 9)	4,015,571	4,247,662
	7,092,334	7,562,915
Net Asset	18,250,069	10,671,992
Non-financial Assets		
Prepaid expense	36,909	47,384
Tangible capital assets (Note 10)	20,460,631	25,335,624
	20,497,540	25,383,008
Accumulated Surplus (Note 11)	\$ 38,747,609	\$ 36,055,000

Approved on behalf of the Band Council:





Chief Councilor

Band Administrator

Little Shuswap Lake Indian Band
Exhibit B - Consolidated Statement of Change in Net Assets

For the year ended March 31	2021	2020
<hr/>		
Annual surplus - Exhibit C	\$ 4,036,169	\$ 1,679,618
Purchases of tangible capital assets	(1,340,072)	(1,297,617)
Amortization of tangible capital assets	901,019	1,166,570
Disposals of tangible capital assets	42,241	-
NBV of assets removed from former wholly owned subsidiaries	3,928,245	-
	<hr/> 3,531,433	<hr/> (131,047)
Change in prepaid expense	<hr/> 10,475	<hr/> (3,054)
Increase in net assets	7,578,077	1,545,517
Net assets, beginning of year	10,671,992	9,126,475
	<hr/>	<hr/>
Net assets, end of year	\$ 18,250,069	\$ 10,671,992

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Little Shuswap Lake Indian Band Exhibit C - Consolidated Statement of Operations

For the year ended March 31	Budget	2021	2020
	(Note 20)		
Revenue			
Indigenous Services Canada	\$ -	\$ 3,547,510	\$ 2,345,079
Taxation	-	1,137,605	1,067,232
Fisheries and Oceans Canada	-	56,900	50,221
Province of British Columbia	-	5,660,858	4,278,849
Natural Resource Canada	-	218,553	-
Canada Mortgage and Housing Corporation	-	153,579	167,897
Government Business Enterprise Income (Note 15)	-	15,734	-
Partnership Income (Note 15)	-	71,617	-
Rental income	-	479,473	481,963
BC Gaming Revenue	-	341,460	318,788
Interest and investment income	-	199,847	260,153
Other income	-	4,814,984	4,601,689
Skwlax Holdings Inc.	-	-	11,881,622
Administration (Note 12)	-	99,950	-
	-	16,798,070	25,453,493
Expenses (Note 21)			
ACRS	-	-	12,882
Administration	-	2,921,261	2,438,914
Arch/Cultural Referrals	-	15,848	36,708
ARMS	-	8,943	23,657
Band Housing	-	219,285	119,544
BC Hydro	-	25,066	50,638
BC Language Initiative	-	38,402	72,978
BCRDP - Golf Course & RV Park	-	512	-
BCRDP - Skwlax Industrial Park	-	12,485	-
Chase East	-	221,892	62,497
Chief & Council	-	313,115	429,738
Clean Energy Feasibility	-	-	6,443
CMHC	-	562,448	597,940
Corridor Wide Agreement	-	481	119,592
CPMS	-	18,262	-
Day Care	-	88,974	143,388
Dental Services	-	-	5,901
ECD - ET09393003	-	68,892	79,246
Economic Development	-	189,865	253,390
Education - LEA	-	380,009	468,351
Education - Post Secondary	-	226,747	217,355
Education - Service Delivery	-	181,542	177,571
Elder's/Youth	-	-	1,290
Emergency Measures	-	73,556	28,717
Family Violence Prevention	-	5,700	7,720
FCRSA - Forest Sharing	-	23,500	187,626
First Nation Health Authority	-	689,309	794,418
Fisheries Coordinator	-	59,553	52,231
FNESC	-	46,126	9,479
FNICC - ELCC Daycare	-	81,910	72,684
Forest Service Agreements	-	34,565	23,099
Garden Project	-	2,535	13,593
Gravel Pit	-	14,568	54,294
Harm Reduction	-	352	6,264
Housing Renovations	-	799,064	-
Subtotal Expenses	-	\$ 7,324,767	\$ 6,568,148

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Little Shuswap Lake Indian Band
Exhibit C - Consolidated Statement of Operations - continued

For the year ended March 31	Budget	2021	2020
Revenue carried forward	\$ -	\$ 16,798,070	\$ 25,453,493
Expenses carried forward	-	\$ 7,324,767	\$ 6,568,148
Housing Master Plan	-	204	61,929
IA Family Support	-	13,605	48,126
ICMS	-	13,133	192,200
ISC - Social Development	-	80,155	70,039
Infrastructure Planning	-	106,338	114,681
Kicking Horse Canyon	-	56,941	33,609
Land RLEMP	-	203,060	216,770
Land Use Planning	-	43,336	9,489
Language Nest	-	48,218	47,658
Leases - Residential & Commercial	-	215,325	47,748
Little Shuswap Catch Surveying	-	288	158
LSLIB Fire Dept.	-	197,629	170,600
MARR - Secwepemc Development	-	88,572	-
MCFD	-	-	5,369
Members Benefits	-	89,781	108,401
Membership	-	1,280	5,000
Natural Resources	-	744,558	-
NIB Continuing Our Journey	-	45,174	27,965
Non Band Housing	-	71,306	37,978
Occupational Health & Safety	-	618	-
Patient Transportation	-	19,367	28,734
Pow Wow	-	-	94,645
Quaaout IR#1 Wastewater (recovery)	-	904	(904)
Quaaout Sewer	-	2,750	289,332
Quartz Creek	-	375	36,556
Qwelminite-Secwepemc G2G	-	2,850	-
Schouten Rd Lease Renewal	-	47,476	25,040
Scotch Creek Adult Sockeye	-	20,327	24,400
Scotch Creek Maintenance - IR#4	-	24,938	32,537
Secwepemc Framework Agreement	-	57,405	-
Shuswap Lake Coho Enumerate	-	8,227	16,062
Skwlax Investments Inc.	-	-	12,111,725
Social Assistance	-	682,134	524,675
Specific Claims Research	-	6,996	16,267
Squilax AIA	-	28,904	137,113
Strip Mall	-	31,616	65,293
Sun Peaks Reconciliation Work Plan	-	41,236	-
Tappen	-	439,854	561,059
Taxation Property	-	248,555	318,174
Trans Mountain Pipeline Extend	-	8,156	6,878
Tri-Plex Renos	-	-	38,310
TRS	-	653,039	587,810
Tsutswecw Park	-	2,135	1,489
Village O & M	-	1,078,146	1,020,523
Woodlot	-	-	559
Youth - ET09393001	-	12,223	68,722
Youth Program FNEsc	-	-	3,008
	-	12,761,901	23,773,875
Surplus for the year	\$ -	\$ 4,036,169	\$ 1,679,618

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Little Shuswap Lake Indian Band
Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2021	2020
Operating activities		
Cash receipts from various sources	\$ 15,878,540	\$ 23,665,819
Cash from taxation	1,137,605	1,067,232
Cash paid to employees and suppliers	(11,196,016)	(22,708,450)
Interest paid	(38,502)	(38,992)
Interest earned	199,847	260,153
Cash flows from operating activities	5,981,474	2,245,762
Capital activities		
Purchase of capital assets	(1,340,073)	(1,297,617)
Sale of capital assets	42,241	-
Removal of Skwlax Group capital assets	3,928,245	-
Cash flows used in capital activities	2,630,413	(1,297,617)
Investing activities		
Increase (decrease) in GIC's	3,476,263	(1,976,263)
Decrease in related party investments	(5,795,113)	-
Purchase of temporary investments	(158,377)	(199,244)
Cash flows used in investing activities	(2,477,227)	(2,175,507)
Financing activity		
Repayment of long term debt	(232,090)	(275,404)
Net increase (decrease) in cash and cash equivalents	5,902,570	(1,502,766)
Cash and cash equivalents, beginning of year	3,709,953	5,212,719
Cash and cash equivalents, end of year	\$ 9,612,523	\$ 3,709,953
Represented by:		
Cash	\$ 8,096,887	\$ 2,162,338
Restricted cash	1,515,636	1,547,615
	\$ 9,612,523	\$ 3,709,953

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Little Shuswap Lake Indian Band Summary of Significant Accounting Policies

March 31, 2021

Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

Reporting Entity and Principles

The Little Shuswap Indian Band reporting entity includes the Little Shuswap Lake Indian Band (the "Band") and all related entities which are accountable to the Band and are either owned or controlled by the Band. All controlled entities are consolidated in the Band's financial statements according to the Little Shuswap Lake Band percentage ownership except for entities that meet the definition of a government business enterprise or a business partnership, which are included in the financial statements on a modified equity basis.

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

The Little Shuswap Lake Indian Band, which include the Operating, Capital, Trust and Social Housing Funds.

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

Investment in Government Business Enterprises

Little Shuswap Indian Band's investment in the following government business enterprises are accounted for on a modified equity basis. Under the modified equity basis, these entities' accounting policies are not adjusted to conform with those of Little Shuswap Indian Band and inter-organizational transactions and balances are not eliminated. Little Shuswap Indian Band recognizes its equity interest in the annual income or loss of the entities in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that Little Shuswap Indian Band may receive from the entities will be reflected as reductions in the investment asset account. Organizations accounted for on a modified equity basis include:

- Skw'lax Investments Inc.
- 0990532 B.C. Ltd.

Little Shuswap Lake Indian Band Summary of Significant Accounting Policies

March 31, 2021

Investment in Partnerships

Little Shuswap Indian Band's investment in Skw'lax Timber Limited Partnership is accounted for on a modified equity basis.

Under the modified equity basis, the partnership's accounting policies are not adjusted to conform with those of Little Shuswap Indian Band and inter-organizational transactions and balances are not eliminated. Little Shuswap Indian Band recognizes its equity interest in the annual income of loss of the partnership in its consolidated statement of operations and accumulated surplus, less cash advances or cash disbursements, with a corresponding increase or decrease in its investment asset account.

Cash

Cash consist of cash on hand and bank balances, and lines of credit used for operating purposes.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that have an effect on 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.

Ottawa Trust Funds

The Band uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in revenue of the Band upon withdrawal from the Ottawa Trust Fund.

Inventory

All inventories are valued at the lower of cost and net realizable value, as determined on a first in first out basis.

Inventories held for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

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 provided over the estimated useful lives of the tangible capital asset as follows:

Automotive equipment	5 years
Buildings	20 to 50 years
Computer Software	3 years
Furniture and equipment	5 years
Water systems	15 to 25 years
Water wells	20 years

Little Shuswap Lake Indian Band Summary of Significant Accounting Policies

March 31, 2021

Revenue Recognition

Government grants and transfers, which include Federal funding agreements are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. When the eligibility criteria is not met, transfers received are reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Rental revenue is recognized when a tenant commences occupancy and rent is due. For annual lease agreements the Little Shuswap Lake Indian Band retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

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 uncollectable amounts.

All other revenue is recognized in the period in which the events that give rise to the revenue occurs

Lease revenue is recorded on a straight-line basis over the term of the lease agreement and is recognized when the tenant commences occupancy, the amounts to be received can be reasonably estimated and collection is reasonably assured.

Deferred Revenue

Deferred revenue represents grants and other fees which have been collected, but for which the related expenses or services have yet to be incurred or performed. These amounts will be recognized as revenues in the fiscal year in which the services are performed or related expenses are incurred.

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.

Funded Reserves

In order to provide for replacement or major tangible capital assets, the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC") provide that a Replacement Reserve Fund be established by annual charges to operations in an amount prescribed by the agreement. Interest is to accrue on the cumulative reserve balance. In addition, under the terms of the agreement for the 2% Subsidy Program, Little Shuswap Lake Band may retain, in a Subsidy Surplus Reserve, excess federal assistance payments up to a maximum of \$500 per unit plus interest, and under the terms of the agreement for the Full Subsidy Program, Little Shuswap Lake Band may retain in an Operating Reserve all excess federal assistance, plus interest.

Segmented Disclosure

A segment is defined as a distinguishable activity or group of activities of government for which it is appropriate to separately report financial information to achieve the objectives of Little Shuswap Lake Band. Little Shuswap Lake Band identifies its segments based on specific projects and funding arrangements. Revenue and expenses are allocated to these segments according to methods of identification.

Budget

Budget information for individual programs has been included in the consolidated financial statements when the information is available and represents the 2020/2021 operating and capital budgets approved by Chief and Council.

Little Shuswap Lake Indian Band Notes to Consolidated Financial Statements

March 31, 2021

1. Economic Dependence

The Little Shuswap Lake Indian Band receives as part of its operational funding, a significant portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada ("ISC") and other federal departments.

2. Cash

	<u>2021</u>	<u>2020</u>
Operating	\$ 8,089,094	\$ 1,690,441
Short-term deposits	7,793	7,691
Skwlax Holdings Inc.	-	464,206
	<u>\$ 8,096,887</u>	<u>\$ 2,162,338</u>

In the prior year the bank indebtedness is owed by Skwlax Holdings Inc. (former a wholly owned subsidiary of the Little Shuswap Lake Indian Band) in the form of a operating line of credit payable to the Bank of Montreal to a maximum of \$500,000 based on the concentrated bank accounts on a consolidated basis. As at March 31, 2020, \$ Nil (2019 - \$ Nil) of this credit facility was outstanding directly related to Skwlax Holdings Inc.

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

Little Shuswap Lake Indian Band Notes to Consolidated Financial Statements

March 31, 2021

3. 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

	<u>2021</u>	<u>2020</u>
RBC Wealth Management - CMHC	\$ 425,657	\$ 419,112
RBC Wealth Management - Band	6,285,690	6,133,858
BMO GIC's - Band	1,000,000	4,476,263
	<u>\$ 7,711,347</u>	<u>\$ 11,029,233</u>

4. Restricted Cash

	<u>2021</u>	<u>2020</u>
Ottawa Trust Funds	\$ 1,388,441	\$ 1,372,989
Social Housing reserves	127,195	174,626
	<u>\$ 1,515,636</u>	<u>\$ 1,547,615</u>

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 Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenditures of capital funds requires the consent of Indigenous Services Canada and generally must be for projects of a capital nature.

In order to provide for replacement of major capital items, the terms of the operating agreements between Little Shuswap Lake Indian Band and CMHC provide that a replacement reserve fund be established by annual charges to operations in amount prescribed by the agreements. Under these agreements, Little Shuswap Lake Indian Band 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 underfunded by \$375,132 and the operating surplus reserve was overfunded by \$18,707.

Little Shuswap Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2021

5. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	<u>2021</u>	<u>2020</u>
Operating Fund	\$ 4,642,742	\$ 4,762,150
Allowance for doubtful accounts	<u>(2,582,125)</u>	<u>\$(2,469,015)</u>
	2,060,617	2,293,135
Social Housing Fund	12,773	12,803
Skwlax Holdings Inc.	<u>-</u>	<u>675,852</u>
	<u>\$ 2,073,390</u>	<u>\$ 2,981,790</u>

6. Portfolio Investments

	<u>2021</u>	<u>2020</u>
Other Investments at cost		
All Nations Trust Company	\$ 150,000	\$ 150,000
Horseshoe Bay Developments Inc.	2	2
Squilax Investment	<u>30</u>	<u>30</u>
	<u>\$ 150,032</u>	<u>\$ 150,032</u>

7. Accounts Payable

	<u>2021</u>	<u>2020</u>
Trade Payables	\$ 1,412,603	\$ 763,341
Skwlax Holdings Inc.	-	402,833
Social Housing Fund	<u>13,425</u>	<u>7,866</u>
	<u>\$ 1,426,028</u>	<u>\$ 1,174,040</u>

Little Shuswap Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2021

8. Deferred Revenue

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

	<u>2021</u>	<u>2020</u>
Deferred lease revenue	\$ 1,312,706	\$ 1,271,203
Damage deposits	12,531	11,151
COVID-19 funds	-	39,011
Province of BC	-	200,000
Indigenous Services Canada - MJR Renos, Extensions & Repairs	-	320,000
Indigenous Services Canada - Asset Management Plan	-	40,000
Province of BC - Sun Peaks	<u>325,497</u>	<u>-</u>
	1,650,734	1,881,365
Skwlax Holdings Inc.	<u>-</u>	<u>259,848</u>
	\$ 1,650,734	\$ 2,141,213

Little Shuswap Lake Indian Band Notes to Consolidated Financial Statements

March 31, 2021

9. Long Term Debt

	2021	2020
Bank of Montreal, demand loan, repayable in monthly instalments of \$10,551 including interest at 3.45% per annum, maturing November 2022	\$ 1,866,476	\$ 1,932,352
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,619 including interest at 1.03% per annum, maturing August 2026	102,329	120,609
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,798 including interest at 1.30% per annum, maturing June 2032	225,742	244,267
All Nations Trust Company, mortgage, repayable in monthly instalments of \$3,043 including interest at 1.84% per annum, maturing September 2032	378,296	407,598
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,636 including interest at 2.5% per annum, maturing June 2033	333,744	356,784
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,839 including interest at 2.21% per annum, maturing February 2034	247,855	264,283
All Nations Trust Company, mortgage, repayable in monthly instalments of \$3,377 including interest at 0.98% per annum, maturing March 2035	529,944	565,106
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,497 including interest at 0.74% per annum, maturing February 2036	253,640	269,350
All Nations Trust Company, mortgage, repayable in monthly instalments of \$985 including interest at 2.50% per annum, maturing May 2028	77,545	87,313
Total Loans Payable	\$ 4,015,571	\$ 4,247,662

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

The estimated principal repayments required over the next five years and thereafter are as follows:

2022	\$ 2,119,310
2023	659,293
2024	610,154
2025	53,046
2026	402,599
Thereafter	171,169
	\$ 4,015,571

March 31, 2021

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Automotive	\$ 1,328,850	\$ (1,208,917)	\$ 1,370,460	\$ (1,133,285)
Computer software	479,231	(346,210)	336,306	(311,001)
Water systems	8,834,688	(3,935,110)	8,691,089	(3,552,242)
Land	6,752,856	-	6,667,106	-
Equipment				
Furniture and equipment	1,483,899	(1,335,577)	1,397,989	(1,304,552)
Golf course equipment	158,287	(158,287)	158,287	(158,287)
Buildings				
Buildings	8,676,051	(5,614,167)	7,794,793	(5,460,603)
Commercial strip mall	846,058	(294,058)	846,058	(277,137)
Golf course maintenance	433,353	(125,672)	433,353	(117,005)
Health centre	2,195,222	(482,949)	2,195,222	(439,044)
Water towers	545,266	(408,949)	545,266	(381,686)
Water wells	267,426	(130,170)	267,426	(116,799)
	-	-	-	-
	32,001,187	(14,040,066)	30,703,355	(13,251,641)
Social Housing				
Buildings and equipment	5,539,561	(3,040,051)	5,539,561	(2,935,905)
Skwlax Holdings Inc.				
Automotive	-	-	245,161	(227,830)
Arts and Artifacts	-	-	11,464	-
Buildings	-	-	6,795,599	(3,060,053)
Computers	-	-	325,150	(310,869)
Equipment	-	-	1,869,845	(1,486,978)
Land Improvements	-	-	501,926	(474,322)
Work in Progress	-	-	1,091,161	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	10,840,306	(5,560,052)
	\$ 37,540,748	\$ (17,080,117)	\$ 47,083,222	\$ (21,747,598)
Net book value		\$ 20,460,631		\$ 25,335,624

Little Shuswap Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2021

10. Tangible Capital Assets (continued)

											2021
	Water Systems	Water Wells	Furniture and Equipment	Buildings	Land	Automotive	Computer Software	Land Improvements	Art and Artifacts	Work in progress	Total
Cost, beginning of year	\$ 8,691,089	\$ 267,426	\$ 3,426,122	\$ 24,149,852	\$ 6,667,106	\$ 1,615,621	\$ 661,456	\$ 501,926	\$ 11,464	\$ 1,091,161	\$ 47,083,223
Former owlley subsidiaries removed	-	-	(1,869,845)	(6,795,599)	-	(245,161)	(325,150)	(501,926)	(11,464)	(1,091,161)	(10,840,306)
Additions	143,599	-	85,910	881,258	85,750	631	142,924	-	-	-	1,340,072
Disposals	-	-	-	-	-	(42,241)	-	-	-	-	(42,241)
Cost, end of year	\$ 8,834,688	\$ 267,426	\$ 1,642,187	\$ 18,235,511	\$ 6,752,856	\$ 1,328,850	\$ 479,230	\$ -	\$ -	\$ -	\$ 37,540,748
Accumulated amortization, beginning of year	\$ 3,552,242	\$ 116,797	\$ 2,949,817	\$ 12,671,287	\$ -	\$ 1,361,115	\$ 622,018	\$ 474,322	\$ -	\$ -	\$ 21,747,598
Former owlley subsidiaries removed	-	-	(1,486,978)	(3,060,053)	-	(227,830)	(310,869)	(474,322)	-	-	(5,560,052)
Amortization	382,868	13,371	31,026	354,465	-	84,080	35,209	-	-	-	901,019
Disposals	-	-	-	-	-	(8,448)	-	-	-	-	(8,448)
Accumulated amortization, end of year	\$ 3,935,110	\$ 130,168	\$ 1,493,865	\$ 9,965,699	\$ -	\$ 1,208,917	\$ 346,358	\$ -	\$ -	\$ -	\$ 17,080,117
Net carrying amount, end of year	\$ 4,899,578	\$ 137,258	\$ 148,322	\$ 8,269,812	\$ 6,752,856	\$ 119,933	\$ 132,872	\$ -	\$ -	\$ -	\$ 20,460,631

Little Shuswap Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2021

10. Tangible Capital Assets (continued)

	2020										
	Water Systems	Water Wells	Furniture and Equipment	Buildings	Land Improvements	Land	Automotive	Computer Software	Art and Artifacts	Work in Progress	Total
Cost, beginning of year	\$ 8,534,440	\$ 267,426	\$ 3,209,703	\$ 24,148,505	\$ 465,337	\$ 6,667,106	\$ 1,484,148	\$ 629,397	\$ 10,545	\$ 369,005	\$ 45,785,612
Additions	156,649	-	216,419	1,346	36,589	-	131,473	32,059	919	722,156	1,297,610
Disposals											
Cost, end of year	\$ 8,691,089	\$ 267,426	\$ 3,426,122	\$ 24,149,851	\$ 501,926	\$ 6,667,106	\$ 1,615,621	\$ 661,456	\$ 11,464	\$ 1,091,161	\$ 47,083,222
Accumulated amortization, beginning of year	\$ 3,175,380	\$ 103,426	\$ 2,832,797	\$ 12,151,562	\$ 453,055	\$ -	\$ 1,259,520	\$ 605,434	\$ -	\$ -	\$ 20,581,174
Amortization	376,862	13,371	117,020	519,725	21,267	-	101,595	16,584	-	-	1,166,424
Accumulated amortization, end of year	\$ 3,552,242	\$ 116,797	\$ 2,949,817	\$ 12,671,287	\$ 474,322	\$ -	\$ 1,361,115	\$ 622,018	\$ -	\$ -	\$ 21,747,598
Net carrying amount, end of year	\$ 5,138,847	\$ 150,629	\$ 476,305	\$ 11,478,564	\$ 27,604	\$ 6,667,106	\$ 254,506	\$ 39,438	\$ 11,464	\$ 1,091,161	\$ 25,335,624

Little Shuswap Lake Indian Band Notes to Consolidated Financial Statements

March 31, 2021

11. Accumulated Surplus

	2021	2020
Unrestricted Surplus	\$ 17,202,891	\$ 15,400,115
Equity in Fire department reserve	12,218	12,718
Equity in Capital assets	19,604,657	22,259,655
Equity in Replacement reserve	483,620	521,093
Equity in Ottawa trust	1,388,441	1,372,989
Equity in Health reserve	5,780	3,679
Equity in Horseshoe Bay Development	50,002	50,002
Equity in Government Business Entities	-	(3,565,251)
	<u>\$ 38,747,609</u>	<u>\$ 36,055,000</u>

12. Administrative Revenue

During the year, Little Shuswap Lake Indian Band incurred revenue for administration services provided to Skwlax Investments Inc. and 0990532 B.C. Ltd in the amount of \$99,950.

13. Federal Assistance Payments

The Little Shuswap Lake Indian Band Housing Project has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the *National Housing Act* to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received through March 31, 2021 was \$153,579 (2020 - \$167,897). This assistance will continue, providing the Band is not in default of the agreement.

14. Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited annually in the amount of \$44,267. 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 Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal. As at March 31, 2021 the Little Shuswap Lake Indian Band has overfunded these reserves by \$375,132.

Little Shuswap Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2021

15. Investment in Government Business Entities

	2021	2020
Advances to related parties:		
Skwlax Investments Inc.	\$ 15,862,936	\$ -
0990532 B.C. Ltd.	523,755	-
Skwlax Timber Limited Partnership	728,244	-
	<u>17,114,935</u>	<u>-</u>
Government Business entities surplus/(deficit):		
Skwlax Investments Inc.	(11,473,014)	-
0990532 B.C. Ltd.	(82,489)	-
Skwlax Timber Limited Partnership	144,193	-
	<u>(11,411,310)</u>	<u>-</u>
	<u>\$ 5,703,625</u>	<u>\$ -</u>

	Skwlax Investment Inc.	0990532 B.C. Ltd	Skwlax Timber Limited Partnership	2021 Total	2020 Total
Current assets	\$1,594,187	\$563,330	\$765,600	\$2,923,117	\$-
Non-current assets	5,179,124	39,872	218,280	5,437,276	-
Total assets	6,773,311	603,202	983,880	8,360,393	-
Current liabilities	847,992	94,695	96,955	1,039,642	-
Non-current liabilities	17,435,961	537,606	671,015	18,644,582	-
Total liabilities	18,283,953	632,301	767,970	19,684,224	-
Share capital	30	-	-	-	-
Retained earnings (deficit)	(11,510,672)	(29,099)	215,910	(11,323,831)	-
Total liabilities and equity	6,773,311	603,202	983,880	8,360,393	-
Net income (loss):					
Revenue	6,221,105	4,629,905	782,415	11,633,425	-
Expenses	6,258,761	4,576,515	710,798	11,546,074	-
Net income (loss)	\$(37,656)	\$53,390	\$71,617	\$87,351	\$-

Little Shuswap Indian Band holds 100% ownership or otherwise exerts control over the above entities.

Little Shuswap Lake Indian Band Notes to Consolidated Financial Statements

March 31, 2021

16. Employee Benefits

The Group has a pension and RRSP matching plan providing benefits to certain of its employees. The cost charge represents contributions paid to the plans and amount to for the year ended March 31, 2021 \$308,354 (2020 - \$207,527)

17. Comparative Figures

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

18. Impacts of COVID-19 on Little Shuswap Indian Band

As the impacts of COVID-19 continue, there could be further impact on the Band, its funders and its business entities. The Band has continued to deliver services during this pandemic through a variety of means, whether face-to-face or utilizing technology as the Band was deemed an essential service. Management is actively monitoring the effect on it's financial condition, liquidity, operations and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Band 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.

19. Subsequent Events

Subsequent to the finalization of the audit for the fiscal ended March 31, 2021, there was a fire in May 2022 located in Skwlax Investments Inc. which destroyed the hotel portion of the lodge. The scope of the loss is yet to be determined however insurance did cover the asset. This is not considered to significant effect their profitability.

20. Fiscal Plan

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

Little Shuswap Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2021

21. Expenses by object

	2021	2020
Advertising	\$ 14,577	\$ 30,212
Amortization	1,070,234	1,388,282
Automotive	41,701	45,387
Bad debts	138,923	174,930
Bank charges	31,741	36,297
Capital Fund repairs and maintenance	31,394	230,509
Contract services	2,267,821	1,372,854
Donations	2,540	20,608
Equipment rental	217,883	122,304
Honoraria	55,204	105,390
Insurance	261,028	206,217
Interest	38,502	38,992
Licenses and dues	68,985	40,100
Local education agreement	455,268	537,985
Materials and supplies	273,099	256,751
Meetings	7,050	25,831
Office and miscellaneous	250,013	365,160
Patient transportation	33,930	33,603
Professional fees	993,821	975,038
Program expenses	998,725	723,493
Repairs and maintenance	317,689	316,575
Replacement reserve	40,267	44,267
Salaries and benefits	4,556,305	4,155,721
Skwlax Investments	-	11,822,567
Social assistance	32,626	45,212
Student allowance and transportation	125,827	134,558
Training	36,577	97,180
Travel and accommodation	127,957	205,911
Utilities	272,214	221,941
	\$ 12,761,901	\$ 23,773,875

Little Shuswap Lake Indian Band Notes to Consolidated Financial Statements

March 31, 2021

22. Segment Disclosure

The Little Shuswap Lake Indian Band 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 Little Shuswap Lake Indian Band itself and cannot be directly attributed to a 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 Little Shuswap Lake Indian Band's assets, infrastructure and common property.

Education

This service area provides educational services through the operations of elementary, secondary and 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 Little Shuswap Lake Indian Band'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.

Capital

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

Little Shuswap Lake Indian Band
Notes to Consolidated Financial Statements

March 31, 2021

**22. Segment Disclosure
(continued)**

2021

	Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Skwlax Holdings Inc.	Capital	Total
Revenue											
ISC	\$ 551,944	\$ 1,444,368	\$ 790,187	\$ 619,970	\$ 16,371	\$ -	\$ 22,702	\$ 101,968	\$ -	\$ -	\$ 3,547,510
Other	2,648,269	(3,400)	38,662	1,789,861	1,800	1,225,787	633,260	6,817,720	87,351	11,250	13,250,560
	3,200,213	1,440,968	828,849	2,409,831	18,171	1,225,787	655,962	6,919,688	87,351	11,250	16,798,070
Expenses											
Payroll	1,316,157	156,889	733,536	382,926	13,515	727,421	196,181	1,084,883	-	-	4,611,508
Other	1,659,762	808,728	1,175,291	969,019	287,222	298,199	383,700	1,466,844	-	31,394	7,080,159
Amortization	796,873	-	-	-	-	-	273,361	-	-	-	1,070,234
	3,772,792	965,617	1,908,827	1,351,945	300,737	1,025,620	853,242	2,551,727	-	31,394	12,761,901
Surplus (deficit)	\$ (572,579)	\$ 475,351	\$ (1,079,978)	\$ 1,057,886	\$ (282,566)	\$ 200,167	\$ (197,280)	\$ 4,367,961	\$ 87,351	\$ (20,144)	\$ 4,036,169

2020

	Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Skwlax Holdings Inc.	Capital	Total
Revenue											
ISC	\$ 537,775	\$ 895,739	\$ 137,436	\$ 655,056	\$ 16,371	\$ -	\$ 102,702	\$ -	\$ -	\$ -	\$ 2,345,079
Other	1,914,929	25,600	63,471	1,808,760	145,043	1,366,679	628,759	5,273,551	11,881,622	-	23,108,414
	2,452,704	921,339	200,907	2,463,816	161,414	1,366,679	731,461	5,273,551	11,881,622	-	25,453,493
Expenses											
Payroll	1,052,348	140,783	599,600	402,730	257,831	784,846	179,939	700,484	3,617,641	-	7,736,202
Other	1,538,504	637,619	499,098	1,164,418	485,931	518,651	307,254	1,062,481	8,204,925	230,509	14,649,390
Amortization	768,926	-	-	-	-	-	330,198	-	289,159	-	1,388,283
	3,359,778	778,402	1,098,698	1,567,148	743,762	1,303,497	817,391	1,762,965	12,111,725	230,509	23,773,875
Surplus (deficit)	\$ (907,074)	\$ 142,937	\$ (897,791)	\$ 896,668	\$ (582,348)	\$ 63,182	\$ (85,930)	\$ 3,510,586	\$ (230,103)	\$ (230,509)	\$ 1,679,618