MOWACHAHT/MUCHALAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

Mowachaht/Muchalaht First Nation

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Mowachaht/Muchalaht First Nation are the responsibility of management and have been approved by the Council of Chiefs.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council of Chiefs is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council of Chiefs meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Allemekinders & Company, conduct an independent examination, in accordance with Canadian generally accepted auditing standards on behalf of their members. The external auditors has full and free access to the Council of Chiefs and management of the Mowachaht/Muchalaht First Nation and meet when required.

On behalf of Mowachaht/Muchalaht First Nation:

Chief Michael Maquinna

INDEPENDENT AUDITOR'S REPORT

To the Members,
Mowachaht/Muchalaht First Nation

Opinion

I have audited the consolidated financial statements of the Mowachaht/Muchalaht First Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2021, and the results of its consolidated operations, consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I have conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of my report. I am independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 accounting 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 Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Nation or to cease operations, or has no realistic alternative but 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My 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 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Allemekinders & Company

Chartered Professional Accountant

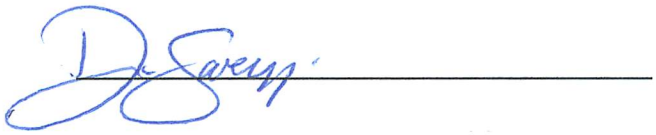
Campbell River, BC
June 14, 2022

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31, 2021

	Notes	2021 $	2020 $
Financial assets			
Cash and cash equivalents	3	4,084,844	4,180,921
Accounts receivable	4	1,428,726	583,354
Funds held in trust by government	5	5,506,409	5,342,269
Investment in government business entities	6	3,302,814	3,140,832
		14,322,793	13,247,376
Liabilities			
Accounts payable and accrued liabilities	7	436,357	320,309
Employee benefit obligations	8	96,970	60,640
Due to related entities	9	1,595	1,595
Deferred revenues	10	1,972,128	642,736
Long-term debt	11	749,062	804,246
		3,256,112	1,829,526
Net financial assets		11,066,681	11,417,850
Non-financial assets			
Deferred expenditures	12	167,300	169,357
Tangible capital assets	13	10,217,346	10,109,763
		10,384,646	10,279,120
Accumulated surplus	14	21,451,327	21,696,970

Contingent liabilities (Note 15)

APPROVED ON BEHALF OF THE COUNCIL OF CHIEFS



MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021

	2021 Budget (Note 19) $	2021 $	2020 $
Revenues			
Nuu-chah-nulth Tribal Council	2,279,520	3,030,123	2,401,497
Gain on forgiveness of Treaty Loan	0	0	1,839,801
Province of British Columbia	456,729	560,251	583,077
Fisheries & Oceans Canada	0	143,002	30,000
CMHC	69,027	69,027	69,027
First Nations Health Authority	0	60,941	97,008
First People's Heritage, Language & Cultural	0	42,240	43,685
First Nations Education Steering Committee	0	1,774	11,992
Other sources:			
BC gaming revenue sharing	400,000	409,095	380,054
Cooperation agreements	225,000	236,643	258,070
Road use permits	0	187,164	99,482
Rental income	156,340	168,960	170,240
Government business entities	0	161,982	982,160
Miscellaneous	0	108,958	95,898
Marina & tourism revenue	200,000	92,810	236,036
Interest income	0	82,949	176,864
Subsidies and user fees	4,080	39,785	87,150
Licenses and lease income	0	0	25,897
Gain on disposal of assets	0	2,000	0
	3,790,696	5,397,704	7,587,938
Expenses			
Administration	1,231,267	1,190,367	1,342,409
Public works	400,000	989,768	485,116
Health & social development programs	893,695	980,692	946,005
Education programs	262,000	306,005	452,334
Culture & community development	125,000	174,152	305,283
Economic development	200,000	157,096	340,374
Intergovernmental issues	200,000	295,403	352,603
Resource management & development	350,000	420,019	857,229
Capital projects	200,000	147,736	172,564
Housing programs	312,079	340,230	400,309
Government business entities	0	0	3,599
Amortization and loss on disposal of assets	0	641,879	675,933
	4,174,041	5,643,347	6,333,758
Annual surplus (deficit)	(383,345)	(245,643)	1,254,180
Accumulated surplus, beginning of Year	21,696,970	21,696,970	20,442,790
Accumulated surplus, end of year	21,313,625	21,451,327	21,696,970

See accompanying notes to the consolidated financial statements.

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2021

	2021 Budget (Note 19) $	2021 $	2020 $
Annual surplus (deficit)	(383,345)	(245,643)	1,254,180
Tangible capital assets			
Acquisition of capital assets	(130,234)	(749,462)	(644,153)
Amortization of capital assets	0	641,879	617,433
Proceeds on disposal of capital assets	0	2,000	0
Loss (gain) on disposal of capital assets	0	(2,000)	58,500
	(130,234)	(107,583)	31,780
Consumption (acquisition) of deferred expenses	0	2,057	137,140
	0	2,057	137,140
Change in net financial assets	(513,579)	(351,169)	1,423,100
Net financial assets, beginning of year	11,417,850	11,417,850	9,994,750
Net financial assets, end of year	10,904,271	11,066,681	11,417,850

See accompanying notes to the consolidated financial statements.

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2021

	2021 $	2020 $
Operating transactions		
Annual surplus (deficit) [1]	(245,643)	1,254,180
Non-cash items included in annual surplus (deficit)	313,757	(2,326,455)
Changes in working capital accounts	638,455	(217,440)
	706,569	(1,289,715)
Capital transactions		
Purchase of capital assets	(749,462)	(644,153)
Proceeds on sale of capital assets	2,000	0
	(747,462)	(644,153)
Investing transactions		
Investment in Nation business entities	0	(363)
Recovery from Nation business entities	0	812,000
	0	811,637
Financing transactions		
Repayment of long term debt	(55,184)	(54,129)
	(55,184)	(54,129)
Increase (decrease) in cash and equivalents	(96,077)	(1,176,360)
Cash and equivalents, beginning of year	4,180,921	5,357,281
Cash and equivalents, end of year	4,084,844	4,180,921
Represented by:		
Cash and cash equivalents	4,084,844	4,180,921
Short term investments	0	0
	4,084,844	4,180,921

[1] Interest received outside of Ottawa Trust accounts during the year was $19,827 (2020 - $92,492). Interest paid during the year was $13,891 (2020 - $15,154). Interest received is made up of the interest income from the Statement of Operations. Interest paid is made up of the interest on long term debt portion of the interest expense from the Statement of Operations in the amount of $14,079 (2020 - $15,135) plus the change in the accrued interest payable in the amount of $188 (2020 - $19).

See accompanying notes to the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, which encompass the following principles:

a) Reporting Entity

The Mowachaht/Muchalaht First Nation reporting entity includes the Mowachaht/Muchalaht First Nation government and all related entities that are either owned or controlled by the Nation. Control is defined as the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. Control exists regardless of whether the government chooses not to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend agreements.

b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise. These enterprises are included in the Consolidated Financial Statements on a modified equity basis.

Consolidation Method

This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. The method reports the organizations as if they were one organization. The organizations included through the consolidation method are:

- Mowachaht/Muchalaht First Nation government administration
- Mowachaht/Muchalaht First Nation housing programs

Modified Equity Method

This method reports only a Government's investment in and the net income or loss of the organization. No adjustment is made for accounting policies of the enterprise that are different from those of the Nation. In addition, any amounts receivable or payable are consolidated in the financial statements after eliminating any intercompany transactions and balances. The organizations included through the modified equity method are:

- 447839 BC Ltd.
- 1008653 BC Ltd.
- 1129958 BC Ltd.
- 1198759 BC Ltd.
- Matchlee General Partner Ltd.
- Matchlee Limited Partnership

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are 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 capital assets and prepaid expenses.

d) Cash

Cash and cash equivalents include cash on hand, balances with banks net of bank overdraft and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments. Cash and cash equivalents are recorded at cost.

e) Portfolio investments

Long-term investments in entities that are not majority owned or controlled by the Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment and include:

- BCFN GRS GP Inc.

f) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, temporary and long-term investments, accounts payable, amounts due to (from) related parties and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant currency or credit risks arising from these financial instruments. The First Nation is exposed to interest rate risk on its long term debt which is based on fluctuations in prime interest rates. The First Nation does not use any hedges or contracts to manage the exposure to interest rate fluctuations. A 1% change in interest rates would not have significantly impacted the cash flows during the year.

g) 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 asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available or use.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets are amortized annually over their expected useful lives using the straight-line method at the following rates:

Community buildings	40 years
Housing and minor buildings	15-25 years
Community infrastructure	20-40 years
Equipment and furnishings	5-15 years
Computer and technology equipment	5 years
Automotive & vessels	5-10 years

When management determines that a tangible capital asset no longer contributes to the Nation's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down.

All intangible assets and items inherited by right of the Nation, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in the Nation's consolidated financial statements.

h) Employee Benefit Obligations

The Nation maintains a defined contribution pension plan for its staff. Expenses for this plan are equal to the Nation's required contribution for the year.

i) Net Debt

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

j) Revenue Recognition

Government Transfers - The 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.

Non-government Funding - Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Funds held in trust - The Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed to the accounts held in Ottawa. Road use fees and interest revenue are recognized when earned..

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Sales - Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer and collection is reasonably assured.

Housing rental income - Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Other Revenue - Other revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the Nation and when the amount of revenue can be reliably measured and collectibility is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable.

k) Comparative Figures

Prior year's comparative figures have been reclassified where necessary to conform with the current year's presentation.

l) Measurement Uncertainty

In preparing the consolidated financial statements for the Nation, management is required 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 expenses during the period. Items requiring the use of significant estimates include valuation allowances for accounts receivable and amortization of capital assets. Actual results could differ from these estimates.

m) Liability for Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use and 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
(iv) it is expected that future economic benefits will be given up; and
(v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2020 and 2021, no liability for contaminated sites has been recorded.

2. ECONOMIC DEPENDENCE

The First Nation receives the major portion of its operating revenues pursuant to an agreement with Indigenous Services Canada and the Nuu-chah-nulth Tribal Council referred to as "Canada First Nation Funding Agreement" (CFNFA).

3. CASH AND CASH EQUIVALENTS

Replacement Reserve - Under the terms of agreements with Canada Mortgage and Housing Corporation, Mowachaht/Muchalaht First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Operating Reserve - Under the terms of the agreements with Canada Mortgage and Housing Corporation, excess federal assistance payments received are to be retained in subsidy surplus and operating reserve accounts. The reserves are to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future program requirements.

Cash and cash equivalents is comprised of the following:

	2021 $	2020 $
Externally restricted		
Replacement reserve	97,458	83,287
Operating reserve	468	1,940
	97,926	85,227
Unrestricted		
General accounts	3,691,775	3,770,593
Cash and other accounts	295,143	325,101
	3,986,918	4,095,694
Total Cash and Cash Equivalents	4,084,844	4,180,921

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2021 $	2020 $
Due from members:		
Member loans and advances	15,189	15,614
Member rent and utility arrears	189,527	164,322
	204,716	179,936
Less: Allowance for doubtful accounts	(204,716)	(179,936)
	0	0
Due from others:		
Nuu-chah-nulth Tribal Council	1,223,260	415,382
Government ministries and agencies	32,116	38,875
C.M.H.C.	103,540	34,513
Sales tax recoveries	52,638	36,510
General receivables	17,172	58,074
	1,428,726	583,354
Less: Allowance for doubtful accounts	0	0
	1,428,726	583,354
Net accounts receivable	1,428,726	583,354

5. FUNDS HELD IN TRUST BY GOVERNMENT

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

	2020 $	Income $	Received $	Withdrawals $	2021 $
Revenue accounts:					
Cash account	5,101,596	49,624	40,460	0	5,191,680
Receivable	40,460	54,516	(40,460)	0	54,516
Deferred revenue	(60,000)	60,000	0	0	0
Capital accounts:					
Cash account	260,213	0	0	0	260,213
	5,342,269	164,140	0	0	5,506,409

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES & PARTNERSHIPS

The Nation's investments in government business enterprises and partnerships consist of the following:

	2021 $	2020 $
Portfolio Investments		
BCFN GRS GP Inc.	110	110
Government Business Enterprises		
447839 BC Ltd.	6	6
1008653 BC Ltd.	5	5
1129958 BC Ltd.	1	1
1198759 BC Ltd.	5	5
Matchlee General Partner Ltd.	4,959	4,797
Government Business Partnerships		
Matchlee Limited Partnership	3,297,728	3,135,908
	3,302,814	3,140,832

The Nation owns shares in BCFN GRS GP Inc. (below 1%).

The Nation owns 100% of the shares of 447839 BC Ltd., 1008653 BC Ltd., 1129958 BC Ltd., 1198759 BC Ltd., and Matchlee General Partner Ltd..

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES & PARTNERSHIPS (continued)

The Nation has a limited partner interests of 99.9% in the Matchlee Limited Partnership and had a 16.67%.

The following table presents condensed and summarized financial information for the most recent year ends for these commercial enterprises:

DESCRIPTION	Government Business Enterprises	Government Business Partnerships
Assets		
Current	11	4,580,462
Capital & Other	5,459	110,221
	5,470	4,690,683
Liabilities		
Current	566,419	1,195,785
Long Term	0	191,711
	566,419	1,387,496
Partner's Interest	0	5,459
Net Assets (Liabilities)	(560,949)	3,297,728
Total Revenues	162	2,115,883
Total Expenses	253	1,954,063
Net Income (Loss) for the Year	(91)	161,820

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021 $	2020 $
Trade payables	153,097	131,904
Accrued salaries and benefits payable	103,438	68,477
Nuu-chah-nulth Tribal Council	0	0
Other accrued liabilities	179,822	119,928
	436,357	320,309

8. EMPLOYEE BENEFIT OBLIGATIONS

	2021 $	2020 $
Vacation and overtime	85,588	60,640
Pension plan contributions	11,382	0
	96,970	60,640

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Pension plan

The Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. The Nation contributes 5% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The Nation contributed during the year $68,168 (2020- $68,062) for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2021.

9. DUE TO RELATED ENTITIES

	2021 $	2020 $
Current Operating Advances due to (from):		
Matchlee Limited Partnership	0	0
447839 BC Ltd.	1,589	1,589
1129958 BC Ltd.	1	1
1198759 BC Ltd.	5	5
	1,595	1,595

Current operating advances to related entities have been funded from working capital and are unsecured, non-interest bearing and due on demand.

10. DEFERRED REVENUES

	2020 $	Funding received $	Revenue Recognized $	2021 $
Nuu-chah-nulth Tribal Council				
Water/Wastewater Topup	0	121,369	0	121,369
Covid-19 Community Business Fund	0	28,185	0	28,185
Specific Claims	5,693	0	(5,693)	0
USMA CFS Prevention Project	0	190,000	0	190,000
Family Violence	0	4,149	0	4,149
Capital Infrastructure	258,274	130,234	(35,975)	352,533
	263,967	473,937	(41,668)	696,236
Provincial Government				
Ministry of Forests, Lands, Natural Resource Operations & Rural Development	81,968	0	0	81,968
Prevention & Family Support Funding	0	60,000	0	60,000
Rural Dividend Grant	1,294	0	0	1,294
Strategic Forestry Envelope	190,846	0	0	190,846
BCCF MYAP	30,000	0	0	30,000
Strategic Forestry Initiative	0	80,000	(2,702)	77,298
TFL 19 Timber Supply Review	0	10,000	0	10,000
Myra Falls Quarry Expansion Application	0	637,144	0	637,144
Other agencies	74,661	140,088	(27,407)	187,342
	378,769	927,232	(30,109)	1,275,892
	642,736	1,401,169	(71,777)	1,972,128

11. LONG-TERM DEBT

	2021 $	2020 $
All Nations Trust Company		
Term Loan (CMHC Phase 2)	88,197	100,862
Term Loan (CMHC Phase 3)	660,865	703,384
	749,062	804,246

a) All Nations Trust Company - Term Loan (CMHC Phase 2)

The Nation has entered into a loan for the construction of 6 housing units referred to as CMHC Phase 2 with the All Nations Trust Company which is repayable in monthly blended payments of $1,199, including interest based on 120 month amortization with an interest rate of 1.84% per annum. The loan is due for renewal on September 1, 2022. The net book value of the housing units at March 31, 2021 is $241,135

11. LONG-TERM DEBT (continued)

b) All Nations Trust Company - Term Loan (CMHC Phase 3)

The Nation has entered into a loan for the construction of 9 housing units referred to as CMHC Phase 3 with the All Nations Trust Company which is repayable in monthly blended payments of $4,573, including interest based on 238 month amortization with an interest rate of 1.83% per annum. The loan is due for renewal on December 1, 2024. The net book value of the housing units at March 31, 2021 is $707,349

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

Year ended March 31, 2022	$57,039
Year ended March 31, 2023	$57,136
Year ended March 31, 2024	$58,187
Year ended March 31, 2025	$59,258
Year ended March 31, 2026	$60,349

12. DEFERRED EXPENDITURES

Deferred expenditures represent payments made before March 31, 2021 which will be funded from future year's revenues.

	2021 $	2020 $
Prepaid Social Assistance payments	22,115	22,323
Prepaid expenditures	145,185	147,034
	167,300	169,357

13. TANGIBLE CAPITAL ASSETS

	Community Infrastructure Systems $	Community Buildings $	Housing $	Vehicles, Vessels & Equipment $	Total $
Year ended March 31, 2021					
Cost					
Opening	7,775,112	6,717,580	3,513,956	1,163,296	19,169,944
Acquisitions	397,398	277,569	0	74,495	749,462
Disposals	0	0	0	(77,187)	(77,187)
Closing	8,172,510	6,995,149	3,513,956	1,160,604	19,842,219
Accumulated amortization					
Opening	3,388,786	2,840,052	2,402,759	428,584	9,060,181
Amortization	225,098	177,962	140,559	98,260	641,879
Disposals	0	0	0	(77,187)	(77,187)
Closing	3,613,884	3,018,014	2,543,318	449,657	9,624,873
Net book value	4,558,626	3,977,135	970,638	710,947	10,217,346
Year ended March 31, 2020					
Cost					
Opening	7,664,138	6,699,925	3,513,956	776,720	18,654,739
Acquisitions	110,974	17,655	0	515,524	644,153
Disposals	0	0	0	(128,948)	(128,948)
Closing	7,775,112	6,717,580	3,513,956	1,163,296	19,169,944
Accumulated amortization					
Opening	3,178,798	2,662,311	2,262,200	409,887	8,513,196
Amortization	209,988	177,741	140,559	89,145	617,433
Disposals	0	0	0	(70,448)	(70,448)
Closing	3,388,786	2,840,052	2,402,759	428,584	9,060,181
Net book value	4,386,326	3,877,528	1,111,197	734,712	10,109,763

14. ACCUMULATED SURPLUS

	2021 $	2020 $
Externally Restricted:		
Funds held in trust by government	5,506,409	5,342,269
Housing replacement reserve	97,458	83,287
Housing operating reserve	468	1,940
	5,604,335	5,427,496
Internally Restricted:		
Invested in tangible capital assets	9,468,284	9,305,517
Invested in government business entities	3,302,814	3,140,832
Other internally restricted:		
Public Works - Covid19	0	6,326
Health & Social Development	270,324	288,061
Education	93,816	121,932
Gaming Revenue Sharing	0	373,603
Bligh Island Shipwreck	14,301	0
Residential Housing	96,134	106,202
	13,245,673	13,342,473
Unrestricted surplus	2,601,319	2,927,001
Accumulated surplus at end of year	21,451,327	21,696,970

15. CONTINGENT LIABILITIES

The Nation has entered into contribution agreements with the Nuu-chah-nulth Tribal Council and various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Nation's financial statements.

16. SCHEDULE OF EXPENDITURES BY OBJECT

The following is a summary of expenses by object:

	2021 $	2020 $
Wages and payroll costs	2,301,109	2,242,183
Direct member benefits	581,629	411,506
Materials and supplies	424,624	219,534
Contract and subcontract costs	401,094	779,998
Consulting and professional fees	331,802	295,306
Repairs and maintenance	177,484	305,454
Insurance	142,517	105,368
Utilities	124,187	113,122
Travel	108,665	275,429
Residential construction costs	107,549	25,393
Medical travel	76,240	148,669
Telecommunications	58,638	58,524
Vehicle & vessel costs	56,755	83,284
Equipment costs	34,361	100,968
Allowance for doubtful accounts	25,205	36,862
Interest and bank charges	24,400	28,101
Dues, fees, licenses & subcriptions	10,504	86,208
Honoraria	5,470	74,170
Training	3,048	38,306
Meeting and workshop costs	2,483	93,843
Rent	1,478	17,080
Miscellaneous	1,226	1,318
Funeral support, donations and gifts	1,000	77,538
Social Program costs	0	36,062
Amortization	641,879	617,433
Loss on disposal of assets	0	58,500
Investments - Share of net loss	0	3,599
	5,643,347	6,333,758

17. GOVERNMENT TRANSFERS

	2021 $	2020 $
Revenue		
Nuu-chah-nulth Tribal Council	3,030,123	2,401,497
Canada Mortgage and Housing Corporation	69,027	69,027
Fisheries & Oceans Canada	143,002	30,000
Canadian Food Inspection Agency	16,560	20,290
Parks Canada	12,380	0
Province of British Columbia	560,251	583,077
	3,831,343	3,103,891

18. RELATED PARTY TRANSACTIONS

The following summarizes the Nation's related party transactions for the year:

	2021 $	2020 $
Revenue		
Contracts and fees		
Matchlee Limited Partnership	0	12,000

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of services or supply of product or services.

19. BUDGET FIGURES

Unaudited budgeted figures have been provided for comparison purposes and have been derived from contracts and agreements approved by the Council of Chiefs.

20. SIGNIFICANT EVENT

In March 2020, the World Health Organization declared a global pandemic related to the disease known as COVID-19 for which the financial and economic impacts are expected to be far reaching.

As the impacts of COVID-19 continue, there could be further impact on the Nation, its members, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Nation's assets and future ability to deliver services and projects. The Nation understands this health and economic crisis presents uncertainty over future cash flows and expects a material decrease in the BC Gaming revenue sharing revenue. An estimate of the amount cannot be determined at this time.

21. SEGMENT DISCLOSURE

The Nation provides a range of services to its members. For management reporting purposes, 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 specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

General Administration

General Administration contains activities that are needed to manage and administer the Nation's organization.

Public Works

Public Works contains all activities that relate to the operations, maintenance, development, construction and financing of buildings, infrastructure and land of the Nation.

Housing

Housing contains activities that relate to on reserve housing.

Health & Social Development

Health & Social Development contains activities that provide health services, medical services, financial support or support by other means to members that is aimed at developing both the individual as well as the community.

Education

Education contains activities that provide education and facilitate educational opportunities to members for primary, secondary schooling and adult vocational training.

Culture & Community Development

Culture & Community Development contains activities that are involved in the development of the cultural and interpersonal aspects of the community.

Economic Development

Economic Development contains activities that are involved in the development and operation of economic opportunities.

Intergovernmental Issues

Intergovernmental Issues contains activities that are involved in negotiation and litigation between the Nation and other levels of government outside of the Treaty process.

Resource Management & Development

Resource Management & Development contains activities that are involved in the management and development of natural resource opportunities and areas of interest.

21. SEGMENT DISCLOSURE (continued)

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the period are as follows:

21. SEGMENT DISCLOSURE (continued)

	General Administration		Public Works		Housing		Health & Social Development	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Revenue								
Tribal Council	608,045	765,589	941,138	151,322	97,481	96,312	946,298	829,291
Federal	0	0	12,380	0	69,027	69,027	0	0
Provincial	0	0	0	6,320	0	0	0	42,000
Other	248,717	2,163,171	107,700	88,900	140,353	160,112	82,395	97,511
	856,762	2,928,760	1,061,218	246,542	306,861	325,451	1,028,693	968,802
Expenses								
Salaries & benefits	926,993	878,513	274,843	135,012	129,205	115,963	249,636	218,121
Interest	0	0	0	0	14,079	15,135	0	0
Amortization	0	0	501,320	476,874	140,559	140,559	0	0
Loss on disposal	0	0	0	0	0	0	0	0
Other	263,374	463,896	755,112	497,275	317,200	321,604	796,794	793,622
	1,190,367	1,342,409	1,531,275	1,109,161	601,043	593,261	1,046,430	1,011,743
Transfers	100,258	94,908	1,047,576	372,894	196,000	146,475	0	0
Annual Surplus (Deficit)	(233,347)	1,681,259	577,519	(489,725)	(98,182)	(121,335)	(17,737)	(42,941)

21. SEGMENT DISCLOSURE (continued)

	Education		Culture & Community Development		Economic Development		Intergovernmental Issues	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Revenue								
Tribal Council	268,999	265,358	1,715	62,795	0	0	50,033	533
Federal	0	0	63,000	0	0	0	0	0
Provincial	0	0	27,151	0	459,041	278,904	0	0
Other	76,813	141,098	0	16,491	900,529	1,877,808	0	0
	345,812	406,456	91,866	79,286	1,359,570	2,156,712	50,033	533
Expenses								
Salaries & benefits	270,076	312,605	96,026	78,189	101,055	115,735	48,331	83,825
Interest	0	0	0	0	0	0	0	0
Amortization	0	0	0	0	0	0	0	0
Loss on disposal	0	0	0	0	0	58,500	0	0
Other	97,269	207,229	78,126	227,094	106,041	278,128	247,072	268,778
	367,345	519,834	174,152	305,283	207,096	452,363	295,403	352,603
Transfers	0	0	96,587	235,058	(1,762,429)	(1,443,851)	272,888	179,525
Annual Surplus (Deficit)	(21,533)	(113,378)	14,301	9,061	(609,955)	260,498	27,518	(172,545)

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21. SEGMENT DISCLOSURE (continued)

	Resource Management & Development		Elimination of inter segment transactions		Consolidated Total	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Revenue						
Tribal Council	116,414	230,297	0	0	3,030,123	2,401,497
Federal	96,562	50,290	0	0	240,969	119,317
Provincial	74,059	255,853	0	0	560,251	583,077
Other	271,387	230,944	(261,533)	(291,988)	1,566,361	4,484,047
	558,422	767,384	(261,533)	(291,988)	5,397,704	7,587,938
Expenses						
Salaries & benefits	204,945	304,220	0	0	2,301,110	2,242,183
Interest	0	0	0	0	14,079	15,135
Amortization	0	0	0	0	641,879	617,433
Loss on disposal	0	0	0	0	0	58,500
Other	286,824	634,869	(261,533)	(291,988)	2,686,279	3,400,507
	491,769	939,089	(261,533)	(291,988)	5,643,347	6,333,758
Transfers	49,120	414,991	0	0	0	0
Annual Surplus (Deficit)	115,773	243,286	0	0	(245,643)	1,254,180