

**Dzawada'enuxw First Nation
Consolidated Financial Statements**
March 31, 2021

Dzawada'enuxw First Nation Contents

For the year ended March 31, 2021

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Management's Responsibility

To the Members of Dzawada'enuxw First Nation:

The accompanying consolidated financial statements of Dzawada'enuxw First Nation are the responsibility of management and have been approved by the Chair 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 Dzawada'enuxw First Nation Chair and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chair and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chair and Council are also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Chair and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Chair and Council and management to discuss their audit findings.

March 7, 2022

Signed by: Robin Dawson

Administrator

Independent Auditor's Report

To the Members of Dzawada'enuxw First Nation:

Opinion

We have audited the consolidated financial statements of Dzawada'enuxw First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The First Nation records all unspent funds as deferred revenue on the statement of financial position. Canadian Public Sector Accounting Standards ("PSAS") require that specific criteria be met before funds can be recorded as deferred revenue. Government funding of \$7,028,916 (2020 - \$3,951,634) has been deferred not in accordance with PSAS. If the amount had been adjusted, deferred revenue would decrease, revenue would increase and accumulated surplus would increase by \$7,028,916 as at March 31, 2021. Our opinion for the year ending March 31, 2020 was also modified accordingly for this matter.

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

Responsibilities of Management and Those Charged with Governance for the 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 First 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 intends 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.

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

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

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

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

Nanaimo, British Columbia

March 7, 2022

MNP LLP

Chartered Professional Accountants

Dzawada'enuxw First Nation
Consolidated Statement of Financial Position
As at March 31, 2021

	2021	2020
Financial assets		
Cash and cash equivalents	6,465,572	4,137,292
Accounts receivable (Note 3)	590,659	299,215
Investments in First Nation partnerships (Note 4)	221,394	183,961
Funds held in trust (Note 5)	49,849	48,067
Restricted cash (Note 6)	28,112	28,112
Total financial assets	7,355,586	4,696,647
Liabilities		
Accounts payable and accruals (Note 7)	310,677	583,213
Deferred revenue (Note 8)	7,028,916	3,951,634
Long-term debt (Note 9)	10,972	26,078
Total liabilities	7,350,565	4,560,925
Net financial assets	5,021	135,722
Commitments (Note 10)		
Contingency (Note 11)		
Significant event (Note 18)		
Non-financial assets		
Tangible capital assets (Schedule 1)	3,874,857	2,705,563
Prepaid expenses	141,255	96,198
Total non-financial assets	4,016,112	2,801,761
Accumulated surplus (Note 12)	4,021,133	2,937,483

Approved on behalf of the Dzawada'enuxw First Nation

Signed by: Melissa Willie

Council Chair

Signed by: Farron Soukochoff

Councilor

Dzawada'enuxw First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2021

	Schedules	2021 Budget (Note 17)	2021	2020
Revenue				
Indigenous Services Canada (Note 13)		3,438,773	3,376,067	2,460,639
Inter Tribal Health Authority		84,815	131,288	69,736
First Nation Health Authority		1,264,322	582,049	456,053
First Nations Education Steering Committee		58,190	148,551	193,719
Canada Mortgage and Housing Corporation		14,035	175,174	28,221
North Vancouver Island Aboriginal Training Society		24,484	21,625	20,773
Ottawa Trust		-	1,781	2,466
Province of British Columbia		295,378	540,435	344,714
Other revenue		603,872	1,068,747	416,592
Rental income		61,930	48,790	63,760
Income from investment in First Nation partnerships (Note 4)		-	37,433	44,910
Interest income		30,000	16,461	33,959
		5,875,799	6,148,401	4,135,542
Expenses (Schedule 2)				
Public Works	3	2,294,063	1,204,580	1,421,452
Band Government	4	1,398,097	1,780,886	1,536,647
Education	5	744,751	766,364	764,451
Health	6	1,163,660	621,112	516,760
Community and Social Services	7	219,512	333,753	267,021
Economic Development	8	41,240	147,932	149,517
Housing	9	44,945	210,124	175,932
		5,906,268	5,064,751	4,831,780
Annual surplus (deficit)		(30,469)	1,083,650	(696,238)
Accumulated surplus, beginning of year		2,937,483	2,937,483	3,633,721
Accumulated surplus, end of year		2,907,014	4,021,133	2,937,483

The accompanying notes are an integral part of these consolidated financial statements

Dzawada'enuxw First Nation
Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31, 2021

	2021 Budget (Note 17)	2021	2020
Annual surplus (deficit)	(30,469)	1,083,650	(696,238)
Purchases of tangible capital assets	-	(1,677,599)	(388,588)
Amortization of tangible capital assets	-	508,306	529,019
Acquisition of prepaid expenses	-	(45,058)	-
Use of prepaid expenses	-	-	115,845
Change in net financial assets	(30,469)	(130,701)	(439,962)
Net financial assets, beginning of year	135,722	135,722	575,684
Net financial assets, end of year	105,253	5,021	135,722

The accompanying notes are an integral part of these consolidated financial statements

Dzawada'enuxw First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	1,083,650	(696,238)
Non-cash items		
Amortization	508,306	529,019
Funds held in trust	(1,782)	(2,465)
Income from investment in First Nation partnerships	(37,433)	(44,910)
	1,552,741	(214,594)
Changes in working capital accounts		
Accounts receivable	(291,444)	(42,791)
Prepaid expenses	(45,058)	115,845
Accounts payable and accruals	(272,537)	142,126
Deferred revenue	3,077,283	1,379,053
	4,020,985	1,379,639
Financing activities		
Repayment of long-term debt	(15,106)	(37,515)
Capital activities		
Purchases of tangible capital assets	(1,677,599)	(388,588)
Increase in cash and cash equivalents	2,328,280	953,536
Cash and cash equivalents, beginning of year	4,137,292	3,183,756
Cash and cash equivalents, end of year	6,465,572	4,137,292

The accompanying notes are an integral part of these consolidated financial statements

Dzawada'enuxw First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

1. Operations

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

2. Significant accounting policies

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

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business partnerships. Trusts administered on behalf of third parties by Dzawada'enuxw First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments

- CMHC Social Housing Program

All inter-entity balances have been eliminated on consolidation.

Dzawada'enuxw First Nation business partnerships, owned or controlled by the First Nation's Chair and Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that business partnership accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these partnerships is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Partnerships accounted for by the modified equity basis include:

- Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership
- Dzawada'enuxw Development Corporation

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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.

Cash and cash equivalents

Cash and cash equivalent include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Funds held in Ottawa Trust Fund

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

- Capital trust moneys derived from non-renewable resource transactions on land or other First Nation capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

Tangible capital assets

Tangible capital assets are initially recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

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

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Buildings	straight-line	25 years
Infrastructure	straight-line	25-50 years
Automotive equipment	straight-line	5-10 years
Furniture and equipment	straight-line	5-10 years
Computer equipment	straight-line	3-6 years

Long-lived assets

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus (deficit) for the year.

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 expenses during the reporting period.

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

Net financial assets

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

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

Revenue recognition

i) Government Transfers

Government transfers are recorded as revenue and are matched to the corresponding expenses as they occur, the resulting surpluses, if any, are then recorded as a liability. This is not in accordance with the PSAS standards where government transfers are recognized as revenue when the transfer is authorized and all eligibility criteria have been met. Consequently, the deferred revenue is overstated as the entire balance does not reflect an obligation of the First Nation, the audit report has modified in respect of this matter. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

ii) First Nation Capital and Revenue Trust Funds

The First Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

iii) Canada Mortgage and Housing Corporation ("CMHC")

CMHC revenue is recognized as it becomes receivable under the terms of the 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.

iv) 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.

v) Other revenue

Other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

Segments

The First Nation conducts its business through a number of reportable segments as described in Note 16. These operating segments are established by senior management to facilitate the achievement of the First 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.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2021.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2021, no liability for contaminated site exists.

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

3. Accounts receivable

	2021	2020
Members	313,782	355,466
Indigenous Services Canada	177,002	127,061
Other accounts receivable	195,168	25,993
CMHC subsidy assistance receivable	88,448	1,170
Less: Allowance for doubtful accounts	(183,741)	(210,475)
	590,659	299,215

4. Investments in First Nation partnerships

Summary financial information for Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership, accounted for using the modified equity method is as follows:

	<i>Investment cost</i>	<i>Earnings</i>	2021 Total investment
Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership - 33.33%	183,961	37,433	221,394
	<i>Investment cost</i>	<i>Earnings</i>	<i>2020 Total investment</i>
Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership - 33.33%	139,051	44,910	183,961

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

4. Investments in First Nation partnerships *(Continued from previous page)*

Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership (the "Partnership") is a partnership formed on April 13, 2015 between Musgamagw Fisheries Group GP Ltd., the First Nation, Kwicksutaineuk-ah-kwaw-ah-mish First Nation and Gwawaenuk Tribe. The principal purpose of the Partnership is to participate and manage business opportunities generated by marine activities and related economic development activities occurring within the Musgamagw Territory.

Summary financial information for the Partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>As at March 31, 2021</i>	<i>As at March 31, 2020</i>
Assets		
Cash	378,131	478,911
Accounts receivable	286,203	162,464
Prepaid expenses	6,373	4,826
Other assets	131,546	131,546
Tangible capital assets	161,639	109,772
Total assets	963,892	887,519
Liabilities		
Accounts payable and accruals	25,111	55,106
Deferred revenue	274,711	274,711
Other liabilities	345	6,288
Total liabilities	300,167	336,105
	663,725	551,414
Total revenue	370,616	491,460
Total expenses	258,305	361,908
	112,311	129,552

5. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2021	2020
Capital Trust		
Balance, beginning and end of year	11,516	11,516
Revenue Trust		
Balance, beginning of year	36,551	34,806
Interest	570	537
British Columbia special distribution	1,212	1,208
Balance, end of year	38,333	36,551
	49,849	48,067

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 Fund 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*.

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Restricted cash

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$4,913 (2020 - \$4,913) annually. These funds, along with accumulated interest, must be held 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 the account may only be used as approved by CMHC. At year end, the reserve was underfunded by \$29,313 (2020 - adequately funded).

7. Accounts payable and accruals

	2021	2020
Trade payables	178,030	498,051
Wages and vacation payable	89,081	58,420
Amounts owed to members	16,675	15,375
Government remittances payable	26,891	11,367
	310,677	583,213

8. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of funding:

	<i>Balance, beginning of year</i>	<i>Contributions received, net of recovery</i>	<i>Recognized as revenue</i>	<i>Balance, end of year</i>
ISC - Housing admin (11534/811)	3,675	-	-	3,675
ISC - Post secondary education program	69,167	49,792	69,167	49,792
ISC - Adult education	10,581	6,147	10,581	6,147
ISC - Community based initiative	119,444	147,544	119,444	147,544
ISC - Private tuition	2,571	-	2,571	-
ISC - Membership	8,746	-	-	8,746
ISC - Student accommodation	45,894	87,575	45,894	87,575
ISC - Teacher residence	5,601	19,785	5,601	19,785
ISC - Band support	164,921	189,833	164,921	189,833
ISC - Instructional services	187,151	542,348	187,151	542,348
ISC - Community waste sanitation	-	156,677	-	156,677
ISC - Covid-19 assistance	29,604	244,872	29,604	244,872
ISC - Off Reserve Covid-19	-	23,940	-	23,940
ISC - BCCI	15,890	54,786	15,890	54,786
Province of British Columbia - FRA	800,230	-	315,040	485,190
Province of British Columbia - VC 18	374,390	-	374,390	-
Province of British Columbia - Gaming	580,422	621,249	256,587	945,084
Province of British Columbia - Other	-	354,650	-	354,650
Province of British Columbia - Adult Ed	-	40,000	-	40,000
Coast Funds - Padakus	-	1,320,000	-	1,320,000
Province of British Columbia - Padakus	-	422,952	-	422,952
First Nations Education Steering Committee	-	18,000	-	18,000
Wharf Project	570,906	-	288,567	282,339
ISC - Other amounts	47,862	230,755	22,183	256,434
Other amounts	914,579	976,809	522,841	1,368,547
	3,951,634	5,507,714	2,430,432	7,028,916

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

9. Long-term debt

	2021	2020
Royal Bank of Canada (social housing); repaid during the year	-	1,892
Royal Bank of Canada (social housing); demand loan repayable at \$1,143 per month including interest at 2.74% per annum, maturing July 1, 2022, secured by guarantee of Indigenous Services Canada	10,972	24,186
	10,972	26,078

10. Commitments

The First Nation has entered into various lease agreements with estimated minimum annual payments as follows:

2022		13,873
2023		13,256
2024		1,068
		28,197

11 Contingency

The financial results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.

12. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
Equity in tangible capital assets (general)	3,860,977	2,663,925
Equity in tangible capital assets (social housing)	2,907	15,560
Equity in Ottawa Trust Fund	49,849	48,067
Replacement reserve	57,425	19,119
Equity in investment in First Nation partnerships	221,394	183,961
Equity (deficit) in operating fund	(171,419)	6,851
	4,021,133	2,937,483

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

13. Indigenous Services Canada ("ISC") funding reconciliation

	2021	2020
Revenue per confirmation	4,409,624	2,666,178
ISC funding deferred	(1,642,603)	(704,552)
Recoveries	(17,557)	54,035
Deferred revenue recognized as revenue	626,603	444,978
	3,376,067	2,460,639

14. Economic dependence

Dzawada'enuxw First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of funding agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

15. Defined contribution plan

The First Nation has a defined contribution pension plan covering eligible members. Members are required to contribute 5.5% of their salary, and the First Nation matches this 5.5% contribution. The amount of retirement benefits to be received by the members 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 First Nation contributions and corresponding expense totaled \$19,127 in 2021 (2020 - \$14,529). The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2021.

16. Segments

The First Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

Public Works:

Includes the maintenance of infrastructure owned by the First Nation.

Band Government:

Includes general operations, support, and financial management of the First Nation.

Education:

Includes revenue and expenses related to primary, secondary and post secondary education of the members of the First Nation.

Health:

Includes activities related to the provision of health services within the First Nation.

Community and Social Services:

Includes revenue and expenditures related to programs put on to support the First Nation community.

Economic Development:

Includes activities related to the growth of revenue producing projects with the First Nation.

Housing:

Includes revenue and expenditures related to band-owned and CMHC housing.

Dzawada'enuxw First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

17. Budget information

The disclosed budget information has been approved by the Chair and Council of Dzawada'enuxw First Nation. The original budget was approved at the Chair and Council meeting held on August 5, 2020.

Budget figures on the Consolidated Statement of Operations and Accumulated Surplus are presented using the same basis of accounting as the actual results.

Budgeted annual deficit per the Consolidated Statement of Operations and Accumulated Surplus \$(30,469)

Adjusted for:

Transfer between programs \$43,359

Budgeted annual surplus approved by Chair and Council \$12,890

18. Significant event

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, management has determined that the major impacts of the COVID-19 outbreak on the activities of the First Nation includes:

- Decrease in activities in some of the programs offered by the First Nation due to restrictions on in-person gatherings.
- Operational changes which involves additional costs for which the First Nation received some funding.

The future impacts are unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

19. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Dzawada'enuxw First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2021

	<i>Buildings</i>	<i>Automotive equipment</i>	<i>Computer equipment</i>	<i>Furniture and equipment</i>	<i>Infrastructure</i>	<i>2021</i>	<i>2020</i>
Cost							
Balance, beginning of year	8,291,568	295,278	146,453	316,026	4,562,157	13,611,482	13,222,893
Acquisition of tangible capital assets	-	-	12,183	7,430	1,657,986	1,677,599	388,588
Balance, end of year	8,291,568	295,278	158,636	323,456	6,220,143	15,289,081	13,611,481
Accumulated amortization							
Balance, beginning of year	7,291,195	149,091	126,508	263,031	3,076,093	10,905,918	10,376,899
Annual amortization	248,696	51,754	9,779	16,918	181,159	508,306	529,019
Balance, end of year	7,539,891	200,845	136,287	279,949	3,257,252	11,414,224	10,905,918
Net book value of tangible capital assets	751,677	94,433	22,349	43,507	2,962,891	3,874,857	2,705,563
2020 Net book value of tangible capital assets	1,000,373	146,187	19,945	52,996	1,486,062	2,705,563	

Dzawada'enuxw First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2021

	2021 Budget (Note 17)	2021	2020
Consolidated expenses by object			
Administrative overhead	274,189	4,001	3,301
Amortization	-	508,306	529,019
Bad debts	-	17,366	39,710
Bank charges and interest	20,251	7,337	9,058
Basic Needs	68,003	70,364	93,486
Community donations	1,200	-	292
Consultants	471,267	485,984	511,428
Election expense	2,400	-	4,877
Equipment Rental	11,419	10,317	9,422
Family Violence	3,308	-	-
Freight	227,789	225,947	32,103
Fuel	603,150	392,810	577,489
Honoraria	60,900	42,900	38,600
In home care	17,675	11,356	11,952
Insurance	48,552	56,403	50,852
License and permits	180	4,709	2,422
Meeting	95,690	81,748	44,665
Office	76,722	68,066	60,535
Office rent	29,039	26,107	29,179
Ottawa Trust Fund allocation to Coast Salish Development Group	1,480,877	335,111	305,636
Professional fees	469,020	660,027	273,216
Program education	-	599	11,377
Repairs and maintenance	130,362	251,600	225,551
Salaries and benefits (Note 15)	1,223,388	1,076,275	998,299
Small equipment purchases	17,796	35,322	41,017
Special needs	17,379	26,679	8,307
Student accommodations	4,305	202,623	180,960
Student tuition	-	62,056	52,487
Students allowance	-	4,300	4,775
Supplies	158,386	187,636	138,445
Telephone and utilities	105,034	105,374	101,581
Training	37,771	12,002	45,582
Transfer to replacement reserve	18,996	3,968	1,738
Travel	231,220	87,458	394,419
	5,906,268	5,064,751	4,831,780

Dzawada'enuxw First Nation
Public Works
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2021

	<i>2021 Budget (Note 17)</i>	<i>2021</i>	<i>2020</i>
Revenue			
Indigenous Services Canada	1,772,002	2,120,325	901,037
First Nation Health Authority	10,000	5,000	-
Province of British Columbia	6,000	158,838	155,822
Other revenue	124,490	161,939	132,638
	1,912,492	2,446,102	1,189,497
Expenses			
Administrative overhead	193,079	132,433	111,235
Consultants	154,294	299,743	294,275
Equipment Rental	11,419	10,317	9,290
Freight	10,624	8,318	10,063
Fuel	603,150	392,810	577,489
Insurance	26,448	27,721	24,569
License and permits	180	4,709	2,422
Program expense	957,075	14,563	1,793
Repairs and maintenance	63,197	55,895	134,224
Salaries and benefits	191,427	169,022	149,934
Small equipment purchases	825	-	-
Supplies	37,075	51,439	69,439
Telephone and utilities	34,904	33,969	35,694
Training	8,400	620	-
Travel	1,966	3,021	1,025
	2,294,063	1,204,580	1,421,452
Annual surplus (deficit) before transfers	(381,571)	1,241,522	(231,955)
Transfers between programs	-	85,000	83,000
Annual surplus (deficit)	(381,571)	1,326,522	(148,955)

**Dzawada'enuxw First Nation
Band Government**
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2021

	<i>2021 Budget (Note 17)</i>	<i>2021</i>	<i>2020</i>
Revenue			
Indigenous Services Canada	684,261	426,405	632,638
Ottawa Trust	-	1,781	2,466
Province of British Columbia	200,000	300,000	139,107
First Nation Health Authority	-	37,409	-
Other revenue	366,386	516,774	39,136
Interest income	30,000	16,461	33,959
	1,280,647	1,298,830	847,306
Expenses			
Administrative overhead recovery	(177,187)	(318,032)	(281,081)
Amortization	-	493,204	490,633
Bad debts	-	17,366	39,710
Bank charges and interest	6,540	6,912	7,905
Community donations	1,200	-	292
Consultants	100,156	49,757	71,519
Election expense	2,400	-	4,877
Freight	197,200	204,090	5,360
Honoraria	56,000	43,000	37,650
Insurance	2,256	2,256	2,683
Meeting	78,690	12,014	13,479
Office	45,320	39,619	27,798
Office rent	15,600	10,349	11,380
Professional fees	439,500	645,012	225,615
Program expense	109,500	105,684	87,178
Repairs and maintenance	6,794	21,978	66,851
Salaries and benefits	354,675	352,494	310,073
Supplies	55,683	60,940	19,844
Telephone and utilities	28,500	26,317	21,069
Training	21,500	2,302	30,522
Travel	53,770	5,626	343,290
	1,398,097	1,780,888	1,536,647
Annual deficit before transfers	(117,450)	(482,058)	(689,341)
Transfers between programs	-	(35,383)	-
Annual deficit	(117,450)	(517,441)	(689,341)

Dzawada'enuxw First Nation
Education
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021 Budget (Note 17)	2021	2020
Revenue			
Government funding			
Indigenous Services Canada	627,413	530,851	648,675
First Nation Health Authority	111,308	96,294	72,216
First Nations Education Steering Committee	54,920	143,058	189,335
Province of British Columbia	89,378	66,557	15,000
Other revenue	44,828	26,085	16,775
	927,847	862,845	942,001
Expenses			
Administrative overhead	105,849	88,363	92,714
Consultants	9,625	2,490	6,230
Freight	10,445	4,240	8,680
Honoraria	3,500	-	-
Insurance	6,000	-	-
Office	16,079	12,540	11,981
Office rent	7,400	7,400	6,000
Program expense	60,718	48,682	56,330
Repairs and maintenance (recovery)	5,902	(519)	5,292
Salaries and benefits	334,876	234,785	273,214
Small equipment purchases	16,971	2,638	25
Student accommodations	4,305	189,699	180,960
Student tuition	-	62,056	52,487
Students allowance	-	4,300	4,775
Supplies	25,280	31,595	30,439
Telephone and utilities	13,430	11,291	11,161
Training	3,871	9,079	8,726
Travel	120,500	57,722	15,437
	744,751	766,361	764,451
Annual surplus before transfers	183,096	96,484	177,550
Transfers between programs	(168,441)	(85,000)	(83,000)
Annual surplus	183,096	11,484	94,550

**Dzawada'enuxw First Nation
Health**
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021 Budget (Note 17)	2021	2020
Revenue			
First Nation Health Authority	1,143,014	443,347	383,838
Inter Tribal Health Authority	84,815	131,288	69,736
Other revenue	39,465	52,125	53,639
Rental income	3,600	-	7,805
	1,270,894	626,760	515,018
Expenses			
Administrative overhead	131,805	57,744	47,827
Capital purchases	-	23,734	-
Consultants	207,192	34,328	32,233
Freight	6,630	5,653	6,081
Insurance	13,848	9,864	8,823
Meeting	17,000	15,663	16,551
Office	10,200	11,708	6,432
Office rent	6,039	5,778	6,220
Program expense	348,584	98,094	104,359
Repairs and maintenance	49,849	8,672	3,007
Salaries and benefits	271,240	257,743	213,650
Student accommodations	-	12,923	-
Supplies	28,098	31,443	9,985
Telephone and utilities	26,880	27,326	28,451
Training	-	-	6,335
Travel	46,295	20,439	26,806
	1,163,660	621,112	516,760
Annual surplus (deficit) before transfers	107,234	5,648	(1,742)
Transfers between programs	-	-	2,400
Annual surplus	107,234	5,648	658

Dzawada'enuxw First Nation
Community and Social Services
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2021

	<i>2021 Budget (Note 17)</i>	<i>2021</i>	<i>2020</i>
Revenue			
Indigenous Services Canada	323,699	268,986	152,395
North Vancouver Island Aboriginal Training Society	24,484	21,625	20,773
First Nations Education Steering Committee	3,270	5,493	4,384
Other revenue	8,003	6,618	88,800
	359,456	302,722	266,352
Expenses			
Administrative overhead	11,475	9,660	7,349
Basic Needs	68,003	70,364	93,486
Consultants	-	19,429	12,842
Family Violence	3,308	-	-
Freight	-	1,311	140
Honoraria (recovery)	1,400	(100)	-
In home care	17,675	11,356	11,952
Meeting	-	54,071	14,634
Office	5,123	4,200	4,200
Program expense	5,000	68,088	55,976
Repairs and maintenance	2,220	-	-
Salaries and benefits	71,170	62,081	51,428
Special needs	17,379	26,679	8,307
Supplies	2,750	4,959	621
Telephone and utilities	1,320	1,006	1,202
Training	4,000	-	-
Travel	8,689	650	4,884
	219,512	333,754	267,021
Annual surplus (deficit) before transfers	139,944	(31,032)	(669)
Transfers between programs	-	-	(2,400)
Annual surplus (deficit)	139,944	(31,032)	(3,069)

Dzawada'enuxw First Nation
Economic Development
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2021

	<i>2021 Budget (Note 17)</i>	<i>2021</i>	<i>2020</i>
Revenue			
Province of British Columbia	-	15,040	34,785
Indigenous Services Canada	31,398	29,500	31,398
Other revenue	11,100	299,406	80,104
Income from investment in First Nation partnerships	-	37,433	44,910
	42,498	381,379	191,197
Expenses			
Administrative overhead	4,250	31,064	14,629
Consultants	-	80,237	7,496
Equipment Rental	-	-	132
Freight	2,890	2,335	1,780
Honoraria	-	-	950
Office	-	-	10,124
Office rent	-	2,580	5,580
Professional fees	27,000	10,216	42,877
Program education	-	599	11,377
Repairs and maintenance	-	125	-
Salaries and benefits	-	150	-
Small equipment purchases	-	8,949	40,992
Supplies	7,100	6,213	6,601
Telephone and utilities	-	5,464	4,003
Travel	-	-	2,976
	41,240	147,932	149,517
Annual surplus before transfers	1,258	233,447	41,680
Transfers between programs	-	35,383	-
Annual surplus	1,258	268,830	41,680

Dzawada'enuxw First Nation
Housing
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021 Budget (Note 17)	2021	2020
Revenue			
Indigenous Services Canada	-	-	64,802
Canada Mortgage and Housing Corporation	14,035	175,174	28,221
Rental income	58,330	48,790	55,955
Other revenue	9,600	5,800	5,500
	81,965	229,764	154,478
Expenses			
Administrative overhead	4,918	2,773	10,628
Amortization	-	15,102	38,386
Bank charges and interest	13,711	425	1,153
Consultants (recovery)	-	-	86,833
Insurance	-	16,562	14,778
Professional fees	2,520	4,800	4,725
Repairs and maintenance	2,400	165,448	16,176
Supplies	2,400	1,046	1,515
Transfer to replacement reserve	18,996	3,968	1,738
	44,945	210,124	175,932
Annual surplus (deficit)	37,020	19,640	(21,454)