

NESKONLITH INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022

EXHIBIT

CONSOLIDATED FINANCIAL STATEMENTS:

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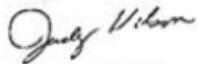
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Neskonlith Indian Band have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

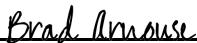
The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted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

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and periodically with the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards.



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INDEPENDENT AUDITOR'S REPORT

To the members of NESKONLITH INDIAN BAND

Opinion

We have audited the consolidated financial statements of NESKONLITH INDIAN BAND (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of accumulated surplus, consolidated statement of operations, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2022, and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matters

We draw attention to the fact the supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2, and Schedules 1 to 30 do not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

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

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

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

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

(continues)

Independent Auditor's Report to the members of NESKONLITH INDIAN BAND (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation 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

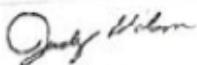
Kamloops, Canada
December 13, 2022

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2022

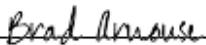
FINANCIAL ASSETS	2022	2021
Cash	\$ 12,313,653	\$ 6,819,562
Restricted cash (Note A3)	1,221,419	1,178,205
Grants and accounts receivable (Note A4)	394,811	637,518
Deposits receivable	118,311	116,521
Investments (Note A5)	<u>5,530,934</u>	<u>4,850,612</u>
	<u>19,579,128</u>	<u>13,602,418</u>
LIABILITIES		
Accounts payable and accruals	1,118,430	1,021,448
Deferred revenue	7,500	-
Demand loans (Note A7)	280,593	365,000
Mortgages payable (Note A8)	310,372	456,630
Promissory note payable (Note A9)	<u>2,192,409</u>	<u>2,246,463</u>
	<u>3,909,304</u>	<u>4,089,541</u>
NET FINANCIAL ASSETS	<u>15,669,824</u>	<u>9,512,877</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	51,784	11,568
Tangible capital assets (Note A10)	<u>3,749,050</u>	<u>4,080,990</u>
	<u>3,800,834</u>	<u>4,092,558</u>
<u>ACCUMULATED SURPLUS (Note A11)</u>	<u>\$ 19,470,658</u>	<u>\$ 13,605,435</u>

COMMITMENTS AND CONTINGENCIES (Note A13)

APPROVED BY THE BAND:



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NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2022

	2022	2021
ACCUMULATED SURPLUS, beginning of year	\$ 13,605,435	\$ 9,983,314
EXCESS OF REVENUE OVER EXPENSES	<u>5,865,223</u>	<u>3,622,121</u>
ACCUMULATED SURPLUS, end of year	\$ 19,470,658	\$ 13,605,435

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2022

	Budget	2022	2021
REVENUE:			
Indigenous Services Canada	\$ 2,764,301	\$ 5,553,304	\$ 4,654,474
First Nations Health Authority	558,116	638,374	586,852
First Nations Education Steering Committee	140,928	731,103	748,813
Province of British Columbia	3,544,374	4,928,660	2,590,083
Leases and rentals	334,032	367,641	318,714
Income - Ottawa Trust Funds	-	30,440	27,712
Canada Mortgage and Housing Corporation	77,124	192,234	96,528
Interest and investment income	-	31,274	28,926
Equity earnings from government business enterprises	-	567,412	472,430
Other income	1,246,282	2,225,667	2,107,547
	<u>8,665,157</u>	<u>15,266,109</u>	<u>11,632,079</u>
EXPENSES:			
Administration	1,559,363	1,883,198	1,451,024
Community Welfare	525,939	612,801	822,347
Operations and Maintenance	502,627	1,054,192	902,206
Education	1,662,385	2,734,484	2,436,169
Economic Development	31,634	162,911	148,322
Health Services	1,084,497	1,130,786	1,034,522
Government - Tmicw	2,201,299	1,378,197	796,485
Local Revenue	12,250	2,107	1,532
Social Housing	236,607	442,210	417,351
	<u>7,816,601</u>	<u>9,400,886</u>	<u>8,009,958</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 848,556	\$ 5,865,223	\$ 3,622,121

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2022

	Budget	2022	2021
EXCESS OF REVENUE OVER EXPENSES	\$ 848,556	\$ 5,865,223	\$ 3,622,121
Acquisition of tangible capital assets	-	(132,632)	(252,676)
Amortization of tangible capital assets	-	464,572	550,197
Change in prepaid expenses	-	(40,216)	5,795
INCREASE IN NET FINANCIAL ASSETS	848,556	6,156,947	3,925,437
NET FINANCIAL ASSETS, beginning of year	<u>9,512,877</u>	<u>9,512,877</u>	<u>5,587,440</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 10,361,433</u>	<u>\$ 15,669,824</u>	<u>\$ 9,512,877</u>

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 5,865,223	\$ 3,622,121
Non-operating item:		
Equity earnings from government business enterprises	(567,412)	(472,430)
Amortization	464,572	550,197
(Increase) decrease in:		
Grants and accounts receivable	242,707	(226,595)
Prepaid expenses	(40,216)	5,795
Deposits receivable	(1,790)	(116,521)
Increase (decrease) in:		
Accounts payable and accruals	96,982	432,511
Deferred revenue	7,500	-
Cash flows from operations	<u>6,067,566</u>	<u>3,795,078</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	(43,214)	44,652
Proceeds from promissory note payable	-	2,316,000
Repayment of demand loans, mortgages payable and promissory note payable	(284,719)	(1,768,899)
Cash flows from (used in) financing	<u>(327,933)</u>	<u>591,753</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	(112,910)	224,883
Cash flows from (used in) investing	<u>(112,910)</u>	<u>224,883</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Purchase of tangible capital assets	(132,632)	(252,676)
Cash flows used in capital	<u>(132,632)</u>	<u>(252,676)</u>
INCREASE IN CASH	5,494,091	4,359,038
CASH, beginning of year	6,819,562	2,460,524
CASH, end of year	\$ 12,313,653	\$ 6,819,562

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

a) Reporting Entity and Principles of Financial Reporting:

The Neskonlith Indian Band reporting entity includes the Neskonlith Indian Band government and all entities which are controlled by the First Nation. Control is defined as the power to govern the financial and operating policies of another

These financial statements consolidate the assets, liabilities and results of operations for the following programs which use accounting principles which lend themselves to consolidation:

- Neskonlith Indian Band Operating Fund
- Neskonlith Indian Band Trust Fund
- Neskonlith Indian Band Capital Fund
- Neskonlith Indian Band Social Housing Pre-1997 Fund
- Neskonlith Indian Band Social Housing Post-1996 Fund

All inter-entity balances have been eliminated.

Government business entities owned or controlled by the Neskonlith Indian Band and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. This includes:

- Sk'atsin Resources Ltd. (including the entity's interest in 1202453 B.C. Ltd.)
- Sk'atsin Resources Limited Liability Partnership

All investments in entities that are not controlled are considered to be portfolio investments. They are reported at cost less any write-downs associated with a loss in value that is other than a temporary decline. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

b) Asset classification

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

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Tangible Capital Assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis over their estimated useful lives as follows:

Major Asset Category:

Buildings	7%
Automotive equipment	20%
Furniture and equipment	20%
Fencing	10%
Infrastructure	20%

Assets under construction are not amortized until the asset is available for productive use.

The Band reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Band's ability to provide services. When assets no longer have any long-term service potential to the Band, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

The Band's interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the Band to acquire these lands.

d) Contributions of Tangible Capital Assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

e) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

f) Government Transfers:

Government transfers (revenue from non-exchange transactions with governments) are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made, except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Revenue Recognition:

The Neskonlith Indian Band derives revenues from a number of sources. Revenue is recognized on the accrual basis as it is earned, or as services are provided, and is measurable and becomes receivable under the terms of the applicable funding agreements.

Amounts received from Indigenous Services Canada (ISC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set contributions are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to ISC and any deficits incurred are refundable by ISC. Amounts specified as fixed contributions are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the Band provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the Band. Amounts specified as flexible are reported as revenue as program terms and conditions are met and delivered and project expenditures have been made. Any unspent funds at the end of the project are repayable to ISC. Grants received from ISC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured.

Revenues, other than government transfers, that are externally restricted through stipulations imposed by an agreement with an external party, legislation, or regulation that specify the purpose or purpose for which the resources are to be used are deferred on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed are deferred and recognized when the fee is earned or service is performed.

Rental income is recognized when earned. Deposits recorded in advance are deferred until they are repaid or applied against outstanding accounts.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, and property taxes, etc. are recognized upon transfer of title of the produce or upon performance of the service and when

h) Uses of Estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A2. FUTURE ACCOUNTING CHANGES:

PS 3400 Revenues

This section establishes standards on how to account for and report on revenue. This section applies to fiscal years beginning on or after April 1, 2023, with early adoption permitted.

PS 3450 Financial Instruments

This section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted. Adoption of this standard requires corresponding adoption of PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation and PS 3041 Portfolio Investments in the same fiscal period.

PS 1201 Financial Statement Presentation

This section revises the general reporting principals and standards for the disclosure of information in the financial statements. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

PS 2601 Financial Currency Translation

This section revises and replaces the existing Section PS 2600 Foreign Currency Translation. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

PS 3401 Portfolio Investments

This section revises and replaces the existing Section PS 3040 Portfolio Investments. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

PS 3280 Asset retirement obligations

This section establishes standards on how to account for and report a liability for asset retirement obligations. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

NOTE A3. RESTRICTED CASH:

	2022	2021
Replacement Reserve	\$ 305,134	\$ 303,821
Operating Reserve	204,229	192,768
Ottawa Trust Funds	<u>712,056</u>	<u>681,616</u>
	<u>\$ 1,221,419</u>	<u>\$ 1,178,205</u>

a) Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$34,221 (2021 - \$34,221) annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

b) Operating Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Operating Reserve account is to be credited in the amount of any accumulated surplus plus interest. These funds, along with accumulated interest, must be held in a separate bank account invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A3. RESTRICTED CASH (continued):

c) Ottawa Trust Funds:

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 of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

NOTE A4. GRANTS AND ACCOUNTS RECEIVABLE

	2022	2021
Grants and accounts receivable	\$ 1,398,935	\$ 1,701,720
Less: Allowance for doubtful accounts	<u>1,004,124</u>	<u>1,064,202</u>
	<u>\$ 394,811</u>	<u>\$ 637,518</u>

NOTE A5. INVESTMENTS:

	2022	2021
<u>Portfolio investments:</u>		
All Nations Trust Company:		
2,000 Class A shares, par value \$1	<u>\$ 4,000</u>	<u>\$ 4,000</u>
B.C. First Nations Revenue Share Limited Partnership (0.45% interest)	<u>(165,536)</u>	<u>(288,106)</u>
Share in the General Partner, BCFN GRS GP Inc., a corporation incorporated under the BC Business Corporations Act. Share represents a 0.45% interest in the Company at March 31, 2022.	<u>10</u>	<u>10</u>

Government business enterprises:

Sk'atsin Resources Ltd. (100% interest)	<u>74,192</u>	<u>68,623</u>
Financial information for Sk'atsin Resources Ltd.:		
Assets	<u>\$ 305,885</u>	<u>\$ 858,631</u>
Liabilities	<u>(469,297)</u>	<u>(545,841)</u>
Equity (Deficit)	<u>\$ (163,412)</u>	<u>\$ 312,790</u>
Revenue	<u>\$ 114,132</u>	<u>\$ 688,310</u>
Expenses	<u>47,240</u>	<u>119,987</u>
Net Income (Loss)	<u>\$ 66,892</u>	<u>\$ 568,323</u>

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A5. INVESTMENTS (continued):

	2022	2021
Sk'atsin Resources Limited Liability Partnership (99% interest)	5,618,268	5,066,085
Financial information for Sk'atsin Resources Limited Liability Partnership:		
	Total	Band's Share
	2022	2021
Assets	\$ 6,045,541	\$ 5,985,086
Liabilities	<u>(415,194)</u>	<u>(411,042)</u>
Partner's Capital	\$ 5,630,347	\$ 5,574,044
Revenues	\$ 4,315,220	\$ 4,272,068
Expenses	<u>3,742,077</u>	<u>3,704,656</u>
Net Income	\$ 573,143	\$ 567,412
	\$ 5,530,934	\$ 4,850,612

Sk'atsin Resources Limited Liability Partnership is domiciled in Canada and has a registered office at 740 Chief Neskonlith Drive, Chase, BC. The Partnership is engaged in resource and economic development opportunities. The Partnership is controlled by Neskonlith Indian Band (99%). Net income of the Partnership is allocated to the respective Partners annually. The Partnership was formed on March 19, 2014.

NOTE A6. BANK INDEBTEDNESS:

Under a line of credit with the Royal Bank of Canada, the Band may borrow up to \$200,000 on such terms as the Band and bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2022, the unused portion of the credit line was \$200,000.

NOTE A7. DEMAND LOANS:

	2022	2021
Royal Bank of Canada, demand loan, repayable in monthly installments of \$1,534 including interest at 4.42%, secured by a general security agreement, due December 2022	\$ 63,422	\$ 78,651
City of Salmon Arm, municipal service debt, repayable in monthly installments of \$1,191 including interest at 2.4%, unsecured, due December 2026	65,168	77,739
Royal Bank of Canada, demand loan, repayable in monthly installments of \$2,207 including interest at 2.23%, secured by a general security agreement, due June 2022	122,848	146,301
Royal Bank of Canada, demand loan, repayable in monthly installments of \$793 including interest at 4.45%, secured by a general security agreement, due February 2023	8,543	17,463

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A7. DEMAND LOANS (continued):

All Nations Trust Company, demand loan, repayable in monthly installments of \$1,288 including interest ANTCO's minimum lending rate plus 0.50%, secured by a general security agreement, due July 2023	20,612	33,976
All Nations Trust Company, demand loan, repaid during the year	-	10,646
Royal Bank of Canada, demand loan, repaid during the year	-	224
	<u>\$ 280,593</u>	<u>\$ 365,000</u>

Principal repayments due in the ensuing 5 years are approximately as follows:

2023	\$ 222,059
2024	19,423
2025	13,503
2026	13,829
2027	11,779
	<u>\$ 280,593</u>

NOTE A8. MORTGAGES PAYABLE:

2022

2021

Social Housing Operation - Pre-1997 mortgages:

All Nations Trust Company, repayable in monthly installments of \$2,139 including interest at 1.30% per annum, secured by land and buildings with a carrying value of \$96,000, due April 2022.	\$ 2,138	\$ 27,593
All Nations Trust Company, repayable in monthly installments of \$2,619 including interest at 2.50% per annum, secured by land and buildings with a carrying value of \$96,000, due June 2023.	<u>38,648</u>	<u>68,711</u>
	<u>40,786</u>	<u>96,304</u>

Social Housing Operation - Post-1996 mortgages:

All Nations Trust Company, repayable in monthly installments of \$2,379 including interest at 1.73% per annum, secured by land and buildings with a carrying value of \$21,000, due May 2024	60,666	87,910
All Nations Trust Company, repayable in monthly installments of \$2,660 including interest at 2.50% per annum, secured by land and buildings with a carrying value of \$96,343, due June 2023	118,988	147,556
All Nations Trust Company, repayable in monthly installments of \$3,064 including interest at 1.69% per annum, secured by land and buildings with a carrying value of \$90,696, due September 2024	<u>89,932</u>	<u>124,860</u>
	<u>269,586</u>	<u>360,326</u>
	<u>\$ 310,372</u>	<u>\$ 456,630</u>

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A8. MORTGAGES PAYABLE (continued):

The Social Housing mortgages are guaranteed by Indigenous Services Canada.

Principal repayments due in the ensuing 3 years are approximately as follows:

2023	\$ 125,461
2024	180,188
2025	4,723
	<u>\$ 310,372</u>

NOTE A9. PROMISSORY NOTE PAYABLE:

First Nations Finance Authority, repayable in annual installments of \$52,753 plus semi-annual interest payments at 2.15% per annum, due June 2030.	2022	2021
	<u>\$ 2,192,409</u>	<u>\$ 2,246,463</u>

Principal repayments due in the ensuing 5 years are approximately as follows:

2023	\$ 52,753
2024	52,753
2025	52,753
2026	52,753
2027	52,753
Thereafter	<u>1,928,644</u>
	<u>\$ 2,192,409</u>

NOTE A10. TANGIBLE CAPITAL ASSETS:

	2022	2021
Tangible capital assets consist of the following:		
Buildings	\$ 3,031,323	\$ 3,243,293
Automotive equipment	26,803	33,503
Furniture and equipment	191,724	142,970
Fencing	29,705	19,589
Infrastructure	69,455	67,530
Social Housing	<u>400,040</u>	<u>574,105</u>
	<u>\$ 3,749,050</u>	<u>\$ 4,080,990</u>

For additional information, see the Summary Schedule of Tangible Capital assets (Appendix 1).

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A11. ACCUMULATED SURPLUS:	2022	2021
Accumulated surplus consists of individual program surpluses and reserves as follows:		
Surplus from operations	<u>\$ 17,224,758</u>	<u>\$ 11,288,499</u>
Invested in investments	<u>5,210</u>	<u>5,210</u>
Invested in tangible capital assets	<u>1,094,266</u>	<u>1,169,287</u>
Funded Reserves:		
Operating Reserve Fund (CMHC)	213,018	203,837
Replacement Reserve Fund (CMHC)	221,350	256,986
Ottawa Trust Funds	712,056	681,616
	<u>1,146,424</u>	<u>1,142,439</u>
	<u>\$ 19,470,658</u>	<u>\$ 13,605,435</u>

NOTE A12. FEDERAL ASSISTANCE PAYMENTS:

The Neskonlith 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 assistance received through March 31, 2022 was \$77,114 (2021 - \$77,114). This assistance will continue, providing the Band is not in default of the agreement.

NOTE A13. COMMITMENTS AND CONTINGENCIES:

Commitments:

The Band leases office equipment under long-term lease agreements the longest of which expires June 2026.

Future minimum lease payments as at March 31, 2022, are as follows:

2023	\$ 18,540
2024	18,540
2025	13,290
2026	1,440
2027	<u>360</u>
	<u>\$ 52,170</u>

Contingencies:

a)

The Band is guarantor of various individual members' loans, secured by Ministerial guarantees, for a total of \$214,766.

b) Indigenous Services Canada:

The Band receives a portion of its funding under a contribution agreement with Indigenous Services Canada (ISC) which, if unexpended, may be refundable to ISC. Further, amounts which are overexpended may be reimbursed by ISC to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A13. COMMITMENTS AND CONTINGENCIES (continued):

c) **Guarantees:**

The Band has provided a guarantee for the bank indebtedness of Sk'atsin Resources Limited Liability Partnership. The Band holds 99% of the partnership units in Sk'atsin Resources Limited Liability Partnership. At March 31, 2022, the outstanding loan balances were \$Nil. The maximum liability to the Band with respect to these loans is \$75,000.

NOTE A14. DEFINED CONTRIBUTION PENSION PLAN:

The Band provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee. The pension rate for employees is 5.5%.

NOTE A15. SEGMENTED INFORMATION:

The Neskonlith Indian Band is a First Nations government institution that provides a range of programs and services to its members, including administration, community welfare, operations and maintenance, education, economic development, health services, Government - Tmicw, capital, local revenue and social housing. For management reporting purposes the First Nations operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these programs. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Administration

Administration relates to the operations of the Neskonlith Indian Band itself and cannot be directly attributed to a specific segment.

Community Welfare

Community Welfare provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

Operations and maintenance provides services relating to the development, maintenance and service of the Neskonlith Indian Band's assets, infrastructure and common property.

Education

Education 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 Neskonlith Indian Band's Members.

Economic Development

Economic development provides for the development of economic opportunities to the Members.

Health Services

Health services provides for health-related services and programs to the Members.

Government - Tmicw

Government - Tmicw provides exploration of natural resources and development of natural resource revenues.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A15. SEGMENTED INFORMATION (continued):

Capital

Capital provides for the development of new capital projects and infrastructure programs on the reserve.

Local Revenue

Local Revenue assists in the maintenance of roads, streets, and facilities through revenue raised under local revenue laws.

Social Housing

Social housing provides for social housing to the Members.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

NOTE A16. ECONOMIC DEPENDENCE:

The Band receives revenues pursuant to a Funding Agreement with Indigenous Services Canada. In the current fiscal year, funding from Indigenous Services Canada accounted for 36% (2021 - 40%) of the Band's gross revenues.

NOTE A17. CASH FLOW INFORMATION:

During the year, the Band paid interest on demand loans and mortgages payable of \$66,373 (2021 - \$73,123) and received interest of \$16,705 (2021 - \$7,647).

NESKONLITH INDIAN BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2022

	Buildings	Automotive Equipment	Furniture and Equipment	Fencing	Infrastructure	Social Housing	2022	2021
Cost								
Balance, beginning of year	\$ 6,756,320	\$ 431,576	\$ 1,006,847	\$ 144,122	\$ 5,889,180	\$ 3,519,193	\$ 17,747,238	\$ 17,494,562
Add: Additions during the year	16,841	-	85,936	12,710	17,145	-	132,632	252,676
Balance, end of year	6,773,161	431,576	1,092,783	156,832	5,906,325	3,519,193	17,879,870	17,747,238
Accumulated amortization								
Balance, beginning of year	3,513,027	398,073	863,877	124,533	5,821,650	2,945,088	13,666,248	13,116,051
Add: Amortization	228,811	6,700	37,182	2,594	15,220	174,065	464,572	550,197
Balance, end of year	3,741,838	404,773	901,059	127,127	5,836,870	3,119,153	14,130,820	13,666,248
Net Book Value of Tangible Capital Assets	\$ 3,031,323	\$ 26,803	\$ 191,724	\$ 29,705	\$ 69,455	\$ 400,040	\$ 3,749,050	\$ 4,080,990

Included in Buildings are tangible capital assets under construction of \$1,072,304 (2021 - \$1,072,304). These assets have not been amortized.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2022

	Administration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2022	Total 2021
REVENUE:												
Indigenous Services Canada	\$ 468,698	\$ 1,025,539	\$ 1,170,961	\$ 2,352,267	\$ 280,262	\$ 255,577	\$ -	\$ -	\$ -	\$ -	\$ 5,553,304	\$ 4,654,474
Leases and rentals	169,930	-	-	-	-	-	18,672	-	-	179,039	367,641	318,714
CMHC	-	-	-	-	-	-	-	-	-	192,234	192,234	77,114
Province of BC	151,339	-	337	47,208	-	71,603	4,658,173	-	-	-	4,928,660	2,590,083
Interest and tax penalties	30,440	-	-	-	-	-	-	-	-	834	31,274	28,926
First Nations Health Authority	-	-	-	-	-	638,374	-	-	-	-	638,374	586,852
Admin recoveries	579,153	-	-	-	-	-	-	-	-	-	579,153	419,070
Equity earnings from government business enterprises	-	-	-	-	-	-	567,412	-	-	-	567,412	472,430
Miscellaneous	405,981	-	175,639	817,231	40,000	769,693	82,187	-	101,484	15,842	2,408,057	2,484,416
	1,805,541	1,025,539	1,346,937	3,216,706	320,262	1,735,247	5,326,444	-	101,484	387,949	15,266,109	11,632,079
EXPENSES:												
Administration fees	15,915	21,056	80,404	168,478	29,827	153,873	61,969	-	-	36,871	568,393	382,692
Advertising	-	-	1,019	5,521	304	1,672	2,021	-	-	-	10,537	540
Amortization	290,507	-	-	-	-	-	-	-	-	174,065	464,572	550,197
Assistance	-	482,956	-	193,667	-	-	-	-	-	-	676,623	908,415
Community development	-	-	-	-	-	22,173	-	-	-	-	22,173	18,455
Contract services	17,209	3,600	290,546	27,803	128,355	124,888	553,763	-	1,637	-	1,147,801	839,124
Education	-	-	-	771,178	-	-	-	-	-	-	771,178	767,367
Gifts and donations	47	-	-	1,750	-	-	30,030	-	-	-	31,827	7,441
Honorarium	3,945	-	-	9,100	-	2,050	437,272	-	-	-	452,367	400,830
Insurance	34,137	-	12,752	3,641	-	4,448	2,305	-	-	19,814	77,097	72,725
Leases	28,748	-	-	33,300	-	8,550	6,000	-	-	-	76,598	57,653
Licences, dues and fees	2,184	-	498	50	-	-	900	-	450	-	4,082	4,277
Interest on demand loans and mortgages payable	52,602	-	-	-	-	-	1,719	-	10	7,821	62,152	73,123
Materials and supplies	121,219	6,418	126,793	348,635	1,925	251,586	21,146	-	-	-	877,722	765,146
Meetings	568	2,773	-	730	-	-	30,996	-	-	-	35,067	4,713
Office and other	133,040	-	-	153,428	-	4,287	3,965	-	-	964	295,684	164,357
Professional fees	46,642	-	-	-	2,500	-	41,342	-	-	6,750	97,234	75,755
Programs	2,251	-	140,727	257,523	-	93,142	-	-	-	-	493,643	387,589
Repairs and maintenance	188,495	-	115,923	29,147	-	4,581	5,601	-	-	195,925	539,672	344,872
Telephone	7,892	840	5,524	9,295	-	12,859	2,344	-	-	-	38,754	45,063
Training	2,049	137	103	134,572	-	24,112	-	-	-	-	160,973	130,834
Travel	7,347	5,467	5,847	37,980	-	35,153	3,025	-	10	-	94,829	50,138
Utilities	24,708	-	58,322	17,305	-	14,571	2,297	-	-	-	117,203	105,436
Wages and benefits	903,693	89,554	215,734	531,381	-	372,841	171,502	-	-	-	2,284,705	1,853,216
	1,883,198	612,801	1,054,192	2,734,484	162,911	1,130,786	1,378,197	-	2,107	442,210	9,400,886	8,009,958
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (77,657)	\$ 412,738	\$ 292,745	\$ 482,222	\$ 157,351	\$ 604,461	\$ 3,948,247	\$ -	\$ 99,377	\$ (54,261)	\$ 5,865,223	\$ 3,622,121

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2021

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2021
REVENUE:											
Indigenous Services Canada	\$ 426,756	\$ 1,087,357	\$ 729,793	\$ 1,799,562	\$ 253,558	\$ 357,448	\$ -	\$ -	\$ -	\$ -	\$ 4,654,474
Leases and rentals	141,918	-	-	-	-	-	-	-	-	176,796	318,714
CMHC	-	-	-	-	-	-	-	-	-	77,114	77,114
Province of BC	94,729	-	19,169	918,600	-	100,284	1,457,301	-	-	-	2,590,083
Interest and tax penalties	27,712	-	-	-	-	-	-	-	-	1,214	28,926
First Nations Health Authority	-	-	-	-	-	586,852	-	-	-	-	586,852
Admin recoveries	419,070	-	-	-	-	-	-	-	-	-	419,070
Equity earnings from government business enterprises	-	-	-	-	-	-	472,430	-	-	-	472,430
Miscellaneous	125,732	-	346,047	1,043,600	6,639	614,705	267,390	-	75,809	4,494	2,484,416
	1,235,917	1,087,357	1,095,009	3,761,762	260,197	1,659,289	2,197,121	-	75,809	259,618	11,632,079
EXPENSES:											
Administration fees	12,148	21,199	69,703	149,691	18,531	86,530	400	-	-	24,490	382,692
Advertising	-	-	-	281	-	-	259	-	-	-	540
Amortization	328,993	-	-	-	-	-	-	-	-	221,204	550,197
Assistance	-	715,336	-	193,079	-	-	-	-	-	-	908,415
Community development	-	-	-	-	-	18,455	-	-	-	-	18,455
Contract services	12,848	-	381,477	75,442	123,339	22,251	222,243	-	1,524	-	839,124
Education	-	-	-	767,367	-	-	-	-	-	-	767,367
Gifts and donations	-	-	-	-	-	-	7,441	-	-	-	7,441
Honorarium	300	-	-	14,146	-	400	385,984	-	-	-	400,830
Insurance	30,078	-	13,392	4,658	-	4,276	2,352	-	-	17,969	72,725
Leases	16,241	-	-	28,200	-	7,212	6,000	-	-	-	57,653
Licences, dues and fees	2,121	-	266	515	-	665	710	-	-	-	4,277
Interest on demand loans and mortgages payable	59,994	-	-	-	-	83	2,419	-	8	10,619	73,123
Materials and supplies	105,849	12,957	31,020	242,779	100	355,679	16,762	-	-	-	765,146
Meetings	-	-	-	-	-	-	4,713	-	-	-	4,713
Office and other	76,859	-	-	62,223	-	2,227	22,500	-	-	548	164,357
Professional fees	41,913	-	-	-	-	-	27,242	-	-	6,600	75,755
Programs	5,962	-	83,653	210,738	-	87,236	-	-	-	-	387,589
Repairs and maintenance	106,075	-	61,644	35,150	-	5,094	988	-	-	135,921	344,872
Telephone	16,961	720	5,025	7,542	-	12,675	2,140	-	-	-	45,063
Training	346	-	225	121,078	-	9,175	10	-	-	-	130,834
Travel	6,775	2,766	6,134	11,654	-	20,859	1,950	-	-	-	50,138
Utilities	23,023	-	48,686	16,546	-	13,389	3,792	-	-	-	105,436
Wages and benefits	604,538	69,369	200,981	495,080	6,352	388,316	88,580	-	-	-	1,853,216
	1,451,024	822,347	902,206	2,436,169	148,322	1,034,522	796,485	-	1,532	417,351	8,009,958
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (215,107)	\$ 265,010	\$ 192,803	\$ 1,325,593	\$ 111,875	\$ 624,767	\$ 1,400,636	\$ -	\$ 74,277	\$ (157,733)	\$ 3,622,121

See accompanying notes to financial statements.