

HEILTSUK INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

HEILTSUK INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

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HEILTSUK INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2024

The accompanying consolidated financial statements of Heiltsuk Indian Band and all the information in this annual report for the year ended March 31, 2024 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.

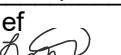
The Heiltsuk Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately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



Chief


Councillor


Councillor

07/29/2024

Date
07/29/2024

Date
07/29/2024

Date

Independent Auditors' Report

To the Members of
Heiltsuk Indian Band

Opinion

We have audited the consolidated financial statements of Heiltsuk Indian Band, which comprise the consolidated statement of financial position as at March 31, 2024, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2024, 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).

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.

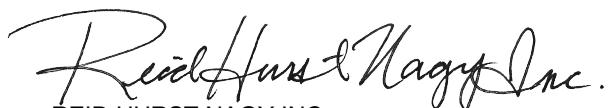
Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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 29, 2024

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 60,585,595	\$ 49,842,866
Restricted cash (Note 4)	541,694	575,255
Accounts receivable (Note 5)	2,973,351	10,963,673
Loans receivable (Note 6)	6,432,998	6,293,755
Investment in government businesses (Notes 7 and 19)	14,257,116	15,379,957
Federal trust funds (Note 9)	3,524,009	3,461,185
	88,314,763	86,516,691
LIABILITIES		
Accounts payable (Note 10)	4,281,861	2,792,551
Damage deposits	63,290	60,653
Deferred revenue (Note 11)	53,795,645	57,600,516
Loan payable (Note 6)	1,023,100	100
Replacement Reserve (Note 12)	597,173	595,186
Loans payable (Note 13)	3,895,822	4,253,076
CMHC mortgages (Note 14)	1,245,110	1,414,298
	64,902,001	66,716,380
NET FINANCIAL ASSETS	23,412,762	19,800,311
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 15)	63,980,652	59,441,102
Prepaid expenses	19,615	17,435
	64,000,267	59,458,537
ACCUMULATED SURPLUS (Note 19)	\$ 87,413,029	\$ 79,258,848

APPROVED ON BEHALF OF THE HEILTSUK INDIAN BAND

_____, Chief

_____, Councillor

HEILTSUK INDIAN BAND

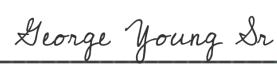
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APPROVED ON BEHALF OF THE HEILTSUK INDIAN BAND


_____, Chief


_____, Councillor


_____, Councillor

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
ANNUAL SURPLUS	\$ 24,817,125	\$ 8,154,181	\$ 6,134,903
Acquisition of tangible capital assets	-	(6,895,909)	(8,501,035)
Amortization of tangible capital assets	-	2,356,359	1,975,671
	-	(4,539,550)	(6,525,364)
Acquisition of prepaid asset	(2,180)	(19,615)	(17,074)
Use of prepaid asset	-	17,435	47,929
	(2,180)	(2,180)	30,855
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	24,814,945	3,612,451	(359,606)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	19,800,311	20,159,917
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 23,412,762	\$ 19,800,311

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
REVENUE			
Indigenous Services Canada	\$ 23,108,616	\$ 22,254,128	\$ 23,117,100
Other	13,043,689	7,428,075	8,752,508
Canada Mortgage and Housing Corporation	1,075,327	4,262,424	1,907,291
Interest	1,794,203	3,151,438	1,860,192
Province of BC	23,912,857	5,351,687	1,059,976
BC FN Gaming Revenue Share LP	-	1,376,468	1,505,731
Department of Fisheries and Oceans	170,437	977,757	1,441,270
Rental	907,896	1,011,561	872,555
Coast Conservation Endowment	-	948,382	618,260
Great Bear Initiative	478,000	549,819	553,259
BC Housing	-	3,320	554,701
Trust fund	-	62,824	142,626
First Nations Education Steering Committee	-	42,014	42,580
Government of Canada	19,814,736	67,759	-
Department of Justice - Canada	357,916	-	-
Deferred revenue - adjustment	3,165,023	2,153,906	777,289
Share of income (loss) from controlled entities	-	(1,122,840)	(1,690,792)
	87,828,700	48,518,722	41,514,546
EXPENSES			
Administration	13,339,578	20,836,153	18,635,433
Social Development	1,686,700	2,050,622	1,709,271
HIRMD	790,932	6,627,369	5,132,619
Hailcistut Reconciliation	17,402,091	4,075,762	3,939,600
Public Works/Capital Projects/Municipal Services	28,619,351	3,573,431	3,357,464
Heiltsuk Properties	651,769	733,641	533,752
Social Housing	521,154	306,942	288,473
Capital Fund	-	2,160,621	1,783,031
	63,011,575	40,364,541	35,379,643
ANNUAL SURPLUS	24,817,125	8,154,181	6,134,903
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	79,258,848	73,123,945
ACCUMULATED SURPLUS AT END OF YEAR	\$ 24,817,125	\$ 87,413,029	\$ 79,258,848

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2024	2024	2023
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 8,154,181	\$ 6,134,903
Items not affecting cash		
Amortization	2,356,359	1,975,671
Share of income (loss) of government businesses	1,122,840	1,690,792
	11,633,380	9,801,366
Change in non-cash operating working capital	6,498,139	(8,720,645)
	18,131,519	1,080,721
CAPITAL ACTIVITIES		
Purchase of capital assets in the Capital Fund	(6,895,909)	(8,501,035)
FINANCING ACTIVITIES		
Repayment of CMHC mortgages	(169,188)	(166,090)
Repayment of long-term debt	(357,254)	(41,408)
	(526,442)	(207,498)
INVESTING ACTIVITIES		
Distribution from Central Coast Commercial Fisheries LP	-	133,740
Investment in Widsten Holdings Ltd./1313069 B.C. Ltd.	-	(100)
Changes in restricted cash	33,561	(91,287)
Investment in Shearwater general partners	-	(200)
	33,561	42,153
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,742,729	(7,585,659)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	49,842,866	57,428,525
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 60,585,595	\$ 49,842,866

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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, 2024

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, 2024

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)
6. Heiltsuk Housing Society

Organizations accounted for on a modified equity basis include:

7. Central Coast Commercial Fisheries Limited Partnership (25% limited partner)
8. Heiltsuk Holdings Limited Partnership (99% limited partner)
9. Heiltsuk Holdings Ltd. (100% owned by Heiltsuk Indian Band)
10. 1313069 B.C. Ltd (100% owned by Heiltsuk Indian Band)
11. Shearwater Resort LLP (99% limited partner)
12. Shearwater Resort GP Ltd. (100% owned by Heiltsuk Indian Band)
13. Shearwater Fuel Limited Partnership (99% limited partner)
14. 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, 2023 and 2024, 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, 2024

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, 2024

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

Budgeted figures are reported from the annual budget approved 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.

	2024	2023
Replacement Reserve Fund - restricted cash	\$ 278,530	\$ 296,629
Operating Reserve Fund - restricted cash	\$ 263,164	\$ 278,626
	<hr/> \$ 541,694	<hr/> \$ 575,255

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

5. ACCOUNTS RECEIVABLE

	2024	2023
Accounts receivable	\$ 1,562,310	\$ 1,995,388
Indigenous Services Canada	642,789	5,673,067
Rent receivable	5,435,955	5,366,108
BC Government	70,609	1,333,242
Department of Fisheries and Oceans	62,774	655,848
Government of Canada	-	649,000
Great Bear Initiative Society	352,648	635,258
RAVEN	-	43,550
Canada Mortgage and Housing Corporation	379,963	12,871
	8,507,048	16,364,332
Allowance for doubtful accounts	(5,533,697)	(5,400,659)
	\$ 2,973,351	\$ 10,963,673

6. LOANS RECEIVABLE

	2024	2023
Due from 1313069 B.C. Ltd.	\$ 5,763,608	\$ 5,629,615
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	81,917
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)	(100)
Due to Shearwater Resort LLP	(1,023,100)	(100)
	\$ 5,404,648	\$ 6,293,655

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

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

7. INVESTMENT IN GOVERNMENT BUSINESSES

	2024	2023
Investment in Shearwater Fuel Limited Partnership	\$ 754,234	\$ 349,003
Investment in Shearwater Fuel GP Ltd.	100	100
Shearwater purchase price premium, net of amortization*	4,444,939	4,702,617
Investment in 1313069 BC Ltd.	2,908,168	2,901,374
Investment in Shearwater Resort LLP	(1,950,077)	(827,090)
Investment in Heiltsuk Holdings Limited Partnership	5,838,439	6,345,458
Investment in Shearwater Resort GP Ltd.	100	100
Investment in Heiltsuk Holdings Ltd.	516	816
Investment in Central Coast Commercial Fisheries LP (25%)	2,260,697	1,907,579
	<hr/> \$ 14,257,116	<hr/> \$ 15,379,957

*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 2024 year is \$257,678 (\$257,678 - 2023).

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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	2024 Total	2023 Total
Cash	\$ -	\$ 349,136	\$ 349,136	\$ 495,253
Accounts receivable	-	548,108	548,108	346,264
Inventory	-	793,963	793,963	929,759
Investments in subsidiaries	5,864,576	-	5,864,576	6,371,646
Capital assets	-	7,673,726	7,673,726	7,724,733
Other assets	-	16,798	16,798	52,532
Total assets	\$ 5,864,576	\$ 9,381,731	\$ 15,246,307	\$ 15,920,187
Accounts payable	\$ -	\$ 763,212	\$ 763,212	\$ 572,078
Unearned revenue	-	243,969	243,969	244,581
Due to related parties	25,620	-	25,620	25,621
Due to Heiltsuk Indian Band	-	5,763,608	5,763,608	5,627,616
Bank overdraft	-	898,417	898,417	680,532
Total liabilities	25,620	7,669,206	7,694,826	7,150,428
Equity	5,838,955	1,712,525	7,551,480	8,769,759
Total liabilities and equity	\$ 5,864,575	\$ 9,381,731	\$ 15,246,306	\$ 15,920,187
	Heiltsuk Holdings	Shearwater Group	2024 Total	2023 Total
Revenue	\$ (507,319)	\$ 8,919,969	\$ 8,412,650	\$ 7,178,301
Expenses	-	9,630,929	9,630,929	9,075,039
Net income	\$ (507,319)	\$ (710,960)	\$ (1,218,279)	\$ (1,896,738)

In addition to the above, Heiltsuk is a 25% partner of the Central Coast Commercial Fisheries Limited Partnership. Income included from this enterprise in 2024 was \$353,118 (\$463,624 in 2023). Combined with the above and the amortization of purchase premium indicated in Note 8, income from government businesses was (\$1,282,664) (\$1,690,792) in 2023).

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

9. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2024	2023
Capital funds held in trust	\$ 5,318	\$ 5,318
Revenue funds held in trust	3,518,691	3,455,867
	\$ 3,524,009	\$ 3,461,185

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

	2024	2023
Accounts payable - general	\$ 2,850,418	\$ 2,140,558
Heiltsuk Kaxla Society	750,000	-
Wages payable	356,415	566,914
Groen Environmental Systems Inc	325,028	-
Bella Bella School Society	-	85,079
	\$ 4,281,861	\$ 2,792,551

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

11. DEFERRED REVENUE

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

	March 31, 2023	Funding received, 2024	Revenue recognized, 2024	March 31, 2024
Administration and Public Works				
Department of Justice	\$ 106,559	\$ 77,500	\$ (184,059)	\$ -
Department of Fisheries and Oceans	145,024	83,500	(203,428)	25,096
Department of Natural Resources	172,480	-	-	172,480
BC Housing	52,353	-	-	52,353
Canada Mortgage and Housing Corporation	1,650,459	76,546	(21,174)	1,705,831
Indigenous Services Canada	10,651,090	9,731,962	(7,302,088)	13,080,964
Province of British Columbia	750,000	554,110	(750,000)	554,110
BC FN Gaming	4,095,154	1,579,908	(3,187,872)	2,487,190
FNESC	87,645	-	(58,280)	29,365
Ending Violence BC	59,002	50,195	(59,002)	50,195
FNHA	-	172,725	(42,617)	130,108
Other	1,509,340	1,236,575	(2,135,363)	610,552
	19,279,106	13,563,021	(13,943,883)	18,898,244
HIRMD				
Province of British Columbia	479,637	750,000	(823,775)	405,862
Indigenous Services Canada	597,085	653,000	(573,255)	676,830
Other	25,000	25,000	(40,241)	9,759
	1,101,722	1,428,000	(1,437,271)	1,092,451
Halcistat Reconciliation				
Government of Canada	20,399,554	-	(3,012,196)	17,387,358
Province of British Columbia	16,717,134	2,670,000	(3,072,542)	16,314,592
Department of Fisheries and Oceans	103,000	-	-	103,000
	37,219,688	2,670,000	(6,084,738)	33,804,950
	\$ 57,600,516	\$ 17,661,021	\$ (21,465,892)	\$ 53,795,645

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.

	2024	2023
Balance, beginning of year	\$ 595,186	\$ 594,027
Contributions, required during the year	36,833	37,500
Capital replacements	-	(36,341)
Matured unit equity adjustment	(34,846)	-
	\$ 597,173	\$ 595,186

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

13. LOANS PAYABLE

	2024	2023
BMO Financial Group with scheduled loan payments of \$13,332 per month, including interest at prime plus 1.25% per annum, due on demand secured by a general security agreement.	\$ 1,423,618	\$ 1,445,309
BMO Financial Group with scheduled loan payments of \$607 per month, including interest at prime plus 1.25% per annum, due on demand secured by a general security agreement.	63,142	65,201
L&L Contracting loan payable in monthly payments of \$7,292, maturing December 2024	56,160	143,660
Canadian Imperial Bank of Commerce (CIBC) demand loan repayable in monthly installments of \$3,820 including interest at prime plus 1.50% per annum, beginning September 9, 2010 secured by a general security agreement.	-	41,736
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.	328,397	397,068
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.	24,505	160,102
Vancity business loan maturing on December 1, 2024, 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>3,895,822</u>	<u>4,253,076</u>
	<u>3,511,265</u>	<u>3,712,348</u>
	<hr/> <u>\$ 384,557</u>	<hr/> <u>\$ 540,728</u>

Expected principal repayments over the next five years are: 2025 - \$3,511,265; 2026 - \$54,466; 2027 - \$58,980; 2028 - \$63,869; 2029 and thereafter - \$207,242

14. CMHC MORTGAGES

Phase number	Maturity date	Interest rate	Monthly payment	2024	2023
19362276002	2	10/1/2033	1.83%	\$ 10,809	\$ 1,139,690
10437267016	16	3/1/2024	1.86%	2,340	-
19362276001	1	3/1/2027	2.27%	3,031	105,420
				<hr/> <u>\$ 1,245,110</u>	<hr/> <u>\$ 1,414,298</u>

Expected principal repayments over the next five years are: 2025 - \$144,104; 2026 - \$146,918; 2027 - \$149,898; 2028 - \$115,957; 2029 and thereafter - \$688,233

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

15. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization			2024 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Boats	\$ 1,098,874	\$ 361,777	\$ 1,460,651	\$ 577,327	\$ 109,945	\$ 687,272	\$ 773,379
Buildings	69,273,162	5,399,511	74,672,673	26,578,609	1,159,985	27,738,594	46,934,079
Equipment	1,016,672	295,511	1,312,183	670,256	169,024	839,280	472,903
Infrastructure	22,354,583	1,371,261	23,725,844	13,715,334	337,061	14,052,395	9,673,449
Land	1,855,054	-	1,855,054	-	-	-	1,855,054
Licenses	50,610	-	50,610	-	-	-	50,610
Social housing	4,291,105	(933,503)	3,357,602	1,106,326	(39,272)	1,067,054	2,290,548
Vehicle	1,965,406	401,351	2,366,757	1,049,675	465,471	1,515,146	851,611
Water treatment plant	6,588,569	-	6,588,569	5,355,405	154,145	5,509,550	1,079,019
Waste water treatment plant	9,267,364	-	9,267,364	9,267,364	-	9,267,364	-
	\$17,761,399	\$ 6,895,908	\$24,657,307	\$58,320,296	\$ 2,356,359	\$60,676,655	\$ 63,980,652

	Cost			Accumulated amortization			2023 Net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Boats	\$ 1,098,874	\$ -	\$ 1,098,874	\$ 503,560	\$ 73,767	\$ 577,327	\$ 521,547
Buildings	64,581,492	4,691,669	69,273,162	25,804,729	773,880	26,578,609	42,694,552
Equipment	769,027	247,645	1,016,672	560,334	109,922	670,256	346,416
Infrastructure	19,095,581	3,259,002	22,354,583	13,407,225	308,109	13,715,334	8,639,249
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	3,184,779
Vehicle	1,662,687	302,719	1,965,406	660,077	389,598	1,049,675	915,731
Water treatment plant	6,588,569	-	6,588,569	5,201,100	154,305	5,355,405	1,233,164
Waste water treatment plant	9,267,364	-	9,267,364	9,267,364	-	9,267,364	-
	\$09,260,363	\$ 8,501,036	\$17,761,399	\$56,344,625	\$ 1,975,671	\$58,320,296	\$ 59,441,102

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

16. SEGMENTED INFORMATION

	Administration		Social Development			HIRMD			
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
Indigenous Services Canada	\$ 13,446,249	\$ 15,892,916	\$ 13,750,009	\$ 1,540,478	\$ 1,692,304	\$ 1,594,468	-	\$ 653,000	\$ 650,000
Administration fee	-	-	155	-	-	-	-	637,569	1,027,482
Great Bear Initiative	478,000	549,819	553,259	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	-	42,014	42,580	-	-	-
Department of Fisheries and Oceans	169,734	212,260	169,734	-	-	-	-	724,390	981,631
Coast Conservation Endowment	-	-	-	-	-	-	-	948,382	618,260
Other revenue	3,368,741	6,855,584	5,874,442	51,292	625,184	213,961	-	4,598,583	2,316,247
Deferred revenue - adjustment	2,127,867	-	(2,470,054)	-	(432,835)	(134,145)	-	(15,729)	739,673
Total revenue	19,590,591	23,510,579	17,877,545	1,591,770	1,926,667	1,716,864	-	7,546,195	6,333,293
Expenses									
Amortization	-	24,050	24,050	-	-	-	-	-	-
Contracted services	2,130,255	2,045,025	2,063,188	28,054	49,486	29,476	-	1,444,346	849,659
Loan interest	258,000	(26,998)	12,726	-	13,251	1,341	-	-	-
Professional fees	584,849	1,023,817	1,357,773	-	-	-	-	285,970	175,725
Honoraria	507,049	189,163	172,261	11,000	19,495	32,428	-	99,920	108,187
Travel	222,929	472,638	399,456	25,004	31,729	10,515	-	373,178	279,457
Utilities	332,634	124,303	128,841	35,973	25,556	25,619	-	30,249	31,708
Wages and benefits	4,777,131	4,997,876	4,000,965	821,512	874,080	722,995	790,932	3,151,297	2,333,708
Other expenses	4,526,731	11,986,279	10,476,173	765,157	1,037,025	886,897	-	1,242,409	1,354,175
Total expenses	13,339,578	20,836,153	18,635,433	1,686,700	2,050,622	1,709,271	790,932	6,627,369	5,132,619
Annual surplus (deficit)	\$ 6,251,013	\$ 2,674,426	\$ (757,888)	\$ (94,930)	\$ (123,955)	\$ 7,593	\$ (790,932)	\$ 918,826	\$ 1,200,674

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

16. SEGMENTED INFORMATION, continued

	Hailcistut Reconciliation			Public Works/Capital Projects/Municipal Services			Heiltsuk Properties		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 8,121,889	\$ 4,015,908	\$ 7,122,623	-	\$ -	\$ -
Government of Canada	19,814,736	-	-	-	67,759	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	998,305	4,108,411	1,752,837	-	-	-
Province of BC	13,200,295	2,670,000	-	10,212,562	537,411	50,000	-	-	-
Department of Fisheries and Oceans	703	41,107	289,905	-	-	-	-	-	-
Rental	-	-	-	-	32,680	40,645	430,884	475,017	480,647
Other revenue	1,794,203	2,171,808	1,474,646	10,714,456	263,335	2,888,633	-	3,320	3,320
Deferred revenue - adjustment	-	3,414,735	7,428,412	1,037,156	(1,595,431)	(4,786,597)	-	-	-
Total revenue	34,809,937	8,297,650	9,192,963	31,084,368	7,430,073	7,068,141	430,884	478,337	483,967
Expenses									
Amortization	-	2,500	2,500	-	-	-	-	-	-
Contracted services	6,394,763	161,841	1,473,950	705,541	15,179	616,792	24,000	6,721	54,630
Loan interest	-	103	-	27,600	-	-	-	-	91,921
Professional fees	703,483	235,847	42,430	997,343	369,666	258,961	24,996	6,450	36,756
Honoraria	782,839	278,043	317,874	26,880	12,302	8,754	-	-	-
Travel	1,177,913	125,529	57,397	32,704	84,553	91,892	-	6,343	3,478
Utilities	6,000	3,871	11,850	216,320	216,400	241,859	10,440	19,167	19,525
Wages and benefits	621,404	1,920,592	1,278,807	2,044,204	2,195,079	2,244,798	234,264	114,350	106,720
Other expenses	7,715,689	1,347,436	754,792	24,568,759	680,252	(105,592)	358,069	580,610	220,722
Total expenses	17,402,091	4,075,762	3,939,600	28,619,351	3,573,431	3,357,464	651,769	733,641	533,752
Annual surplus (deficit)	\$ 17,407,846	\$ 4,221,888	\$ 5,253,363	\$ 2,465,017	\$ 3,856,642	\$ 3,710,677	(220,885)	(255,304)	(49,785)

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

16. SEGMENTED INFORMATION, continued

	Social Housing		2023 Actual	2024 Budget	Capital Fund		2023 Actual	2024 Budget	Trust Fund		2023 Actual
	2024 Budget	2024 Actual			2024 Actual	2023 Budget			2024 Actual	2024 Actual	
Revenues											
Canada Mortgage and Housing Corporation	\$ 77,022	\$ 154,013	\$ 154,454	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental	244,128	235,224	235,485	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	62,824	142,626	
Total revenue	321,150	389,237	389,939	-	-	-	-	-	62,824	142,626	
Expenses											
Amortization	-	169,187	166,090	-	2,160,621	1,783,031	-	-	-	-	-
Contracted services	1,200	735	1,987	-	-	-	-	-	-	-	-
Loan interest	193,428	24,982	28,014	-	-	-	-	-	-	-	-
Professional fees	-	10,500	10,900	-	-	-	-	-	-	-	-
Other expenses	326,526	101,538	81,482	-	-	-	-	-	-	-	-
Total expenses	521,154	306,942	288,473	-	2,160,621	1,783,031	-	-	-	-	
Annual surplus (deficit)	\$ (200,004)	\$ 82,295	\$ 101,466	-	\$ (2,160,621)	\$ (1,783,031)	-	\$ 62,824	\$ 142,626		

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

16. SEGMENTED INFORMATION, continued

	Subsidiaries Fund			Consolidated totals		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues						
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 23,108,616	\$ 22,254,128	\$ 23,117,100
Government of Canada	-	-	-	19,814,736	705,328	1,027,637
Canada Mortgage and Housing Corporation	-	-	-	1,553,327	4,812,243	2,460,550
Province of BC	-	-	-	23,412,857	3,249,425	92,580
Department of Fisheries and Oceans	-	-	-	170,437	977,757	1,441,270
Coast Conservation Endowment	-	-	-	-	948,382	618,260
Rental	-	-	-	2,802,879	294,357	(1,107,749)
Other revenue	-	(1,122,840)	(1,690,792)	15,928,692	13,457,798	11,223,083
Deferred revenue - adjustment	-	-	-	1,037,156	1,819,304	2,641,815
Total revenue	-	(1,122,840)	(1,690,792)	87,828,700	48,518,722	41,514,546
Expenses						
Amortization	-	-	-	-	2,356,358	1,975,671
Contracted services	-	-	-	9,283,813	3,723,333	5,089,682
Loan interest	-	-	-	479,028	11,338	134,002
Professional fees	-	-	-	2,310,671	1,932,250	1,882,545
Honoraria	-	-	-	1,327,768	598,923	639,504
Travel	-	-	-	1,458,550	1,093,970	842,195
Utilities	-	-	-	601,367	419,546	459,402
Wages and benefits	-	-	-	9,289,447	13,253,274	10,687,993
Other expenses	-	-	-	38,260,931	16,975,549	13,668,649
Total expenses	-	-	-	63,011,575	40,364,541	35,379,643
Annual surplus (deficit)	\$ -	\$ (1,122,840)	\$ (1,690,792)	\$ 24,817,125	\$ 8,154,181	\$ 6,134,903

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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 March 31, 2024 showed a total guaranteed loan balance outstanding of \$2,842,928.

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 \$6,732,593 (\$5,686,528 in 2023)
- 2) Heiltsuk Economic Development Corporation \$124,654 (\$138,503 in 2023)
- 3) Heiltsuk College Society \$354,812 (\$394,236 in 2023)
- 4) Shearwater Marine Group \$0 (\$50,000 in 2023)

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

- 1) Heiltsuk Fishery Resource Limited Partnership \$74,411 (\$133,740 in 2023) for the fish plant upgrade.
- 2) Heiltsuk Coastal Forest Products Limited Partnership \$181,414 (\$0 in 2023) for the acquisition of a sawmill.
- 3) Shearwater Marine Group \$359,987 (\$0 in 2023) for various operational support and tourism development.

All transactions have been measured at the exchange amount.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

19. PRIOR PERIOD RESTATEMENT

In the 2023 fiscal audited financial statements, information for certain of the investment in government businesses group was not available nor included in the financial statements at the date of the audit report. The prior period has been restated to include the complete results of operations from government businesses for the fiscal 2023 year. Adjustments have been made to the reported figures as follows:

For the year ended March 31	As previously stated in 2023	Adjustments		Restated 2024
		Increase	(Decrease)	
Consolidated Statement of Financial Position				
Financial assets				
Investment in government businesses	\$ 15,978,768	\$ (598,811)	\$ 15,379,957	
Accumulated surplus	79,857,659	(598,811)	79,258,848	
Consolidated Statement of Operations				
Revenue				
Share of income (loss) from controlled entities	(1,091,981)	(598,811)	(1,690,792)	
Current year surplus (deficit)	\$ 6,733,714	\$ (598,811)	\$ 6,134,903	

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 \$4,281,860. 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 \$2,973,351. 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.