Financial statements of
Saskatchewan Indian Equity Foundation Inc.

March 31, 2021

Deloitte LLP
Suite 400
122 1st Avenue South
Saskatoon SK S7K 7E5
Canada

Tel: 306-343-4400
Fax: 306-343-4480
www.deloitte.ca

Independent Auditor's Report

To the Directors of
Saskatchewan Indian Equity Foundation Inc.

Opinion

We have audited the financial statements of Saskatchewan Indian Equity Foundation Inc. (the "Foundation"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Foundation 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 audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Deloitte LLP

Chartered Professional Accountants
June 25, 2021
Saskatoon, SK

Saskatchewan Indian Equity Foundation Inc.

Statement of operations

Year ended March 31, 2021

	Notes	2021 $	2020 $
Revenues			
Emergency loan program - operating revenue	8	**308,300**	—
Emergency loan program - non-repayable grant	8	**2,104,500**	—
Investment income	6	**65,354**	96,789
Loan interest		**555,629**	674,547
Loan (expense) recoveries		**(4,032)**	23,868
Management fee		**32,545**	32,545
NACCA grants		**35,299**	22,255
NACCA grants - Aboriginal Developmental Lending Assistance		**246,142**	283,598
NACCA grants - Contingency Funding	12	**115,000**	—
NACCA grants - Interest Relief	12	**372,479**	—
NACCA grants - SIEF Contribution Program (schedule 1)		**319,694**	311,489
Other revenue		**15,745**	92,231
Rental revenue		**85,456**	92,549
		4,252,112	1,629,871
Expenses			
Administrative		**25,000**	25,000
Advertising		**38,443**	54,474
Amortization		**54,764**	53,579
Board of Directors		**84,422**	78,803
Conferences		**630**	5,999
Events		**9,870**	18,049
Insurance		**9,975**	5,957
Interest and bank charges		**19,712**	9,667
Interest on mortgage payable		**2,402**	4,462
Janitorial		**12,000**	13,172
Loan costs		**4,635**	4,553
Management fees		**17,545**	17,545
Membership fees		**7,636**	7,554
Miscellaneous		**815**	15
Office		**58,179**	44,393
Postage		**4,268**	3,531
Professional fees		**34,326**	73,013
Property taxes		**27,477**	26,385
Provision for loan losses	7	**494,999**	42,747
Rent		**46,298**	46,298
Repairs and maintenance		**20,072**	18,833
SIEF annual report		**14,588**	13,600
Salaries and benefits	5	**802,658**	700,755
Service contracts		**34,261**	29,518
Telephone		**10,807**	11,109
Training and education		**17,165**	15,766
Travel		**30,128**	39,516
Utilities		**15,365**	15,424
Emergency loan program - non-repayable grant	8	**2,104,500**	—
		4,002,938	1,379,717
Excess of revenue over expenses before items below		**249,174**	250,154
Other items			
Equity earnings from investment in subsidiary	6	**26,140**	15,040
Excess of revenue over expenses		**275,314**	265,194

The accompanying notes are an integral part of the financial statements.

Saskatchewan Indian Equity Foundation Inc.

Statement of financial position

As at March 31, 2021

	Notes	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents		**4,332,777**	2,956,691
Accounts receivable		**3,764**	24,914
Grants receivable	12	**581,625**	34,282
Prepaid expenses		**37,095**	35,288
		4,955,261	3,051,175
Capital assets	4	**368,859**	340,746
Long-term investments	6	**8,992,231**	8,903,754
Loans receivable	7	**6,179,769**	6,658,095
Emergency loans receivable	8	**4,933,500**	—
		25,429,620	18,953,770
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**156,581**	81,833
Deferred contributions - current	10	**758,335**	51,374
Current portion of mortgage payable	11	**27,459**	44,814
		942,375	178,021
Due to NACCA - emergency loans	8	**4,933,500**	—
Deferred contributions	10	**342,541**	—
Mortgage payable	11	**—**	27,291
		6,218,416	205,312
Commitment	14		
Net assets			
Operating fund	13	**4,495,772**	4,220,458
SIEF Contribution Program	1	**833,853**	646,421
Contributed equity		**13,881,579**	13,881,579
		19,211,204	18,748,458
		25,429,620	18,953,770

The accompanying notes are an integral part of the financial statements.

Approved by the Board

____________________, Director

____________________, Director

Saskatchewan Indian Equity Foundation Inc.
Statement of changes in net assets
Year ended March 31, 2021

	Contributed Equity $	SIEF Contribution Program $	Operating Funds $	2021 $	2020 $
Net assets, beginning of year	**13,881,579**	**646,421**	**4,220,458**	**18,748,458**	20,138,774
Excess of revenue over expenses	**—**	**—**	**275,314**	**275,314**	265,194
Capital contributions	**—**	**1,904,986**	**—**	**1,904,986**	916,789
Funding granted by SIEF Contribution Program	**—**	**(1,717,554)**	**—**	**(1,717,554)**	(2,572,299)
Net assets, end of year	**13,881,579**	**833,853**	**4,495,772**	**19,211,204**	18,748,458

The accompanying notes are an integral part of the financial statements.

Saskatchewan Indian Equity Foundation Inc.
Statement of cash flows
Year ended March 31, 2021

	2021	2020
	$	$
Operating activities		
Excess of revenue over expenses	**275,314**	265,194
Non-cash items		
Amortization	**54,764**	53,579
Provision for loan losses	**494,999**	42,747
Equity earnings from investment in subsidiary	**(26,140)**	(15,040)
	798,937	346,480
Changes in non-cash operating working capital items		
Accounts receivable	**21,150**	(20,224)
Grants receivable	**(547,343)**	10,631
Prepaid expenses	**(1,807)**	(27,380)
Accounts payable and accrued liabilities	**74,748**	(17,193)
Due to NACCCA - emergency loans	**4,933,500**	—
Emergency loan receivable	**(4,933,500)**	—
Deferred contributions	**1,049,502**	(62,698)
	1,395,187	229,616
Financing activities		
Repayment of mortgage payable	**(44,646)**	(42,594)
Net change in capital contributions and funding by SIEF Contribution Program	**187,432**	(1,655,510)
	142,786	(1,698,104)
Investing activities		
Cash dividends received reinvested	**(62,337)**	(59,306)
Purchase of capital assets	**(82,877)**	(9,400)
Net change in loans receivable	**(16,673)**	(455,696)
	(161,887)	(524,402)
Increase (decrease) in cash during the year	**1,376,086**	(1,992,890)
Cash and cash equivalents, beginning of year	**2,956,691**	4,949,581
Cash and cash equivalents, end of year	**4,332,777**	2,956,691

The accompanying notes are an integral part of the financial statements.

1. Description of business

Saskatchewan Indian Equity Foundation Inc. ("SIEF" or the "Foundation") is incorporated under the Saskatchewan Non-Profit Corporations Act. SIEF is restricted to providing financial services to Status Indian entrepreneurs. By its Articles of Incorporation, membership in SIEF is restricted to First Nations of Saskatchewan.

SIEF was one of the first Aboriginal institutions in Canada to offer developmental lending to First Nations businesses in Saskatchewan. SIEF is owned by the 74 First Nations of Saskatchewan and affiliated with the Federation of Sovereign Indigenous Nations, Inc. ("FSIN"). SIEF offers commercial and agricultural lending and business consulting services through their location in Saskatoon on the Asimakaniseekan Askiy Reserve. SIEF provides business lending solutions and business consulting services and administers lending programs and services. SIEF is committed to developing a strong economic base among First Nations in Saskatchewan. The goal of SIEF is to continue to assist in the creation of jobs and to foster economic growth for First Nations People.

SIEF is a tax-exempt organization under Section 149(1)(1) of the Income Tax Act.

SIEF Contribution Program

The SIEF Contribution Program began public offerings as of April 1, 2013. Using an equity fund, this program will provide non-repayable contributions to eligible Aboriginal businesses and entrepreneurs that have viable business activities in the province of Saskatchewan. National Aboriginal Capital Corporations Association ("NACCA") has agreed to supply the funding for this program. Details of these contributions are included in the statement of changes in net assets. The balance as at March 31, 2021 is required to be disbursed by September 30, 2021.

Schedule 1 of the financial statements provides details on the revenues and expenses associated with this program. These amounts are included in the statement of operations.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with original maturities of three months or less. Cash equivalents include money market funds earning interest between 0.20% - 0.25% (0.25% in 2020).

Capital assets

Capital assets are recorded at cost. Amortization is provided using the declining balance or straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Building	straight-line	20 years
Office Equipment	declining balance	20-100%
Leasehold improvements	straight-line	5 years

2. Significant accounting policies (continued)

Long-term investments

Long-term investments are share investments in First Nations Bank and are recorded at fair value. They have been classified as long-term assets in concurrence with the nature of the investment.

Investment in subsidiary entity

The Foundation’s investment in its wholly owned subsidiary, SIEF Investments Inc., is accounted for using the equity method and is included in long-term investments. Accordingly, the investment is recorded at acquisition cost and is increased for the proportionate share of earnings and decreased by losses and distributions received.

All transactions with the subsidiary are disclosed as related party transactions.

SIEF Financial Inc. is a wholly owned subsidiary of SIEF Investments Inc. SIEF Financial Inc. is accounted for using the equity method of accounting by SIEF Investments Inc.

Loans receivable

Loans are initially recorded at fair value and subsequently measured at their amortized cost less impairment. Amortized cost is calculated as the loans’ principal amount plus unamortized loan administration fees, less any allowance for anticipated losses, plus accrued interest. Interest revenue is recorded on the accrual basis using the straight-line method. Loan administration fees are amortized over the term of the loan using the straight-line method.

Interest income on loans is recorded on the accrual basis until such time as the loan is classified as impaired.

Loans are classified as impaired, and a provision for loss is established, when there is no longer reasonable assurance of the timely collection of the full amount of principal or interest. Whenever a payment is 30 days past due, loans are classified as impaired unless they are fully secured or collection efforts are reasonably expected to result in repayment of the debt.

In such cases, a specific provision is established to write down the loan to the estimated future net cash flows from the loan discounted at the rate inherent in the loan when impairment was recognized. In cases where it is impractical to estimate the future cash flows, the carrying amount of the loan is reduced to its estimated realizable value. At this time, accrual of interest is discontinued and any previously accrued but unpaid interest on the loan is charged to provision for loan losses.

Allowance for loan impairment

Allowance for loan impairment represents specific provisions established as a result of reviews of individual loans. A specific allowance for loan losses is determined on a regular basis by review of those loans where payments are overdue. The allowance is based on a review of the payment history and security held.

Restructured loans are not considered impaired where reasonable assurance exists that the borrower will meet the terms of the modified debt agreement.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies (continued)

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Grants are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. All other revenue is recognized when performance is achieved and reasonable assurance regarding measurement and collectability of the consideration exists.

Employee future benefits

The Foundation's employee future benefit program consists of a defined contribution pension plan.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Section 3840 Related Party Transactions (refer to Note 13).

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The equity investment in First Nations Bank of Canada, shown as a long-term investment on the statement of financial position, has been designated to be subsequently measured at its fair value.

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by third party evaluations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment unless otherwise elected. With the exception of financial liabilities indexed to a measure of the Foundation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period.

Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

2. Significant accounting policies (continued)

Financial asset impairment

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

Long-lived assets

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

When the Foundation determines that a long-lived asset no longer has any long-term service potential to the Foundation, 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.

Long-lived assets are classified as held for sale when all of the following criteria are met:

- Management, having the authority to approve the action, commits the Foundation to a plan to sell the asset;
- The asset is available for immediate sale in its present condition;
- The Foundation has initiated an active program to locate a buyer;
- The sale is probable, and is expected to qualify for recognition as a completed sale within one year;
- The asset is being actively marketed for sale at a reasonable price relative to its fair value; and;
- It is unlikely that the plan to sell the asset will be withdrawn or that significant changes will be made to the plan.

Long lived assets classified as held for sale are initially measured at the lower of their carrying amount and fair value less costs to sell and are not amortized. Subsequent increases in fair value not in excess of the cumulative loss previously recorded are recognized as gains.

2. Significant accounting policies (continued)

Measurement uncertainty

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Management estimates the provision for anticipated loan losses after evaluation as to the loans collectability and estimates the valuation of loan security on loans. Amortization is based on the estimated useful lives of capital assets. The Foundation has estimated the fair value of the long-term investments based on available information at year end. Actual results could differ from those estimations.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenue over expenses in the periods in which they become to add.

Lease

The Foundation leases rental space in the building owned by the Foundation. These leases are classified as operating leases. Assets have a cost of $181,850 ($181,850 in 2020) and accumulated amortization of $129,203 ($120,111 in 2020).

3. New accounting standards

The Foundation has not yet adopted certain new standards, amendments, and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after January 1, 2021 or later periods. The following future standards relevant to the Foundation are as noted:

ASNPO Section 4460 – Related party transactions

The Foundation does not have any plans to early adopt this new standard. The potential impact on the financial statements has not been evaluated.

4. Capital assets

	Cost	**Accumulated amortization**	**2021 Net book value**	2020 Net book value
	$	**$**	**$**	$
Building	**909,251**	**646,015**	**263,236**	308,698
Office equipment	**399,512**	**378,529**	**20,983**	26,228
Leasehold improvements	**182,569**	**97,929**	**84,640**	5,820
	1,491,332	**1,122,473**	**368,859**	340,746

5. Pension expense

The Foundation has a defined contribution pension plan in place for the benefit of its employees. During the year, the Foundation expensed pension contributions of $53,056 ($47,442 in 2020).

6. Long-term investments

	2021 $	2020 $
Investment in SIEF Investments Inc.	**1,449,475**	1,423,335
First Nations Bank of Canada	**7,542,756**	7,480,419
	8,992,231	8,903,754

The Foundation owns 16.61% (16.5% in 2020) of the outstanding shares in First Nations Bank of Canada which was determined not to result in significant influence.

During the year, dividends in the amount of $62,337 ($59,306 in 2020) were received from First Nations Bank of Canada and reinvested.

SIEF Investments Inc. is a wholly owned subsidiary of the Foundation. SIEF Investments Inc. is an investing company operating in the province of Saskatchewan.

During the year, the Foundation recorded equity earnings in relation to SIEF Investments Inc. of $26,140 ($15,040 in 2020).

The Foundation's 100% share of its investment in SIEF Investments Inc. is as follows as at and for the year ended:

	2021 $	2020 $
Assets	**1,745,079**	1,718,653
Liabilities	**—**	—
Equity	**1,745,079**	1,718,653
Revenue	**43,175**	32,256
Expenses	**17,035**	17,216
Net income	**26,140**	15,040
Cash flow from operations	**16,765**	15,040
Cash flow used in investing	**(22,455)**	(32,256)

7. Loans receivable

	2021	2020
	$	$
Capital and working capital	**6,491,530**	6,872,282
Accrued interest	**258,848**	271,157
	6,750,378	7,143,439
Allowances for loan impairment		
Specific allowances for losses	**(570,609)**	(485,344)
Total loans receivable	**6,179,769**	6,658,095
Allowance for loan impairment results from the following		
Allowance for loan losses, beginning of year	**485,344**	599,052
Provisions for loan losses	**494,999**	42,747
Write-offs	**(409,734)**	(156,455)
	570,609	485,344

Total principal balance of impaired loans at March 31, 2021 is $1,151,980 ($771,128 in 2020).

These loans receivable carry an average interest rate of 12.07% (12.04% in 2020).

8. Emergency Loan Program ("ELP")

The Foundation entered into an agreement with National Aboriginal Capital Corporations Association ("NACCA"), for which NACCA provides contributions to the Foundation comprised of:

- a repayable contribution to be used by the Foundation to provide emergency loans ($5,333,500),
- a non-repayable contribution to be used by the Foundation to provide non-repayable contributions ($2,304,500), and
- a non-repayable contribution to be used by the Foundation to cover operating expenses incurred in connection with delivering and administering the ELP ($1,541,478).

The Foundation will disburse each emergency loan to a maximum amount of $60,000 and shall be comprised of an interest free portion and a non-repayable contribution, being the non-repayable contribution in 2) above. The interest free portion is recorded as emergency loans receivable when disbursed with an offsetting amount recorded to Due to NACCA - emergency loans. When payments are received on the emergency loans, the loan receivable balance decreases with an offsetting decrease to Due to NACCA - emergency loans, when the contribution is remitted back to NACCA.

For the year ending March 31, 2021, the Foundation disbursed emergency loans in the amount of $7,038,000, of which $4,933,500 relates to the repayable contribution which is recorded as emergency loans receivable and Due to NACCA - emergency loans, on the statement of financial position and $2,104,500 relates to the non-repayable contributions. The $2,104,500 is recorded as revenue and expense on the statement of operations. The Foundation received $240,000 of funding in excess of the amounts recognized in revenue. This funding is recorded in deferred contributions (note 10).

8. Emergency Loan Program ("ELP") (continued)

In addition, the Foundation received $959,142 in funds to cover expenses related to delivering and administering the program. The Foundation has incurred $308,300 of expenses in 2021 which has been recorded as revenue and expenses on the statement of operations. The remaining funds received of $650,842 are held by the Foundation in deferred contributions (note 10) for future years expenses.

9. Line of credit

The Foundation has an operating line of credit with First Nations Bank of Canada with an approved borrowing limit up to $2,000,000 ($2,000,000 in 2020) and bearing interest at prime plus 1.5%. The line of credit is secured by a general security agreement representing a first charge on all assets of the Foundation. At March 31, 2021, the Foundation has nil (nil in 2020) drawn on the line of credit.

10. Deferred contributions

Deferred contributions consist of unspent contributions received from NACCA as well as other organizations. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

	2021	2020
	$	$
Balance, beginning of year	**51,374**	114,072
Amount received during the year	**3,725,792**	204,796
Less: Amount recognized as revenue during the year	**(2,676,290)**	(267,494)
	1,100,876	51,374
Less: current portion	**(758,335)**	(51,374)
	342,541	—

Deferred contributions are comprised of the following amounts:

	2021	2020
	$	$
NACCA Emergency Loan Program - operations	**650,842**	—
NACCA Emergency Loan Program	**240,000**	—
NACCA - Aboriginal Developmental Lending Assistance	**146,330**	51,374
Investment Readiness Program	**61,904**	—
First Nation Power Authority	**1,800**	—
	1,100,876	51,374

11. Mortgage payable

	2021 $	2020 $
Due to First Nations Bank of Canada, bears interest at the rate of 4.67% and is repayable by monthly principal and interest payments of $3,953, matures in November 2021	**27,459**	72,105
Less: current portion	**27,459**	44,814
	—	27,291

The Foundation has pledged their building as collateral against mortgage payable amounts, with a carrying amount of $263,236 ($308,698 in 2020).

Mortgage payable is subject to certain financial covenants with respect to the debt service coverage ratio. As at March 31, 2021, the Foundation was in compliance with all such covenants.

12. Grants receivable

	2021 $	2020 $
Contingency Funding	**115,000**	—
Interest Relief	**372,479**	—
Aboriginal Developmental Lending Assistance	**94,146**	34,282
	581,625	34,282

The Foundation entered into an agreement with NACCA under the Portfolio Stabilization Program (Contingency Funding) to have $115,000 of the Foundation's provision for loan receivables, directly attributable to COVID, to be guaranteed by the Federal Government to reduce possible loan losses that will impact the normal operations of the Foundation. Claims for payment were submitted for eligible loan losses up to March 31, 2021. The grant is recorded as revenue on the statement of operations and grant receivable at March 31, 2021. Subsequent to year end, $103,500 has been received by the Foundation with the remaining $11,500 to be received upon submission of audited financial statements as at March 31, 2021.

The Foundation entered into an agreement with NACCA under the Portfolio Stabilization Program (Interest Relief) to have $372,479 of the Foundation's accrued interest receivables, specifically relating to payment difficulties directly attributable to COVID, to be guaranteed by the Federal Government Claims for eligible accrued interest up to March 31, 2021. The grant is recorded as revenue on the statement of operations and grant receivable at March 31, 2021. Subsequent to year end, the full amount has been received by the Foundation.

13. Operating fund

The operating fund balance consists of the following:

	2021	2020
	$	$
Unrestricted net assets	**341,868**	139,313
Investment in capital assets	**341,400**	268,641
Accumulated unrealized gain	**3,812,504**	3,812,504
Operating fund, end of year	**4,495,772**	4,220,458

The accumulated unrealized gain is in relation to adjustments of long-term investments to fair value. In the current year this resulted in an unrealized gain of nil (nil in 2020).

14. Commitment

At year-end, the Foundation has approved loans in the amount of $81,978 ($35,581 in 2020) that have not yet been disbursed.

The Foundation has entered into an equipment lease agreement with estimated minimum annual payments as follows:

	$
2022	6,751
2023	6,751

15. Financial instruments

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

Credit concentration

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of loans receivable. The loans receivable balance is 43.7% (35% in 2020) of the Foundation's total asset balance. No loan has an outstanding balance greater than 10% of the total loan balance at the end of the year (no loans in 2020). The Foundation believes that there is minimal risk associated with the collection of these amounts, as the balance of loans receivable is widely distributed. Although the Foundation's loan portfolio is diversified, a substantial portion of its borrowers' ability to honor the terms of their loans is dependent on business and economic conditions in Saskatchewan. The Foundation manages its credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible loans receivable. The Foundation holds collateral such as mortgages, personal property registrations and personal guarantees as security over loans receivable.

15. Financial instruments (continued)

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.

The Foundation is exposed to interest rate price risk with respect to loans receivable and mortgage payable. Interest rates on all loans are fixed at the time of approval, with the Board of Directors reserving the right to change the rate to a floating rate on specific loans when reassessing payment record, risk and security positions. The mortgage payable has limited exposure to interest rate risk due to the current fixed rate being similar to current market rates.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation manages the liquidity risk by implementing policies that address limits on the sources, quality and amount of the assets to meet normal operational and regulatory requirements. The Foundation follows a policy for loan disbursement to mitigate risks of collections and create a timely inflow of cash.

The Board of Directors is ultimately responsible for the liquidity risk management policy. Management reports to the Board on a regular basis.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation's investment in First Nations Bank of Canada exposes the Foundation to price risk as these investments are subject to price changes due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

16. COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 pandemic has created uncertainty and dramatically disrupted economic operations worldwide. As of March 31, 2021, the Foundation had experienced no operational shutdowns, however the Foundation cannot accurately predict the impact COVID-19 will have on its future operations and financial results as the current situation is rapidly evolving and highly uncertain. The Foundation is proactively monitoring the COVID-19 pandemic situation and the possible impact on collectability of loans receivable.

	2021	2020
	$	$
Revenue		
Grant revenue	**319,694**	311,489
Expenses		
Administration	**25,000**	25,000
Advertising	**2,495**	21,248
Board of Directors	**27,932**	26,614
Conferences	**630**	1,225
Insurance	**2,000**	2,000
Management fees	**17,545**	17,545
Membership fees	**480**	320
Office	**5,378**	5,974
Postage	**1,420**	970
Professional	**10,000**	10,000
Rent	**33,000**	33,000
SIEF annual report	**7,294**	6,950
Salaries and benefits	**172,135**	143,835
Service contracts	**2,650**	1,816
Telephone	**2,414**	2,237
Training and education	**2,200**	3,750
Travel	**2,468**	9,005
Computer expenses	**4,653**	—
	319,694	311,489
Excess of revenue over expenses	**—**	—

The accompanying notes are an integral part of the financial statements.