

Witset First Nation
Consolidated Financial Statements
March 31, 2023

Management's Responsibility

Independent Auditor's Report

Consolidated Financial Statements

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Management's Responsibility

To the Members of Witset First Nation:


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

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

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

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

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



Administrator

To the Members of Witsset First Nation:

Qualified Opinion

We have audited the consolidated financial statements of Witsset First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, accumulated surplus, remeasurement gains and losses, changes in net financial assets, cash flows and the related schedules 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 matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations, accumulated surplus, remeasurement gains and losses and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Budget presentation

Witsset First Nation did not prepare the budget for the year ended March 31, 2023. Canadian public sector accounting standards requires the approved budget to be presented in the consolidated statement of operations and accumulated surplus and changes in net financial assets. Our audit opinion on the consolidated financial statements for the year ended March 31, 2023 was modified accordingly.

Investment in Nation business enterprises

Witsset First Nation holds investments in a number of Nation business enterprises, owned or controlled by the First Nation but not dependant on the First Nation for their continuing operations. The financial statements were not available for these business enterprises as at March 31, 2023. Therefore, we are unable to determine whether adjustments are required to investment in Nation business enterprises and earning (loss) from investment in Nation business enterprises. Our audit opinion on the consolidated financial statements for the year ended March 31, 2023 was modified because of the effects of this limitation of scope.

Consolidated business enterprises

Witsset First Nation owns or controls a number of business enterprises that are dependant on the First Nation for their continuing operations. The financial statements were not available for these business enterprises as at March 31, 2023. Therefore, we are unable to determine whether consolidation adjustments are required to assets, liabilities, accumulated surplus, revenue, expenses and annual surplus. Our audit opinion on the consolidated financial statements for the year ended March 31, 2023 was modified because of the effects of this limitation of scope.

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 qualified 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 either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

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.

Terrace, British Columbia

December 6, 2023

MNP LLP

Chartered Professional Accountants

MNP

Witset First Nation
Consolidated Statement of Financial Position

As at March 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents (Note 3)	16,162,838	18,977,860
Accounts receivable (Note 4)	577,678	1,035,539
Restricted cash (Note 5)	3,324,242	2,547,842
Portfolio investments (Note 6)	15,367,788	100
Ottawa Trust Funds (Note 7)	200,718	188,649
Morictown Legacy Fund (Note 8)	343,293	350,907
Investment in Nation business enterprises (Note 9)	16,794,709	12,091,499
Total of financial assets	52,771,266	35,192,396
Liabilities		
Accounts payable and accruals (Note 11)	864,424	581,525
Deferred revenue (Note 12)	3,739,680	-
Debt (Note 13)	2,160,650	2,273,558
Total of liabilities	6,764,754	2,855,083
Net financial assets	46,006,512	32,337,313
Contingent liabilities (Note 14)		
Non-financial assets		
Tangible capital assets (Schedule 1)	21,616,643	17,445,738
Prepaid expenses	5,506	8,259
Total non-financial assets	21,622,149	17,453,997
Accumulated surplus (Note 15)	67,628,661	49,791,310

Approved on behalf of the Council



Chief



Councilor

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

Witset First Nation
Consolidated Statement of Operations
For the year ended March 31, 2023

	<i>Schedules</i>	2023	<i>2022</i>
Revenue			
Indigenous Services Canada (Note 16)		17,030,605	12,749,705
First Nations Health Authority		2,346,517	2,095,797
Canada Housing and Mortgage Corporation		278,693	392,714
Province of British Columbia		2,309,712	2,124,487
Other funding and contributions		825,748	235,406
Other federal agencies		5,702	-
Other revenue		719,114	374,876
Rental income		226,467	250,747
Interest income		868,669	36,279
Earnings from investment in Nation business enterprises		9,684,466	6,576,872
		34,295,693	24,836,883
Expenses (Schedule 2)			
Administration	3	2,388,907	1,564,776
Capital Projects	4	1,685,284	964,204
Community Development	5	293,485	197,499
Community Health	6	2,905,226	2,020,174
Economic Development	7	13,997	201,536
Education (Kyah Wiget Education Society)	8	4,802,085	4,581,984
Housing	9	596,662	479,267
Lands Department	10	67,244	41,846
Municipal Services	11	1,101,727	1,111,090
Social Services	12	2,640,824	2,485,926
		16,495,441	13,648,302
Annual surplus		17,800,252	11,188,581

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

Witset First Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2023

	2023	2022
Accumulated surplus, beginning of year	49,791,312	38,602,731
Annual surplus	17,800,252	11,188,581
Accumulated remeasurement gains, end of year	37,097	-
Accumulated surplus, end of year	67,628,661	49,791,312

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

Witset First Nation
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2023

	2023	2022
Accumulated remeasurement gains, beginning of year	-	-
Unrealized gains attributable to:		
Moricetown Legacy Fund	24,762	-
Amounts reclassified to the statement of operations:		
Moricetown Legacy Fund	12,335	-
Change in remeasurement gains	37,097	-
Accumulated remeasurement gains, end of year	37,097	-

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

Witset First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2023

	2023	2022
Annual surplus	17,800,252	11,188,581
Purchases of tangible capital assets	(4,973,279)	(1,691,589)
Amortization of tangible capital assets	802,376	852,833
Proceeds of disposal of tangible capital assets	-	736,068
Use of prepaid expenses	2,753	19,523
Change in remeasurement gains for the year	37,097	-
Increase in net financial assets	13,669,199	11,105,416
Net financial assets, beginning of year	32,337,313	21,231,897
Net financial assets, end of year	46,006,512	32,337,313

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

Witset First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	17,800,252	11,188,581
Non-cash items		
Amortization	802,376	852,833
Earnings from investment in Nation business enterprises	(9,684,466)	(6,576,872)
Change in remeasurement gains	37,097	-
	8,955,259	5,464,542
Changes in working capital accounts		
Accounts receivable	457,861	(267,789)
Prepaid expenses	2,753	19,523
Restricted cash	(776,400)	(625,106)
Accounts payable and accruals	282,899	252,006
Inventory	-	181,517
Ottawa Trust Funds	(12,069)	(12,759)
Deferred revenue	3,739,680	-
	12,649,983	5,011,934
Financing activities		
Repayment of long-term debt	(112,908)	(223,917)
Repayment of bank indebtedness	-	(33,000)
	(112,908)	(256,917)
Capital activities		
Purchases of tangible capital assets	(4,973,279)	(1,691,589)
Proceeds of disposal of tangible capital assets	-	736,068
	(4,973,279)	(955,521)
Investing activities		
Moricietown Legacy Fund	12,638	(20,588)
Distribution from Nation business enterprises	5,000,000	5,000,000
Advances to Nation business enterprises	(18,744)	(543,607)
Purchases of portfolio investments	(15,372,712)	-
	(10,378,818)	4,435,805
Increase in cash resources	(2,815,022)	8,235,301
Cash resources, beginning of year	18,977,860	10,742,559
Cash resources, end of year	16,162,838	18,977,860

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

1. Operations

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

2. Significant accounting policies

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

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities. Trusts administered on behalf of third parties by Witset 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:

- Witset Social Housing

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Government business entities, owned or controlled by the First Nation's 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 the government business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities 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. Entities accounted for by the modified equity basis include:

- Kyah Development Limited Partnership,
- Kyah Development Corporation, and
- Kyah Food and Fuel Inc.

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.

Cash and cash equivalents

Cash and cash equivalent include balances with banks, short-term investments cashable on demand, and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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

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 tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

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 is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated annual surplus.

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.

Employee future benefits

The First Nation's employee future benefit programs consist of a defined contribution pension plan. The First Nation contributions to the defined contribution plan are expensed as incurred.

Inter-entity transactions

The First Nation recognizes and records all transactions with entities within the government reporting entity ("inter-entity transactions") at their carrying amount as determined at the transaction date.

The First Nation's purchase of supplies from related Nation entities is undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length and is therefore recorded at the exchange amount.

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, 2023.

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, 2023, no liability for contaminated site exists.

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

Asset retirement obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

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.

At March 31, 2023, the Nation has not recognized any asset retirement obligations.

Long-lived assets

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

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 for the year.

Measurement uncertainty

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. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

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

Revenue recognition

i) Government transfers

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

ii) 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) Investment income

Investment income is recognized by the First Nation when the investment income is earned.

iv) Other revenue

Revenue earned from the sale of lumber, fuel, tobacco and confectionary items is recognized when the goods are delivered to the customer, persuasive evidence of an arrangement exists, and collection is reasonably assured.

Interest income, rental income, and other revenue are recognized when earned and/or when the service is provided and collection is reasonably assured.

Segments

The First Nation conducts its business through ten reportable segments: administration, lands department, community development, capital projects, community health, economic development, municipal services, social housing, education (Kyah Wiget Education Society), and social services. 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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including administration and rental amounts.

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

Tangible capital assets

Tangible capital assets are initially recorded at cost, which includes all costs directly attributable to acquisition. Contributed tangible assets are recorded at their fair value at the date of contribution. When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives.

	Method	Rate
Buildings	declining balance	4%
Engineered structures	declining balance	4%
Equipment	declining balance	20%-30%

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

Fair value measurements

The First Nation classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the First Nation to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those 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 published price quotations when available. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. 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. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years or recent collection experience for the loan, such as a default or delinquency in interest or principal payments, etc., in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a First Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

Witset First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

3. Cash and cash equivalents

	2023	2022
Cash	16,162,838	3,963,836
Guaranteed Investment Certificates (GICs)	-	15,014,024
	16,162,838	18,977,860

4. Accounts receivable

	2023	2022
Federal contributions receivable	165,133	436,897
Provincial contributions receivable	73,500	128,684
Other contributions receivable	49,975	19,047
Trade and other	306,517	683,465
Rent receivable	120,912	89,264
GST receivable (payable)	(15,538)	38,606
Interest receivable	66,339	-
	766,838	1,395,963
Less: Allowance for doubtful accounts	189,160	360,424
	577,678	1,035,539

5. Restricted cash

Under the terms of an agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited in the amount of the required allocation, which was \$32,400 (2022 - \$32,400). 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 otherwise approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the replacement reserve was adequately funded.

Under the terms of an agreement with CMHC, excess revenue over expenditures for the Post 1996 phases may be retained in an operating reserve. 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 otherwise approved by CMHC from time to time. At year end, the operating reserve was adequately funded.

Under the terms of an agreement with the British Columbia First Nations Gaming Revenue Sharing Limited Partnership, the Band receives funding to administer, manage and distribute funds under the second amended BCFN GRS LP Agreement. The gaming funds received can only be used to pay for eligible expenditures under the agreement.

	2023	2022
Gaming funds	2,772,635	1,983,060
Replacement reserve	327,358	372,582
Operating reserve	224,249	192,200
	3,324,242	2,547,842

Witset First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

6. Portfolio investments

	2023	2022
Measured at cost:		
Houston Pellet Limited Partnership (10% limited partner)	100	100
Guaranteed Investment Certificates (GICs)	15,367,688	-
	15,367,788	100

Houston Pellet Limited Partnership is not controlled or jointly controlled by Witset First Nation. The investment has been measured at cost as the units are not quoted in an active market and a reliable fair value estimate could not be determined.

Guaranteed Investment Certificates (GICs) are recorded at cost plus accrued interest at the stated rate.

7. Ottawa Trust Funds

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 Chief and Council.

The Ottawa Trust capital fund account arises 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*.

	2023	2022
Capital fund		
Opening and closing balance	21,172	21,172
Revenue fund		
Opening balance	167,477	154,718
Interest	6,042	6,716
Special distribution	4,527	4,543
Rent	1,500	1,500
	179,546	167,477
	200,718	188,649

8. Moricetown Legacy Fund

The Victoria Foundation holds funds in Trust on behalf of the First Nation as an endowment fund. The amount distributable is determined based on the provisions of the Moricetown Distribution Plan agreement. The balance represents the fund balance in excess of the original endowment contribution of \$820,000. Any distributions from the fund must be approved by Victoria Foundation.

Witset First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

9. Investments in Nation business enterprises

The First Nation has investments in the following enterprises:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative earnings</i>	<i>2023 Total investment</i>
Wholly-owned Businesses:				
Kyah Development Corporation - 100%	100	1,266,852	7,406,553	8,673,505
Kyah Food and Fuel Inc. - 100%	100	36,546	182,315	218,961
	200	1,303,398	7,588,868	8,892,466
Business Partnerships – Modified Equity:				
Kyah Development Limited Partnership - 99.99%	100	-	7,902,143	7,902,243
	300	1,303,398	15,491,011	16,794,709
				<i>2022</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings</i>	<i>Total investment</i>
Wholly-owned Businesses:				
Kyah Development Corporation - 100%	100	1,266,852	80,982	1,347,934
Kyah Food and Fuel Inc. - 100%	100	17,801	535,701	553,602
	200	1,284,653	616,683	1,901,536
Business Partnerships – Modified Equity:				
Kyah Development Limited Partnership - 99.99%	100	4,229,674	5,960,189	10,189,963
	300	5,514,327	6,576,872	12,091,499

The investment in Kyah Development Corporation, and Kyah Development Limited Partnership were established for the purposes of pursuing business opportunities on behalf of Witset First Nation.

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end, has not been provided as the information has not been audited. The audit opinion has been qualified due to this. See Independent Auditor's Report for Basis of Qualified Opinion.

10. Bank indebtedness

Bank indebtedness includes two lines of credit from the Royal Bank of Canada

- Royal Credit Line authorized to \$500,000 with interest payable at the bank's prime rate plus 1.5%.
- Royal Credit Line authorized to \$175,000 with interest payable at the bank's prime rate plus 1.5%.

At March 31, 2023, a total of \$55,584 (2022 – \$70,084) had been drawn from the above facilities. The balance has been reported in the financial statements of Kyah Food and Fuel Inc.

Witset First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

11. Accounts payable and accruals

	2023	2022
Trade and other payables	846,227	467,171
Government agencies payable	18,197	25,660
Employee benefits payable	-	11,531
Accrued wages payable	-	77,163
	864,424	581,525

12. Deferred revenue

Deferred revenue is comprised of the following amounts:

	2023	2022
Indigenous Services Canada - Youth Healing Lodge	3,450,838	-
Province of British Columbia - Pathway lighting project	79,114	-
Province of British Columbia - B.C. Small Scale Solar Panel Metering project	120,000	-
Agriculture and Agri-Food Canada - Hydroponics project	89,728	-
	3,739,680	-

13. Debt

	2023	2022
All Nations Trust Company loan bearing interest at 2.22% per annum, repayable in monthly blended payments of \$2,737. The loan matures in October 2033 and is secured by Ministerial Guarantees from Indigenous Services Canada.	309,605	335,291
All Nations Trust Company loan bearing interest at 3.06% per annum, repayable in monthly blended payments of \$2,394. The loan matures in May 2037 and is secured by Ministerial Guarantees from Indigenous Services Canada.	330,276	349,091
All Nations Trust Company loan bearing interest at 3.98% per annum, repayable in monthly blended payments of \$2,704. The loan matures in November 2037 and is secured by Ministerial Guarantees from Indigenous Services Canada.	360,790	380,672
All Nations Trust Company loan bearing interest at 1.88% per annum, repayable in monthly blended payments of \$1,745. The loan matures in February 2042 and is secured by Ministerial Guarantees from Indigenous Services Canada.	333,349	347,901
All Nations Trust Company loan bearing interest at 3.55% per annum, repayable in monthly blended payments of \$2,478. The loan matures in October 2042 and is secured by Ministerial Guarantees from Indigenous Services Canada.	420,187	436,295
All Nations Trust Company loan bearing interest at 0.73% per annum, repayable in monthly blended payments of \$1,742. The loan matures on July 2045 and is secured by Ministerial Guarantees from Indigenous Services Canada.	406,443	424,308
	2,160,650	2,273,558

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

Witset First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

13. Debt *(Continued from previous page)*

2024	111,395
2025	114,272
2026	117,237
2027	120,292
2028	123,441
<hr/>	
	586,637
Thereafter	1,574,013
<hr/>	
Total	2,160,650

14. Contingent liabilities

In the normal course of its operations, Witset First 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 is recorded on Witset First Nation's consolidated financial statements.

The First Nation may be contingently liable for loans guaranteed for members totaling \$426,500 (2022 - \$426,500). In the event of borrower default, any deficiency is payable by the First Nation. No amount is recorded in these consolidated financial statements related to these guarantees.

The First Nation is contingently liable for First Nation entities which loans are guaranteed. In the event of borrower default, any deficiency is payable by the First Nation. The total contingent liability in loan guarantees related to these loans is \$55,584 (2022 - \$324,030). No amount is recorded in these consolidated financial statements related to these guarantees.

The Nation is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2023 might be recovered.

Witset First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

15. Accumulated surplus

Accumulated surplus consists of the following:

	2023	2022
Equity in CMHC Replacement Reserve Fund	327,358	372,582
Equity in CMHC Operating Reserve Fund	224,249	192,200
Equity in Ottawa Trust Fund	207,393	188,649
Equity in Moricetown Legacy Fund	343,293	350,907
Equity in Tangible Capital Assets Fund	19,455,993	15,172,182
Equity in Nation Business Enterprises Fund	16,795,709	12,091,499
Equity in Operating Fund	30,237,569	21,423,293
	67,591,564	49,791,312
Accumulated remeasurement gains	37,097	-
	67,628,661	49,791,312

16. Indigenous Services Canada funding reconciliation

	2023	2022
Revenue per confirmation	20,493,736	12,755,851
Recovery from social services	(2,795)	(1,397)
Recovery from lands	(9,498)	(4,749)
Deferred revenue adjustment (Note 12)	(3,450,838)	-
	17,030,605	12,749,705

17. Economic dependence

Witset First Nation receives a significant portion of its revenue pursuant to funding agreements with Indigenous Services Canada and the First Nations Health Authority. The nature and extent of this revenue is of such significance that Witset First Nation is economically dependent on this source of revenue, as guaranteed by these agreements.

18. 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 segments. Schedules 3-12 disclose the details of the First Nation's revenue and expenses by segment. The Band is organized into the following segments:

Administration

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

Capital Projects

Includes revenue and expenses related to capital projects.

Community Development

Includes revenue and expenses relating to general community development and improvement.

Community Health

Includes revenue and expenses related to the provision of health services within the First Nation.

Economic Development

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

Education (Kyah Wiget Education Society)

Includes revenue and expenses related to education, which has been delegated to Kyah Wiget Education Society.

Housing

Includes revenue and expenses related to social housing programs carried on by the First Nation.

Lands Department

Includes revenue and expenses relating to management of the First Nation's lands and land code development.

Municipal Services

Includes revenue and expenses related to the the maintenance of infrastructure owned by the First Nation.

Social Services

Includes revenue and expenses relating to the social assistance of the members of Witset First Nation.

19. Pension plan

Defined contribution pension plan

Witset First Nation has a defined contribution pension plan covering substantially all full-time employees. The First Nation contributions and corresponding expense totaled \$32,896 in 2023 (2022 - \$41,146). There have been no significant changes to the pension plan in the current year.

20. Comparative figures

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

Witset First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2023

	<i>Buildings</i>	<i>Engineered structures</i>	<i>Equipment</i>	<i>Construction in progress</i>	<i>2023</i>	<i>2022</i>
Cost						
Balance, beginning of year	14,785,208	16,770,101	2,379,932	658,954	34,594,195	34,368,117
Acquisition of tangible capital assets	-	412,288	67,695	4,493,296	4,973,279	1,691,589
Disposal of tangible capital assets	-	-	-	-	-	(1,465,511)
Balance, end of year	14,785,208	17,182,389	2,447,627	5,152,250	39,567,474	34,594,195
Accumulated amortization						
Balance, beginning of year	6,762,352	8,563,610	1,822,493	-	17,148,455	17,025,065
Annual amortization	311,835	344,751	145,790	-	802,376	852,833
Accumulated amortization on disposals	-	-	-	-	-	(729,443)
Balance, end of year	7,074,187	8,908,361	1,968,283	-	17,950,831	17,148,455
Net book value of tangible capital assets	7,711,021	8,274,028	479,344	5,152,250	21,616,643	17,445,740
2022 Net book value of tangible capital assets	8,022,856	8,206,491	557,439	658,954	17,445,740	

Witset First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2023

	2023	2022
Consolidated expenses by object		
Administration	23,315	16,000
Advertising	555	-
Amortization	802,376	852,833
Bad debt	7,603	49,286
Bank charges and interest	55,987	51,820
Contracted services	7,150,309	6,200,180
Equipment rentals	226,214	201,476
Honouraria	158,192	157,450
Insurance	196,043	118,001
Professional fees	462,647	257,379
Rent	35,742	54,000
Repairs and maintenance	142,588	82,064
Repairs and maintenance - housing	88,584	59,415
Salaries and benefits	2,371,975	2,165,013
Community Supports	2,712,680	2,397,713
Supplies	1,304,529	621,568
Telephone and utilities	269,327	265,943
Travel	486,775	98,161
	16,495,441	13,648,302

Witset First Nation
Administration

Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	650,282	637,348
Province of British Columbia	390,500	318,750
Other revenue	206,669	279,938
Rental income	45,450	21,600
Interest income	828,935	31,339
	2,121,836	1,288,975
Expenses		
Administration	4,957	-
Bad debts (recovery)	(14,637)	11,385
Bank charges and interest	7,211	9,484
Contracted services	163,382	296,570
Honouraria	154,142	157,200
Insurance	137,782	76,167
Rent	35,742	24,000
Professional fees	374,503	221,466
Equipment rentals	66,812	56,925
Repairs and maintenance	17,810	8,154
Salaries and benefits	707,646	545,424
Social assistance	900	-
Supplies	400,724	69,807
Telephone and utilities	26,661	34,071
Travel	305,272	54,123
	2,388,907	1,564,776
Annual deficit	(267,071)	(275,801)

Witset First Nation
Capital Projects
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	1,333,217	1,986,246
Canada Housing and Mortgage Corporation	85,855	-
Province of British Columbia	8,286	-
Other funding and contributions	395,000	-
Other federal agencies	702	-
Other revenue	195,674	-
	2,018,734	1,986,246
Expenses		
Amortization	689,467	713,500
Contracted services	451,431	132,831
Insurance	305	-
Professional fees	7,944	-
Equipment rentals	13,450	34,047
Repairs and maintenance (recovery)	(75)	1,208
Supplies	522,639	81,630
Telephone and utilities	-	988
Travel	123	-
	1,685,284	964,204
Annual surplus	333,450	1,022,042

Witset First Nation
Community Development
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	1,584,086	129,805
First Nations Health Authority	-	5,000
Province of British Columbia	1,708,861	1,194,650
Other funding and contributions	187,424	185,406
Other federal agencies	5,000	-
Other revenue	55,043	31,489
	3,540,414	1,546,350
Expenses		
Administration	459	-
Contracted services	134,805	105,852
Honouraria	200	250
Insurance	1,409	-
Rent	-	6,000
Professional fees	6,946	3,662
Equipment rentals	5,599	7,241
Salaries and benefits	85,106	48,414
Social assistance	550	-
Supplies	20,961	14,322
Telephone and utilities	100	-
Travel	37,350	11,758
	293,485	197,499
Annual surplus	3,246,929	1,348,851

Witset First Nation
Community Health
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	307,699	669,650
First Nations Health Authority	2,346,517	2,090,797
Province of British Columbia	-	8,000
Other funding and contributions	193,324	-
Other revenue	10,000	23,540
Rental income	620	-
	2,858,160	2,791,987
Expenses		
Administration	1,896	-
Contracted services	1,209,827	499,134
Honouraria	3,850	-
Insurance	10,177	-
Professional fees	59,453	9,627
Equipment rentals	19,874	28,256
Repairs and maintenance	10,967	14,185
Salaries and benefits	674,427	737,441
Social assistance	665,455	368,303
Supplies	139,305	319,773
Telephone and utilities	32,436	28,634
Travel	77,004	14,821
Advertising	555	-
	2,905,226	2,020,174
Annual surplus (deficit)	(47,066)	771,813

Witset First Nation
Economic Development
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Province of British Columbia	-	404,876
Other revenue	208,767	-
Earnings from investment in Nation business enterprises	9,684,466	6,576,872
	9,893,233	6,981,748
Expenses		
Bad debts	-	37,901
Contracted services	11,599	138,744
Professional fees	-	13,174
Equipment rentals	789	1
Salaries and benefits	-	1,104
Supplies	-	4,547
Telephone and utilities	1,129	4,920
Travel	480	1,145
	13,997	201,536
Annual surplus	9,879,236	6,780,212

Witset First Nation
Education (Kyah Wiget Education Society)
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	4,796,654	4,581,984
Expenses		
Contracted services	4,802,085	4,581,984
Annual surplus (deficit)	(5,431)	-

Witset First Nation
Housing

Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	48,166	74,203
Canada Housing and Mortgage Corporation	192,838	392,714
Rental income	121,272	128,147
Interest income	39,734	4,940
	402,010	600,004
Expenses		
Administration	16,000	16,000
Amortization	112,909	139,333
Bad debts	22,240	-
Bank charges and interest	48,776	42,291
Contracted services	69,481	29,986
Insurance	26,307	18,454
Professional fees	12,139	9,450
Equipment rentals	3,424	8,662
Repairs and maintenance	13,270	12,000
Salaries and benefits	142,055	137,643
Social assistance	132	-
Supplies	21,055	4,409
Telephone and utilities	1,286	10
Travel	19,004	1,614
Repairs and maintenance - housing	88,584	59,415
	596,662	479,267
Annual surplus (deficit)	(194,652)	120,737

Witset First Nation
Lands Department

Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	53,000	55,359
Province of British Columbia	7,785	7,786
	60,785	63,145
Expenses		
Contracted services	2,162	-
Insurance	185	-
Rent	-	6,000
Salaries and benefits	62,503	35,767
Supplies	768	79
Travel	1,626	-
	67,244	41,846
Annual surplus (deficit)	(6,459)	21,299

Witset First Nation
Municipal Services
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	1,664,259	1,430,124
Province of British Columbia	-	3,475
Other revenue	11,785	25,261
Rental income	35,725	101,000
	1,711,769	1,559,860
Expenses		
Administration	3	-
Bank charges and interest	-	45
Contracted services	239,654	338,950
Insurance	19,288	24,670
Professional fees	1,662	-
Equipment rentals	120,483	56,241
Repairs and maintenance	100,088	46,517
Salaries and benefits	336,424	358,864
Supplies	78,178	91,688
Telephone and utilities	196,830	193,928
Travel	9,117	187
	1,101,727	1,111,090
Annual surplus	610,042	448,770

Witset First Nation
Social Services

Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	6,593,242	3,184,986
Province of British Columbia	194,279	186,950
Other funding and contributions	50,000	50,000
Other revenue	31,177	14,648
Rental income	23,400	-
	6,892,098	3,436,584
Expenses		
Contracted services	65,883	76,129
Insurance (recovery)	590	(1,290)
Rent	-	18,000
Equipment rentals (recovery)	(4,218)	10,102
Repairs and maintenance	529	-
Salaries and benefits	363,815	300,355
Social assistance	2,045,643	2,029,410
Supplies	120,899	35,314
Telephone and utilities	10,885	3,391
Travel	36,798	14,515
	2,640,824	2,485,926
Annual surplus	4,251,274	950,658