

HEILTSUK INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2023

HEILTSUK INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

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HEILTSUK INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2023

The accompanying consolidated financial statements of Heiltsuk Indian Band and all the information in this annual report for the year ended March 31, 2023 are the responsibility of management and have been approved by the Chief and Council.

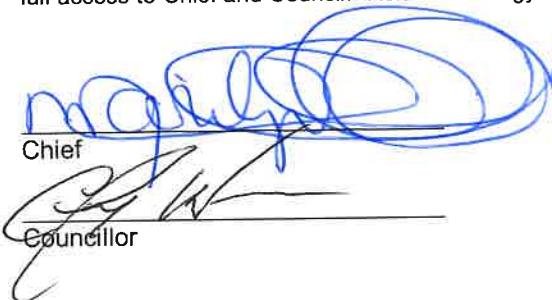
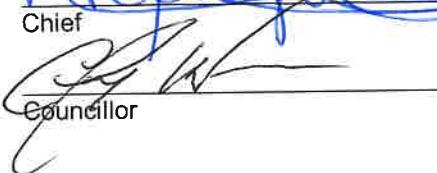
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Heiltsuk Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately accounted for and adequately safeguarded.

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

The Council reviews the financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of their members. Reid Hurst Nagy Inc. has full access to Chief and Council. Reid Hurst Nagy Inc. have full and free access to the council for information purposes.

 July 17, 2023
Chief
 July 17, 2023
Councillor

Independent Auditors' Report

To the Members of
Heiltsuk Indian Band

Qualified Opinion

We have audited the consolidated financial statements of Heiltsuk Indian Band, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion 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, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Qualified Opinion

The fiscal 2023 financial information for Heiltsuk Holdings Limited Partnership and Heiltsuk Holdings Ltd. (Notes 7&8), included in "Investment in Government Businesses", was not subject to audit verification at the date of the financial statements and has been included for comparative purposes only. As such, we do not express an audit opinion on the value of the investment in Heiltsuk Holdings Limited Partnership, nor Heiltsuk Holdings Ltd. at March 31, 2023 (\$6,945,085), nor on the share of net income attributable to Heiltsuk Indian Band for the year ended March 31, 2023 (loss of \$874,149).

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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.

Emphasis of Matter

We draw attention to Note 19 to the financial statements, which describes the effects of a prior period misstatement and correction. Our opinion is not modified in respect of this matter.

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 PSAS, 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.

Auditors' 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 auditors' 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 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 auditors' 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 auditors' 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 Group 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.



REID HURST NAGY INC.
 CHARTERED PROFESSIONAL ACCOUNTANTS

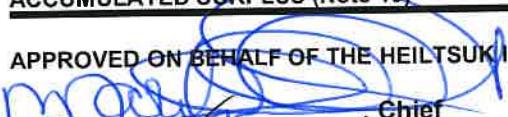
RICHMOND, B.C.
 JULY 17, 2023

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 49,842,866	\$ 57,428,525
Restricted cash (Note 4)	575,255	483,968
Accounts receivable (Note 5)	10,963,673	3,748,072
Loans receivable (Note 6)	6,293,655	6,178,588
Investment in government businesses (Notes 7 and 19)	15,978,768	17,204,189
Federal trust funds (Note 9)	3,461,185	3,318,559
	87,115,402	88,361,901
LIABILITIES		
Accounts payable (Note 10)	2,792,551	4,883,104
Damage deposits	60,653	48,728
Deferred revenue (Note 11)	57,600,516	56,801,253
Replacement Reserve (Note 12)	595,186	594,027
Loans payable (Note 13)	4,253,076	4,294,484
CMHC mortgages (Note 14)	1,414,298	1,580,388
	66,716,280	68,201,984
NET FINANCIAL ASSETS	20,399,122	20,159,917
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 15)	59,441,102	52,915,738
Prepaid expenses	17,435	48,290
	59,458,537	52,964,028
ACCUMULATED SURPLUS (Note 19)	\$ 79,857,659	\$ 73,123,945

APPROVED ON BEHALF OF THE HEILTSUK INDIAN BAND


, Chief


, Councillor

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
ANNUAL SURPLUS	\$ -	\$ 6,733,714	\$ 20,888,244
Acquisition of tangible capital assets	-	(8,501,035)	(12,622,209)
Amortization of tangible capital assets	-	1,975,671	1,966,802
Sale of capital assets	-	-	1,593,194
Accumulated amortization on capital asset disposals	-	-	(431,266)
	-	(6,525,364)	(9,493,479)
Acquisition of prepaid asset	-	(17,074)	(47,929)
Use of prepaid asset	-	47,929	775,774
	-	30,855	727,845
INCREASE IN NET FINANCIAL ASSETS	-	239,205	12,122,610
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	20,159,917	8,037,307
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 20,399,122	\$ 20,159,917

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31		2023 Budget	2023 Actual	2022 Actual
REVENUE				
Indigenous Services Canada	\$ -	\$ 23,799,682	\$ 22,988,966	
Other	-	8,752,507	6,781,519	
Canada Mortgage and Housing Corporation	-	1,907,291	616,445	
Interest	-	1,860,192	525,008	
Province of BC	-	1,809,976	878,303	
BC FN Gaming Revenue Share LP	-	1,505,731	641,355	
Department of Fisheries and Oceans	-	1,441,270	1,102,456	
Rental	-	875,875	788,583	
Coast Conservation Endowment	-	618,260	650,000	
Great Bear Initiative	-	553,259	377,222	
BC Housing	-	551,381	5,607,935	
Trust fund	-	142,626	41,870	
First Nations Education Steering Committee	-	42,580	95,474	
Government of Canada	-	-	61,963	
Department of Justice - Canada	-	-	84,225	
Deferred revenue - adjustment	-	(655,293)	15,497,123	
Share of income (loss) from controlled entities	-	(1,091,981)	(1,318,282)	
	-	42,113,356	55,420,165	
EXPENSES				
Administration	-	18,635,433	17,161,266	
Social Development	-	1,709,271	1,741,276	
HIRMD	-	5,132,619	4,698,809	
Halcistat Reconciliation	-	3,939,600	5,139,426	
Public Works/Capital Projects/Municipal Services	-	3,357,464	2,817,800	
Heiltsuk Properties	-	533,751	784,434	
Social Housing	-	288,473	423,210	
Capital Fund	-	1,783,031	1,765,700	
	-	35,379,642	34,531,921	
ANNUAL SURPLUS	-	6,733,714	20,888,244	
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	73,123,945	52,235,701	
ACCUMULATED SURPLUS AT END OF YEAR	\$ -	\$ 79,857,659	\$ 73,123,945	

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2023	2023	2022
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 6,733,714	\$ 20,888,244
Items not affecting cash		
Amortization	1,975,671	1,966,802
Accumulated amortization on disposals	-	(431,266)
Share of income (loss) of government businesses	1,091,981	1,318,382
	9,801,366	23,742,162
Change in non-cash operating working capital	(8,720,645)	2,642,250
	1,080,721	26,384,412
CAPITAL ACTIVITIES		
Purchase of capital assets in the Capital Fund	(8,501,035)	(12,622,229)
Disposal of capital assets in the capital fund	-	1,593,194
	(8,501,035)	(11,029,035)
FINANCING ACTIVITIES		
Repayment of CMHC mortgages	(166,090)	(170,372)
Repayment of long-term debt	(41,408)	(228,982)
Proceeds from long-term debt	-	2,000,000
	(207,498)	1,600,646
INVESTING ACTIVITIES		
Distribution from Central Coast Commercial Fisheries LP	133,740	81,426
Investment in Widsten Holdings Ltd./1313069 B.C. Ltd.	(100)	(8,258,634)
Changes in restricted cash	(91,287)	46,573
Investment in Shearwater general partners	(200)	-
	42,153	(8,130,635)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,585,659)	8,825,388
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	57,428,525	48,603,137
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 49,842,866	\$ 57,428,525

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

(a) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(b) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible assets, prepaid expenses and inventory of supplies.

(c) Reporting Entity

The Heiltsuk Indian Band reporting entity includes the Heiltsuk Indian Band government and all related entities that are controlled by the First Nation.

(d) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed 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.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments

Measurement of financial instruments

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, accounts receivable and advances to related parties.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, notes payable, government remittance payable, amounts due to/from related parties.

No financial assets are designated to be measured at fair value.

Impairment

For financial assets measured at cost or amortized cost, the First Nation determines whether there are indications of possible impairment. When there is an indication of impairment, and the partnership determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

(f) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Actual results could differ from those estimates. Actual estimates in these financial statements include collectibility of accounts receivable, useful lives of tangible capital assets and related amortization and accrued liabilities.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Principles of Consolidation

Controlled entities are fully consolidated on a line-by-line basis and commercial enterprises which meet the definition of government business enterprise or government business partnership are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Heiltsuk Indian Band's investment in the government business enterprise or partnership and the enterprise's or partnership's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Heiltsuk Indian Band.

Organizations consolidated in Heiltsuk Indian Band's financial statements include:

1. Bella Bella Fuel Co. Limited (100% owned by Heiltsuk Indian Band)
2. Bella Bella Band Store Ltd. (100% owned by Heiltsuk Indian Band)
3. Bella Bella Fisheries Ltd. (100% owned by Heiltsuk Indian Band)
4. Heiltsuk Environmental Services Ltd.
5. Heiltsuk Indian Band Section 95 Housing Operations (CMHC)

Organizations accounted for on a modified equity basis include:

6. Central Coast Commercial Fisheries Limited Partnership (25% limited partner)
7. Heiltsuk Holdings Limited Partnership (99% limited partner)
8. Heiltsuk Holdings Ltd. (100% owned by Heiltsuk Indian Band)
9. 1313069 B.C. Ltd (100% owned by Heiltsuk Indian Band)
10. Shearwater Resort LLP (99% limited partner)
11. Shearwater Resort GP Ltd. (100% owned by Heiltsuk Indian Band)
12. Shearwater Fuel Limited Partnership (99% limited partner)
13. Shearwater Fuel GP Ltd. (100% owned by Heiltsuk Indian Band)

(h) Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) The First Nation is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

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

As at March 31, 2022 and 2023, no liability for contaminated sites has been recorded.

(i) Cash and Cash Equivalents

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

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

(k) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Heiltsuk Indian Band's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Boats	10 years Straight line
Buildings	25 - 40 years Straight line
Equipment	10 - 20 years Straight line
Infrastructure	10 - 20 years Straight line
Social housing	25 years Straight line
Vehicle	5 years Straight line
Water Treatment Plant	15 years Straight line
Waste Water Treatment Plant	15 years Straight line

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

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(l) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

2. ECONOMIC DEPENDENCE

The Heiltsuk Indian Band and controlled entities ("First Nation") are financially dependent on funding from government sources to operate programs and to complete capital projects. The First Nation's ability to operate certain programs depends on continuation of these sources of funding.

Contributions from Indigenous Services Canada ("ISC") are under terms of Financial Transfer Agreements ("FTA") and are provided on a block funding basis. Generally, FTA funding is provided on a multi-year basis and any unexpected balance is not repayable.

These financial statements do not reflect adjustments in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used that would be necessary if the going-concern assumption were not appropriate.

3. BUDGETED FIGURES

No budgeted figures have been provided for comparison purposes as none were prepared by Chief and Council.

4. RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Operating Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

	2023	2022
Replacement Reserve Fund - restricted cash	\$ 296,629	\$ 205,254
Operating Reserve Fund - restricted cash	\$ 278,626	\$ 278,714
	<hr/> \$ 575,255	<hr/> \$ 483,968

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

5. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable	\$ 1,995,388	\$ 1,767,751
Indigenous Services Canada	5,673,067	472,414
Rent receivable	5,366,108	5,259,485
BC Government	1,333,242	14,705
Department of Fisheries and Oceans	655,848	593,883
Government of Canada	649,000	297,311
Great Bear Initiative Society	635,258	154,834
RAVEN	43,550	172,807
Canada Mortgage and Housing Corporation	12,871	143,897
	16,364,332	8,877,087
Allowance for doubtful accounts	(5,400,659)	(5,129,015)
	\$ 10,963,673	\$ 3,748,072

6. LOANS RECEIVABLE

	2023	2022
Due from 1313069 B.C. Ltd.	\$ 5,629,615	\$ 5,484,610
Due from Heiltsuk Health Centre	-	29,611
Due from Heiltsuk Fishery Resources Limited Partnership	300,000	300,000
Due from Bella Bella Airport Limited Partnership	6,492	6,492
Due to Heiltsuk Coastal Forestry Management Limited Partnership	(10,616)	(10,616)
Due from Heiltsuk Economic Development Corp.	81,917	82,044
Due from Heiltsuk Horizon	75,000	75,000
Due from Lama Pass Fuel Co. Limited Partnership	85,451	85,451
Due from Waglisla Band Store Limited Partnership	125,996	125,996
Due to Shearwater Fuel General Partner Ltd.	(100)	-
Due to Shearwater Resort GP Ltd.	(100)	-
	\$ 6,293,655	\$ 6,178,588

Loans to related entities have no specific terms of repayment and bear no interest.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

7. INVESTMENT IN GOVERNMENT BUSINESSES

	2023	2022
Investment in Shearwater Fuel Limited Partnership	\$ 349,003	\$ -
Investment in Shearwater Fuel GP Ltd.	100	-
Shearwater purchase price premium, net of amortization*	5,153,553	5,153,553
Investment in 1313069 BC Ltd.	2,450,438	2,653,706
Investment in Shearwater Resort LLP	(827,090)	-
Investment in Heiltsuk Holdings Limited Partnership	6,944,269	7,818,331
Investment in Shearwater Resort GP Ltd.	100	-
Investment in Heiltsuk Holdings Ltd.	816	903
Investment in Central Coast Commercial Fisheries LP (25%)	1,907,579	1,577,696
	<hr/> \$ 15,978,768	<hr/> \$ 17,204,189

*At the time of acquisition of Widsten Holdings Inc. later amalgamated with 1313069 BC Ltd. on January 1, 2022, there was a premium on acquisition of \$5,153,553, which is the amount of the purchase price of the shares in excess of the carrying value of net assets of the company at the time of acquisition, which is being amortized over 20 years in accordance with PSAS. The amortization of the premium for the fiscal 2023 year is \$257,678 (\$193,258 - 2022).

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

8. GOVERNMENT BUSINESSES

Commercial enterprises are those organizations that meet the definition of government business enterprises or government business partnership as described by the Public Sector Accounting Board of CPA Canada. Government business enterprises and government business partnerships have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

- ◆ Heiltsuk Holdings Group
- ◆ Shearwater Group

	Heiltsuk Holdings	Shearwater Group	2023 Total	2022 Total
Cash (overdraft)	\$ -	\$ (185,425)	\$ (185,425)	\$ -
Accounts receivable	-	523,102	523,102	-
Inventory	-	929,759	929,759	-
Investments in subsidiaries	6,945,085	-	6,945,085	17,204,189
Capital assets	-	7,724,730	7,724,730	-
Other assets	-	41,070	41,070	-
Total assets	\$ 6,945,085	\$ 9,033,236	\$ 15,978,321	\$ 17,204,189

Accounts payable	\$ -	\$ 735,104	\$ 735,104	\$ -
Unearned revenue	-	243,581	243,581	-
Due to related parties	-	1,300	1,300	-
Due to Heiltsuk Indian Band	-	5,629,615	5,629,615	-
Equity	6,945,085	2,423,636	9,368,721	17,204,189

Total liabilities and equity	\$ 6,945,085	\$ 9,033,236	\$ 15,978,321	\$ 17,204,189
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	Heiltsuk Holdings	Shearwater Group	2023 Total	2022 Total
Revenue	\$ (874,149)	\$ 9,943,171	\$ 9,069,022	\$ (1,470,966)
Expenses	-	9,831,366	9,831,366	-
Net income	\$ (874,149)	\$ 111,805	\$ (762,344)	\$ (1,470,966)

In addition to the above, Heiltsuk is a 25% partner of the Central Coast Commercial Fisheries Limited Partnership. Income included from this enterprise in 2023 was \$463,624 (\$345,942 in 2022). Combined with the above and the amortization of purchase premium indicated in Note 8, income from government businesses was (\$1,091,981) ((\$1,318,282) in 2022).

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

9. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2023	2022
Capital funds held in trust	\$ 5,318	\$ 5,318
Revenue funds held in trust	<u>3,455,867</u>	<u>3,313,241</u>
	\$ 3,461,185	\$ 3,318,559

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

10. ACCOUNTS PAYABLE

	2023	2022
Accounts payable - general	\$ 2,140,558	\$ 2,004,194
Bella Bella School Society	<u>85,079</u>	940,000
Groen Environmental Systems Inc	-	700,724
Nomodic Modular Structure Inc	-	570,054
Wages payable	<u>566,914</u>	668,132
	\$ 2,792,551	\$ 4,883,104

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

11. DEFERRED REVENUE

Deferred revenue represents government transfers and restricted funding received which are subject to stipulation and unspent at year end.

	March 31, 2022	Funding received, 2023	Revenue recognized, 2023	March 31, 2023
Administration and Public Works				
Government of Canada	\$ 131,759	\$ 106,559	\$ (131,759)	\$ 106,559
Department of Fisheries and Oceans	-	145,024	-	145,024
Department of Natural Resources	-	172,480	-	172,480
BC Housing	-	52,353	-	52,353
Canada Mortgage and Housing Corporation	201,952	1,499,985	(51,478)	1,650,459
Indigenous Services Canada	6,532,370	5,978,557	(1,859,837)	10,651,090
Province of British Columbia	-	750,000	-	750,000
BC FN Gaming	2,506,101	1,589,053	-	4,095,154
FNESC	-	87,645	-	87,645
Ending Violence BC	133,930	59,002	(133,930)	59,002
Other	759,620	1,069,753	(320,033)	1,509,340
	10,265,732	11,510,411	(2,497,037)	19,279,106
HIRMD				
Department of Fisheries and Oceans	329,621	-	(329,621)	-
Province of British Columbia	1,486,773	-	(1,007,136)	479,637
Indigenous Services Canada	-	650,000	(52,915)	597,085
Other	-	25,000	-	25,000
	1,816,394	675,000	(1,389,672)	1,101,722
Halcistat Reconciliation				
Government of Canada	26,867,832	289,905	(6,758,183)	20,399,554
Province of British Columbia	17,748,295	-	(1,031,161)	16,717,134
Department of Fisheries and Oceans	103,000	-	-	103,000
	44,719,127	289,905	(7,789,344)	37,219,688
	\$ 56,801,253	\$ 12,475,316	\$ (11,676,053)	\$ 57,600,516

12. REPLACEMENT RESERVE

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the homes.

	2023	2022
Balance, beginning of year	\$ 594,027	\$ 451,879
Contributions, required during the year	37,500	168,587
Capital replacements	(36,341)	(26,439)
	\$ 595,186	\$ 594,027

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

13. LOANS PAYABLE

	2023	2022
BMO Financial Group with scheduled loan payments of \$9,706 per month, including interest at prime plus 1.25% per annum, due on demand secured by a general security agreement.	\$ 1,445,309	\$ 1,476,032
BMO Financial Group with scheduled loan payments of \$2,085 per month, including interest at prime plus 1.25% per annum, due on demand secured by a general security agreement.	65,201	84,054
L&L Contracting loan payable in monthly payments of \$7,835, maturing December 2024	143,660	-
Canadian Imperial Bank of Commerce (CIBC) demand loan repayable in monthly installments of \$3,750 including interest at prime plus 1.50% per annum, beginning September 9, 2010 secured by a general security agreement.	41,736	83,831
Capital lease obligations - payable to a number of suppliers at various interest rates. Obligations are payable over either 4 or 5 years and relate to purchased assets secured by a general security agreement.	397,068	359,878
Canadian Imperial Bank of Commerce (CIBC) demand loan repayable in monthly installments of \$11,945 including interest at prime plus 0.75% per annum, beginning October 31, 2019 secured by a general security agreement.	160,102	290,689
Vancity business loan maturing on June 30, 2023, repayable on maturity with monthly installments of interest at prime plus 1% per annum secured by a general security agreement.	<u>2,000,000</u>	<u>2,000,000</u>
Callable portion	<u>4,253,076</u>	<u>4,294,484</u>
	<u>3,712,348</u>	<u>2,274,233</u>
	<hr/> <u>\$ 540,728</u>	<hr/> <u>\$ 2,020,251</u>

Expected principal repayments over the next five years are: 2024 - \$3,712,348 2025 - \$130,541 2026 - \$86,360 2027 - \$74,472 and thereafter \$249,355

14. CMHC MORTGAGES

Phase number	Maturity date	Interest rate	Monthly payment	2023	2022
19362276002	2	10/1/2033	1.83%	\$ 10,809	\$ 1,247,499
10437267016	16	3/1/2024	1.86%	2,340	27,804
19362276001	1	3/1/2027	2.27%	3,031	138,995
				<hr/> <u>\$ 1,414,298</u>	<hr/> <u>\$ 1,580,388</u>

Expected principal repayments over the next five years are: 2024 - \$169,151 2025 - \$144,104 2026 - \$ 146,917 2027 - \$149,898 and thereafter - \$804,389

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

15. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2023 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	
Boats	\$ 1,098,874	\$ -	\$ -	\$ 1,098,874	\$ 503,560	\$ 73,767	\$ -	\$ 521,547
Buildings	64,581,492	4,691,669	-	69,273,161	25,804,729	773,880	-	26,578,609
Equipment	769,027	247,645	-	1,016,672	560,334	109,922	-	670,256
Infrastructure	19,095,581	3,259,002	-	22,354,583	13,407,225	308,109	-	13,715,334
Land	1,855,054	-	-	1,855,054	-	-	-	1,855,054
Licenses	50,610	-	-	50,610	-	-	-	50,610
Social housing	4,291,105	-	-	4,291,105	940,236	166,090	-	1,106,326
Vehicle	1,662,687	302,719	-	1,965,406	660,077	389,598	-	1,049,675
Water treatment plant	6,588,569	-	-	6,588,569	5,201,100	154,305	-	5,355,405
Waste water treatment plant	9,267,364	-	-	9,267,364	9,267,364	-	-	9,267,364
	\$109,260,363	\$ 8,501,035	\$ -	\$17,761,398	\$56,344,625	\$ 1,975,671	\$ -	\$58,320,296
								\$ 59,441,102

	Cost			Accumulated amortization				2022 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	
Boats	\$ 462,007	\$ 636,867	\$ -	\$ 1,098,874	\$ 429,793	\$ 73,767	\$ -	\$ 595,314
Buildings	55,164,600	10,535,726	(1,118,834)	64,581,492	25,021,878	782,851	-	25,804,729
Equipment	721,812	47,215	-	769,027	499,941	60,393	-	560,334
Infrastructure	18,171,750	923,831	-	19,095,581	12,984,702	422,523	-	13,407,225
Land	1,855,054	-	-	1,855,054	-	-	-	1,855,054
Licenses	50,610	-	-	50,610	-	-	-	50,610
Social housing	4,291,105	-	-	4,291,105	776,518	163,718	-	940,236
Vehicle	1,658,457	478,590	(474,360)	1,662,687	782,544	308,799	(431,266)	660,077
Water treatment plant	6,588,569	-	-	6,588,569	5,046,349	154,751	-	5,201,100
Waste water treatment plant	9,267,364	-	-	9,267,364	9,267,364	-	-	9,267,364
	\$ 98,231,328	\$ 12,622,229	\$ (1,593,194)	\$109,260,363	\$ 54,809,089	\$ 1,966,802	\$ (431,266)	\$ 56,344,625
								\$ 52,915,738

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

16. SEGMENTED INFORMATION

	2023 Budget	Administration		Social Development			HIRMD	
		2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual
Revenues								
Indigenous Services Canada	\$ -	\$ 13,750,009	\$ 13,312,906	-	\$ 1,594,468	\$ 1,786,487	-	\$ 650,000
Administration fee	-	155	-	-	-	-	-	1,027,482
Great Bear Initiative	-	553,259	377,222	-	-	-	-	554,666
First Nations Education Steering Committee	-	-	-	-	42,580	95,474	-	-
Department of Fisheries and Oceans	-	169,734	164,690	-	-	-	-	981,631
Coast Conservation Endowment	-	-	-	-	-	-	-	618,260
Other revenue	-	3,404,388	3,421,572	-	213,961	44,953	-	2,316,247
Deferred revenue - adjustment	-	-	(1,037,558)	-	(134,145)	(155,881)	-	739,673
Total revenue	-	17,877,545	16,238,832	-	1,716,864	1,771,033	-	6,333,293
Expenses								
Amortization	-	24,050	3,795	-	-	-	-	31,090
Contracted services	-	2,063,188	2,367,455	-	29,476	94,184	-	849,659
Loan interest	-	12,726	19,962	-	1,341	-	-	943,955
Professional fees	-	1,357,773	810,539	-	-	-	-	175,725
Honoraria	-	172,261	149,847	-	32,428	13,580	-	108,187
Travel	-	399,456	393,180	-	10,515	5,061	-	279,457
Utilities	-	128,841	114,441	-	25,619	29,663	-	31,708
Wages and benefits	-	4,000,965	3,490,263	-	722,995	752,246	-	2,333,708
Other expenses	-	10,476,174	9,811,784	-	886,897	846,542	-	1,354,175
Total expenses	-	18,635,434	17,161,266	-	1,709,271	1,741,276	-	5,132,619
Annual surplus (deficit)	\$ -	\$ (757,889)	\$ (922,434)	-	\$ 7,593	\$ 29,757	-	\$ 1,200,674
								\$ 608,723

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

16. SEGMENTED INFORMATION, continued

	Halcstat Reconciliation			Public Works/Capital Projects/Municipal Services			Heiltsuk Properties		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ 7,805,205	\$ 7,889,573	\$ -	\$ -	\$ -
Government of Canada	-	-	61,963	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	1,752,837	331,643	-	-	-
Province of BC	-	-	-	-	50,000	-	-	-	-
Department of Fisheries and Oceans	-	289,905	332,780	-	-	-	-	-	-
Rental	-	-	-	-	40,645	35,725	-	483,967	400,071
Other revenue	-	1,474,646	687,991	-	2,888,633	7,280,103	-	-	(3)
Deferred revenue - adjustment	-	7,428,412	16,801,510	-	(5,469,179)	(893,202)	-	-	-
Total revenue	-	9,192,963	17,884,244	-	7,068,141	14,643,842	-	483,967	400,068
Expenses									
Amortization	-	2,500	2,500	-	-	-	-	-	-
Contracted services	-	1,473,950	1,508,545	-	616,792	70,571	-	59,430	45,350
Loan interest	-	-	-	-	-	-	-	91,921	66,532
Professional fees	-	42,430	134,338	-	258,961	308,277	-	36,756	32,134
Honoraria	-	317,874	188,089	-	8,754	4,965	-	-	-
Travel	-	57,397	31,177	-	91,892	66,155	-	3,478	2,790
Utilities	-	11,850	12,904	-	241,859	227,282	-	19,526	16,166
Wages and benefits	-	1,278,807	1,240,009	-	2,244,798	2,155,062	-	106,720	110,377
Other expenses	-	754,792	2,021,864	-	(105,592)	(14,512)	-	215,920	511,085
Total expenses	-	3,939,600	5,139,426	-	3,357,464	2,817,800	-	533,751	784,434
Annual surplus (deficit)	\$ -	\$ 5,253,363	\$ 12,744,818	\$ -	\$ 3,710,677	\$ 11,826,042	\$ -	\$ (49,784)	\$ (384,366)

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

16. SEGMENTED INFORMATION, continued

	Social Housing		2022 Actual	2023 Budget	Capital Fund		2022 Actual	2023 Budget	Trust Fund		2022 Actual
	2023 Budget	2023 Actual			2023 Actual	2022 Budget			2023 Actual	2022 Budget	
Revenues											
Canada Mortgage and Housing Corporation	\$ -	\$ 154,454	\$ 284,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental	-	235,485	166,224	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	142,626	41,870	
Total revenue	-	389,939	451,026	-	-	-	-	-	142,626	41,870	
Expenses											
Amortization	-	166,090	163,719	-	1,783,031	1,765,700	-	-	-	-	-
Contracted services	-	1,987	1,473	-	-	-	-	-	-	-	-
Loan interest	-	28,014	29,708	-	-	-	-	-	-	-	-
Professional fees	-	10,900	12,016	-	-	-	-	-	-	-	-
Other expenses	-	81,482	216,294	-	-	-	-	-	-	-	-
Total expenses	-	288,473	423,210	-	1,783,031	1,765,700	-	-	-	-	
Annual surplus (deficit)	\$ -	\$ 101,466	\$ 27,816	\$ -	\$ (1,783,031)	\$ (1,765,700)	\$ -	\$ 142,626	\$ 41,870		

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

16. SEGMENTED INFORMATION, continued

	Subsidiaries Fund			Consolidated totals		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues						
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ 23,799,682	\$ 22,988,966
Government of Canada	-	-	-	-	1,027,637	616,629
Canada Mortgage and Housing Corporation	-	-	-	-	2,460,550	993,667
Province of BC	-	-	-	-	92,580	95,474
Department of Fisheries and Oceans	-	-	-	-	1,441,270	1,102,456
Coast Conservation Endowment	-	-	-	-	618,260	650,000
Rental	-	-	-	-	1,365,625	190,835
Other revenue	-	(1,091,982)	(1,318,282)	-	9,348,519	12,873,830
Deferred revenue - adjustment	-	-	-	-	1,959,233	15,908,308
Total revenue	-	(1,091,982)	(1,318,282)	-	42,113,356	55,420,165
Expenses						
Amortization	-	-	-	-	1,975,671	1,966,804
Contracted services	-	-	-	-	5,094,482	5,031,533
Loan interest	-	-	-	-	134,002	116,202
Professional fees	-	-	-	-	1,882,545	1,340,862
Honoraria	-	-	-	-	639,504	526,708
Travel	-	-	-	-	842,195	624,557
Utilities	-	-	-	-	459,403	433,727
Wages and benefits	-	-	-	-	10,687,993	9,950,552
Other expenses	-	-	-	-	13,663,848	14,540,976
Total expenses	-	-	-	-	35,379,643	34,531,921
Annual surplus (deficit)	\$ -	\$ (1,091,981)	\$ (1,318,282)	-	\$ 6,733,714	\$ 20,888,244

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

17. CONTINGENT LIABILITIES

Heiltsuk Indian Band has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

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

a) Indigenous Services Canada

Under the terms of the contribution agreements with Indigenous Services Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the Band.

b) On-Reserve Housing Loan Program

Heiltsuk has entered into an agreement with the Bank of Montreal to guarantee on-reserve member housing loans. The most recent listing of guaranteed loans from April 30, 2023 showed a total guaranteed loan balance outstanding of \$2,956,562.

18. RELATED PARTY TRANSACTIONS

During the year Heiltsuk Indian Band made the following transfers of ISC funding to related parties, related by virtue of common control:

- 1) Bella Bella School Society \$5,686,528 (\$5,137,675 in 2022)
- 2) Heiltsuk Economic Development Corporation \$138,503 (\$126,962 in 2022)
- 3) Heiltsuk College Society \$394,236 (\$394,236 in 2022)
- 4) Shearwater Marine Group \$50,000 (\$0 in 2022)

Further, Reconciliation funding has been transferred to the following related parties:

- 1) Heiltsuk Fishery Resource Limited Partnership \$133,740 (\$171,500 in 2022) for the fish plant upgrade.
- 2) Heiltsuk Coastal Forest Products Limited Partnership \$0 (\$594,733 in 2022) for the acquisition of a sawmill.

All transactions have been measured at the exchange amount.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

19. PRIOR PERIOD RESTATEMENT

In the prior year, information for certain of the investment in government businesses group was not available nor included in the financial statements. The prior period has been restated to include the results of operations for the fiscal 2022 year. Adjustments have been made to the reported figures as follows:

For the year ended March 31	As previously stated in 2022	Adjustments		Restated 2022
		Increase	(Decrease)	
Consolidated Statement of Financial Position				
Financial assets				
Investment in government businesses	\$ 18,610,396	\$ (1,406,207)	\$ 17,204,189	
Accumulated surplus	74,530,152	(1,406,207)	73,123,945	
Consolidated Statement of Operations				
Revenue				
Share of income (loss) from controlled entities	87,925	(1,406,207)	(1,318,282)	
Current year surplus (deficit)	\$ 22,294,451	\$ (1,406,207)	\$ 20,888,244	

20. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Liquidity risk

The First Nation does have a liquidity risk in the accounts payable and accruals of \$2,792,562. Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the First Nation is low and is not material.

Credit risk

The First Nation does have credit risk in accounts receivable of \$10,960,277. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The First Nation maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the First Nation is low and is not material.

Interest rate risk

The First Nation is exposed to interest rate risk due to the variable rate interest on their loans payable. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

21. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the presentation in the current year.