

High Bar First Nation
Consolidated Financial Statements
March 31, 2022

High Bar First Nation

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For the Year Ended March 31, 2022

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Management's Responsibility

To the Members of High Bar First Nation

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The High Bar First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the consolidated financial information prepared by management and discussing relevant matters with management and external auditors. The Directors are also responsible for recommending the appointment of the Nation's external auditor.

Stolz Chartered Professional Accountant Inc. is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditor has full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 18, 2022



Band Administrator



Chief

Independent Auditor's Report

To the Members of High Bar First Nation

Opinion

We have audited the consolidated financial statements of High Bar First Nation ("the Nation"), which comprise the consolidated statement of financial position as at March 31, 2022 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis of 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 Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 these consolidated financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Nation'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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued from previous page)*

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 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 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 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 my auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Chartered Professional Accountant

August 24, 2022
100 Mile House, British Columbia

High Bar First Nation
Consolidated Statement of Financial Position
As at March 31, 2022

	2022	2021
Financial assets		
Cash	4,425,069	8,187,859
Short-term investments	1,761,850	1,727,665
Accounts receivable (Note 3)	1,069,925	934,505
Due from Nation business entity	49,390	49,390
Portfolio investments (Note 4)	6,029,601	-
Investment in Nation business entity (Note 5)	(8,758)	(8,811)
Trust funds (Note 6)	21,262	20,440
	13,348,339	10,911,048
Liabilities		
Accounts payable and accrued liabilities (Note 7)	454,393	337,933
Deferred revenue (Note 8)	2,400	271,919
Debt (Note 9)	69,035	90,726
	525,828	700,578
Net financial assets	12,822,511	10,210,470
Non-financial assets		
Tangible capital assets (Note 10)	1,041,326	574,676
Prepaid expenses	5,858	11,525
	1,047,184	586,201
Accumulated surplus (Note 11)	13,869,695	10,796,671
Accumulated surplus is comprised of:		
Accumulated operating surplus	13,706,591	10,796,671
Accumulated remeasurement gains (losses)	163,104	-
	13,869,695	10,796,671

Approved on behalf of Chief and Council




The accompanying notes are an integral part of these financial statements

High Bar First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended March 31, 2022

	<i>Budget</i>	<i>2022</i>	<i>2021</i>
Revenue			
Indigenous Services Canada	-	490,506	618,213
ISC revenue deferred, beginning of year	-	269,459	99,899
ISC revenue deferred, end of year	-	-	(269,459)
Revenue sharing agreements	-	2,455,366	1,684,480
Department of Fisheries and Oceans	-	619,629	492,700
Province of British Columbia	-	487,825	743,849
Other income	-	309,183	133,526
Shuswap Nation Tribal Council Society	-	298,384	76,358
Government of Canada	-	185,668	5,900,002
BCFN Gaming Revenue Sharing	-	169,624	295,044
Logging income	-	146,783	195,166
Contracting income	-	102,098	762,695
Investment income	-	66,497	-
Enbridge	-	52,000	64,000
First Nations Health Authority	-	45,000	84,000
Rental income	-	38,920	58,120
Interest income	-	34,767	33,608
HDI Constantia	-	23,128	20,000
New Relationship Trust	-	-	5,000
	-	5,794,837	10,997,201
Expenses			
Administration	-	517,565	652,874
Capital	-	83,626	53,270
Community Services	-	331,721	130,186
Education	-	85,669	128,454
Lands and Resources	-	1,717,628	1,763,334
Economic Development	-	148,708	67,289
	-	2,884,917	2,795,407
Annual operating surplus	-	2,909,920	8,201,794
Accumulated operating surplus, beginning of year	-	10,796,671	2,594,877
Accumulated operating surplus, end of year	-	13,706,591	10,796,671

The accompanying notes are an integral part of these financial statements

High Bar First Nation
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2022

	<i>Budget</i>	<i>2022</i>	<i>2021</i>
Annual operating surplus	-	2,909,920	8,201,794
Tangible capital assets			
Acquisition of tangible capital aassets	-	(550,276)	(142,303)
Amortization	-	83,626	53,270
	-	(466,650)	(89,033)
Prepaid expenses			
Acquisition of prepaid expenses	-	(5,856)	(11,523)
Use of prepaid expenses	-	11,523	3,126
	-	5,667	(8,397)
Net remeasurement gains (losses)			
Change in net remeasurement gains (losses)	-	163,104	-
Change in net financial assets	-	2,612,041	8,104,364
Net financial assets, beginning of year	-	10,210,470	2,106,106
Net financial assets, end of year	-	12,822,511	10,210,470

The accompanying notes are an integral part of these financial statements

High Bar First Nation
Consolidated Statement of Remeasurement Gains (Losses)
For the Year Ended March 31, 2022

	2022	2021
Unrealized gains (losses) attributable to:		
Portfolio investments	163,104	-
Net remeasurement gains (losses) for the year	163,104	-
Accumulated remeasurement gains (losses), beginning of year	-	-
Accumulated remeasurement gains (losses), end of year	163,104	-

The accompanying notes are an integral part of these financial statements

High Bar First Nation
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Annual operating surplus	2,909,920	8,201,794
Non-cash items		
Amortization	83,626	53,270
Net loss (income) from Nation business entity	(53)	310
Revenue earned in trust funds	(823)	(633)
	2,992,670	8,254,741
Changes in working capital accounts		
Accounts receivable	(135,420)	(534,072)
Accounts payable and accrued liabilities	116,463	246,483
Deferred revenue	(269,519)	172,020
Prepaid expenses	5,667	(8,397)
	2,709,861	8,130,775
Financing activities		
Advances of long-term debt	-	42,027
Repayment of long-term debt	(21,691)	(18,216)
	(21,691)	23,811
Capital activities		
Acquisition of tangible capital assets	(550,276)	(142,303)
Investing activities		
Investment in short-term investments	(34,186)	(562,870)
Investment in portfolio investments	(5,866,498)	-
	(5,900,684)	(562,870)
Increase (decrease) in cash resources	(3,762,790)	7,449,413
Cash resources, beginning of year	8,187,859	738,446
Cash resources, end of year	4,425,069	8,187,859

The accompanying notes are an integral part of these financial statements

High Bar First Nation

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2022

1. Operations

High Bar First Nation (the "Nation") is a First Nation band located in the province of British Columbia that provides various services to its members. High Bar First Nation includes the Nation's government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements of High Bar First Nation are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis. Inter-entity balances and transactions have been eliminated on consolidation.

Organizations consolidated in High Bar First Nation's financial statements include:

- Cougar Point Development Incorporated
- High Bar Resources & Development LLP
- Spirit Valley Development Limited Partnership
- Spirit Valley Development GP Ltd.
- Cougar Point Holdings Ltd.
- Cougar Point Holdings Limited Partnership

In addition, the Nation's investment in the following non-controlled entity and subject to significant influence is recorded using the modified equity method:

- Pelltiq't Energy Group Ltd. owned 25% by the Nation

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets (debt)

High Bar First Nation's financial statements are presented so as to highlight net financial assets (debt) as the measurement of financial position. The net financial assets (debt) of the Nation is determined by its financial assets less its liabilities. Net financial assets (debt) is comprised of two components, non-financial assets and accumulated surplus.

Short-term investments

Short-term investments consists of term deposits or guaranteed investment certificates and are recorded at cost. Accrued interest is recorded when earned.

High Bar First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2022

2. Significant accounting policies *(continued from previous page)*

Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the Nation is directly responsible; or accepts responsibility; and
- iv) a reasonable estimate of the amount can be made.

Management has determined that no such liability exists at March 31, 2022.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records.

Amortization

Tangible capital assets are amortized annually on a straight-line basis over their estimated useful lives as follows:

Asset	Basis	Useful life
Buildings	Straight-line	25 years
Computers	Straight-line	5 years
Automotive	Straight-line	7 years
Equipment	Straight-line	10 years
Furniture and fixtures	Straight-line	10 years

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

Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Assets under construction are not amortized until the asset is available to be put into service.

Funds held in Ottawa Trust fund

Funds held in trust on behalf of the Nation's members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from nonrenewable resource transactions on the sale of land or other tangible capital assets; and
 - Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.
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High Bar First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2022

2. Significant accounting policies *(continued from previous page)*

Revenue recognition

Government transfers

High Bar First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Own source revenue

Own source revenue is recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

First Nation capital and revenue trust funds

High Bar First Nation recognizes revenues at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Accounts receivable and amounts due from Nation business entity are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in annual surplus in the periods in which they become known.

Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies. When the Nation determines that a long-lived asset no longer has any long-term service potential to the Nation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Segments

High Bar First Nation conducts its operations through various segments as described in Note 14. These operating segments are established by management to facilitate the achievement of the Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

High Bar First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2022

2. Significant accounting policies *(continued from previous page)*

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Nation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Nation determines if there is a significant adverse change in the expected amount of timing of future cash flows, the carrying value of the financial asset is reduced to the highest present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Nation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

3. Accounts receivable

	2022	2021
Trade receivables	1,059,332	924,096
Accrued interest receivable	10,593	10,409
	1,069,925	934,505

4. Portfolio investments

	2022	2021
Investments recorded at fair value:		
Securities held with Credential Securities	4,368,426	-
Investments recorded at amortized cost:		
Fixed income	1,490,976	-
Cash and cash equivalents	170,199	-
	1,661,175	-
	6,029,601	-

High Bar First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2022

5. Investment in Nation business entity

The investment in Nation business entity is comprised of 120 common shares of Pelltiq't Energy Group Ltd. representing 25% ownership. Financial information for Pelltiq't Energy Group Ltd. is as follows:

	2022	2021
Current assets	78,328	14,142
Current liabilities	64,000	49,391
Share capital	4	4
Equity (deficit)	14,324	(35,253)
Total liabilities and equity (deficit)	78,328	14,142

	2022	2021
Revenues	68,033	-
Expenses	67,821	1,241
Net earnings (loss)	212	(1,241)

6. Trust funds

Trust funds consist of Ottawa Trust accounts that arise from funds derived from capital or revenue sources as outlined in Section 62 of the Indian Act. The management of these funds are governed by Sections 63 to 69 of the Indian Act.

	2022	2021
Capital fund		
Balance, beginning of year	63	63
Balance, end of year	63	63
Revenue fund		
Balance, beginning of year	20,377	19,744
Interest income	425	234
BC special distribution	397	399
Balance, end of year	21,199	20,377
	21,262	20,440

7. Accounts payable and accrued liabilities

Included in accounts payable are government remittances totaling \$46,322 (2021 - \$45,280).

High Bar First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2022

8. Deferred revenue

	<i>Opening balance</i>	<i>Funds received</i>	<i>Revenue recognized</i>	<i>2022 Closing balance</i>	<i>2021</i>
Indigenous Services Canada	269,459	-	(269,459)	-	269,459
Rent deposits	2,460	-	(60)	2,400	2,460
	271,919	-	(269,519)	2,400	271,919

9. Long-term debt

	<i>2022</i>	<i>2021</i>
Integris Credit Union loan, payments of \$1,334 per month including interest at 5.5% per annum, matures December 2024 (secured by specific land and buildings)	40,902	54,261
Toyota Financial Services loan, payments of \$705 per month including interest at 1.99% per annum, matures July 1, 2025 (secured by specific automotive equipment)	27,272	35,088
Colwood Insurance Services loan	861	1,377
	69,035	90,726

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2023	22,626
2024	23,410
2025	20,192
2026	2,807
2027	-
	69,035

High Bar First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2022

10. Tangible capital assets

Cost	Beginning of year	Acquisitions	Disposals	End of year
Land	145,681	229,366	-	375,047
Buildings	302,780	100,522	-	403,302
Automotive	171,828	94,078	-	265,906
Equipment	217,548	126,310	-	343,858
	837,837	550,276	-	1,388,113

Accumulated amortization	Beginning of year	Amortization	Disposals	End of year
Buildings	95,962	16,132	-	112,094
Automotive	37,241	37,987	-	75,228
Equipment	129,958	29,507	-	159,465
	263,161	83,626	-	346,787

Net book value	2022	2021
Land	375,047	145,681
Buildings	291,208	206,818
Automotive	190,678	134,587
Equipment	184,393	87,590
	1,041,326	574,676

Amortization expense of \$83,626 (2021 - \$53,270) was recorded in the Capital Fund.

11. Accumulated surplus

	2022	2021
Unrestricted surplus	12,706,317	10,279,377
Equity in tangible capital assets	973,154	485,329
Equity in other non-financial assets	5,858	11,525
Equity in trust funds	21,262	20,440
	13,706,591	10,796,671

High Bar First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2022

12. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

13. Financial instruments

As part of its operations, High Bar First Nation carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Nation manages exposure through its normal operating and financing activities.

High Bar First Nation is exposed to interest rate price risk on its term deposit and long-term debt with Integris Credit Union and Toyota Financial as they are at fixed interest rates.

14. Segmented information

High Bar First Nation operates a number of programs and receives funding from various sources. For the management of and for reporting purposes, the Nation groups revenues, expenses, and accumulated surplus or deficit by segment based on major functional classification of activities as outlined below:

1. Administration supports the development of stable, legitimate and accountable community governments. It also provides overall support of the Nation including advisory services to financial management, band government, economic development, community services and technical services.
 2. Capital includes activities related to the Nation's tangible capital assets.
 3. Community Services department is responsible for administering various member and community programs such as cultural, member support programs, membership tracking and health programs.
 4. Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs. It also provides services for students at the elementary/secondary and post-secondary level, including instructional services both on and off reserve as well as support services.
 5. Lands and Resources is responsible for the development of lands and natural resources under community control as well as research and advocacy.
 6. Economic Development is responsible for developing access to economic opportunities, investment promotion and managing economic development planning and proposal development.
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