

Nuxalk Nation
Consolidated Financial Statements
For the Year Ended March 31, 2022

Nuxalk Nation
Consolidated Financial Statements
For the Year Ended March 31, 2022

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Nuxalk Nation ("the Group") are the responsibility of management and have been approved by the Administrator and the Finance Officer of the Group.

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 judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Nuxalk Nation 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 Group's assets are appropriately accounted for and adequately safeguarded.

Nuxalk Nation is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through the Group's Council.

The Chief and Council review the Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the 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 Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Nation Council.


Councillor


Finance Officer



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Independent Auditor's Report

To the Members of Nuxalk Nation

Qualified Opinion

We have audited the consolidated financial statements of Nuxalk Nation and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of operations, the consolidated statement of net assets and the consolidated 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 matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Nuxalk Nation as at March 31, 2022 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As noted in the Summary of Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets as at March 31, 2022 and 2021, the related amortization expense, annual surplus for the year ended March 31, 2022 and 2021 and equity in tangible capital assets as at April 1 and March 31 for both the 2022 and 2021 years.

The Group has investments in a variety of government business enterprises for which financial information is not available for the March 31, 2022 and 2021 year end. Since financial information for these entities is not available, we were unable to determine whether any adjustments might be necessary to investment in government business enterprises, revenue and annual surplus (deficit) and cashflows for the years ended March 31, 2022 and 2021, and accumulated surplus as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2022 was modified for the above matters.



We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

Chartered Professional Accountants

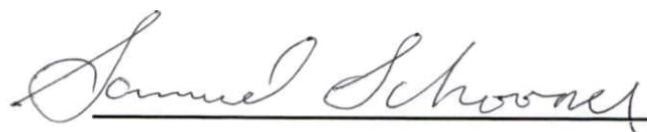
Kamloops, British Columbia
May 3, 2023


Nuxalk Nation

Exhibit A - Consolidated Statement of Financial Position

As at March 31	2022	2021
Financial Assets		
Cash (Note 2)	\$13,297,806	\$ 10,638,923
Restricted cash (Note 3)	568,108	529,954
Accounts receivable (Note 4)	4,335,504	1,660,982
Investment in Government Business Enterprises (Note 11)	2,449,798	2,376,106
Due from related party	605,729	605,729
	<u>21,256,945</u>	<u>15,811,694</u>
Liabilities		
Accounts payable (Note 5)	1,100,209	2,510,380
Deferred revenue (Note 6)	4,805,376	2,643,554
Long term debt (Note 7)	676,213	750,913
Obligations under capital lease (Note 9)	158,028	383,649
	<u>6,739,826</u>	<u>6,288,496</u>
Net Financial Assets	<u>14,517,119</u>	<u>9,523,198</u>
Non-financial Assets		
Prepaid expense	381,336	382,877
Inventory	295,478	263,606
Tangible capital assets (Note 8)	27,918,909	27,033,132
	<u>28,595,723</u>	<u>27,679,615</u>
Accumulated Surplus (Note 10)	<u>\$43,112,842</u>	<u>\$ 37,202,813</u>

Approved on behalf of the Band Council:

 Samuel Schooner, Councillor

 Rhonda Mante, Councillor

Nuxalk Nation

Exhibit B - Consolidated Statement of Change in Net Assets

For the year ended March 31	2022	2021
Surplus - Exhibit C	\$ 5,910,031	\$ 4,190,220
Purchases of tangible capital assets (Note 8)	(2,558,904)	(2,601,612)
Amortization of tangible capital assets (Note 8)	1,673,127	1,711,167
Disposal of capital assets (Note 8)	-	72,000
Change in tangible capital assets	(885,777)	(818,445)
Change in prepaid expense	1,540	(47,191)
Change in inventory	(31,873)	(10,426)
	(30,333)	(57,617)
Increase in net financial assets	4,993,921	3,314,158
Net financial assets, beginning of year	9,523,198	6,209,040
Net financial assets, end of year	\$14,517,119	\$ 9,523,198

Nuxalk Nation
Exhibit C - Consolidated Statement of Operations

For the year ended March 31	2022	2021
Revenue		
Indigenous Services Canada	\$20,239,178	\$ 17,920,240
First Nations Health Authority	4,022,396	3,573,309
Province of British Columbia	2,827,874	2,596,319
Mid Coast First Nations Training Society	86,320	208,560
Fisheries and Oceans	469,554	149,457
Coast Opportunity Funds	338,965	284,220
Interest	35,201	26,917
Rental revenue	456,859	340,114
First Nations Education Steering Committee	1,804,284	1,734,778
Canada Mortgage and Housing Corporation	1,581,426	68,544
Other contracts and government funding income	4,597,574	4,029,529
Income (loss) from Government Business Enterprises	-	(409)
Administration revenue	380	723
	<u>36,460,011</u>	<u>30,932,301</u>
Expenses		
Administration	3,312,761	2,866,848
Community welfare	5,175,288	4,829,785
Operations & maintenance	1,617,742	1,521,463
Education	13,485,936	12,134,855
Economic development	1,316,827	1,022,914
Health services	3,475,177	2,610,835
Social housing	487,229	429,859
Natural resource management	184,458	146,161
Capital	1,494,562	1,179,361
	<u>\$30,549,980</u>	<u>\$ 26,742,081</u>
Surplus for the year	<u>\$ 5,910,031</u>	<u>\$ 4,190,220</u>

Nuxalk Nation

Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2022	2021
Operating activities		
Cash receipts from various sources	\$ 35,771,803	\$ 31,831,677
Cash paid to employees and suppliers	(30,486,270)	(23,025,291)
Interest paid	(45,938)	(37,938)
Cash flows from operating activities	<u>5,239,595</u>	<u>8,768,448</u>
Investing activities		
Purchase of capital assets	(2,471,757)	(2,601,612)
Change in investments	3,899	409
Cash flows from investing activities	<u>(2,467,858)</u>	<u>(2,601,203)</u>
Financing activities		
Repayment of long term debt	(74,700)	(72,448)
Increase (decrease) in related party balances	-	5,750
Cash flows from financing activities	<u>(74,700)</u>	<u>(66,698)</u>
Net increase in cash and cash equivalents	2,697,037	6,100,547
Cash and cash equivalents, beginning of year	<u>11,168,877</u>	<u>5,068,330</u>
Cash and cash equivalents, end of year	<u>\$ 13,865,914</u>	<u>\$ 11,168,877</u>
Represented by:		
Cash	\$ 13,297,806	\$ 10,638,923
Restricted cash	<u>568,108</u>	<u>529,954</u>
	<u>\$ 13,865,914</u>	<u>\$ 11,168,877</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies

Basis of Presentation These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the CPA Canadian Public Sector Accounting Handbook which encompasses the following principles.

Reporting Entity and Principles

Nuxalk Nation ("the Group") reporting entity includes Nuxalk Nation government and all related entities which are accountable to Nuxalk Nation and are either owned or controlled by the Nuxalk Nation.

The financial statements consolidate the assets, liabilities and results of operations for the following incorporated entities:

- Nuxalk Acwsalcmalslayc Academy of Learning Society
- Nuxalk Nation Property Management
- Nuxalk Nation Transition House Society

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific entity, transactions amongst entities have not been necessarily eliminated on the individual schedules.

Business entities, which are owned or controlled by the Nuxalk Nation and which are not dependent on the Group for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

- Nuxalk Business Trust
- Nuxalk Development LP
- 0820770 B.C. Ltd.

Financial Instruments

The Group recognizes and measures financial assets and financial liabilities on the consolidated statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on the initial recognition. Financial instruments are subsequently measured at amortized cost as the Nation has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on the active market. Since no financial instruments are measure at fair value after the initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies - (continued)

Use of Estimates The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates included in these consolidated financial statements include the valuation of accounts receivable, accuracy of accounts payable and accrued liabilities, and calculation of deferred revenue.

Tangible Capital Assets Property, equipment and infrastructure expenses are valued at acquisition cost and recorded in the Capital Fund.

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenses are also recorded as an addition to the assets of the Capital Fund with a corresponding increase in equity in tangible capital assets.

Amortization Tangible capital assets recorded are amortized annually with a corresponding reduction in equity in tangible capital assets. Tangible capital assets are amortized over their expected useful lives on a declining balance basis at the following rates:

Automotive equipment	20%
Buildings	5%
Computer software	100%
Infrastructure	5%
Nation owned houses	5%
Office and furniture equipment	30%

In the year of acquisition, 50% of the normal amortization is recorded.

Social housing assets acquired under Canada Mortgage and Housing Corporation (CMHC) subsidized housing programs are amortized at a rate equivalent to the annual principal reduction in the related long term debt, as required for CMHC reporting purposes.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies - (continued)

Revenue Recognition	<p>Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements, which relates to a subsequent fiscal period, is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.</p> <p>Rental revenue is recognized when a tenant commences occupancy and rent is due. Nuxalk Nation retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.</p> <p>All other revenue is recognized in the period in which the events that give rise to the revenue occurs.</p>
Government Transfers	<p>Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period which events give rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.</p>
Rents Receivable	<p>CMHC does not allow or recognize bad debts recorded in the financial statements of Social Housing and will not subsidize rental arrears.</p>
Ottawa Trust Fund	<p>Nuxalk Nation uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in the revenue of the Nation upon withdrawal from the Ottawa Trust Fund.</p>
Deferred Revenue	<p>Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of financial activity in the year in which it is used for the specified purpose.</p>
Impairment of Long-lived Assets	<p>In the event that facts and circumstances indicate that the Group's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the assets's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The Group considers that no circumstances exist that would require such an evaluation.</p>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies - (continued)

Leased Assets Leases entered into that transfer substantially all of the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset, and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Nation, and the obligation, including interest thereon, is reduced over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

2. Cash

	2022	2021
Operating	\$ 4,683,549	\$ 2,324,276
Nuxalk Acwscmayslayc Academy of Learning Society	5,623,036	5,671,226
Nuxalk Nation Transition House Society	621,209	377,744
Pre - Social Housing	37,685	82,023
Post - Social Housing	382,400	363,736
BC Gaming	1,949,927	1,819,918
	<u>\$13,297,806</u>	<u>\$ 10,638,923</u>

Cash is held in Canadian Chartered Banks and a Credit Union, both earn interest at the current prevailing rates for business operating accounts.

The Nation holds a line of credit at the Royal Bank of Canada with a revolving limit of \$5,000.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

3. Restricted Cash

	2022	2021
Ottawa Trust revenue	\$ 422,310	\$ 410,302
Ottawa Trust capital	10,079	10,079
Social Housing replacement reserve	135,719	109,573
	<u>\$ 568,108</u>	<u>\$ 529,954</u>

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Nation and Nation members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

In order to provide for replacement of major capital items, the terms of the operating agreements between Nuxalk Nation and CMHC provide that a replacement reserve fund be established by annual charges to operations in the amount prescribed by the agreements. Under these agreements, Nuxalk Nation is required to segregate annual transfers to reserve funds and interest earned on these funds from other cash. As at March 31, 2022, the replacement reserve and operating reserve was over funded by \$471,455 (2021 - over funded by \$477,648).

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2022	2021
Operating		
Trade	\$ 4,059,778	\$ 1,139,501
Pre - Social Housing	49,814	40,388
Post - Social Housing	190,756	3,509
	<u>4,300,348</u>	<u>1,183,398</u>
Nuxalk Acwsalcmalslayc Academy of Learning Society	17,698	420,898
Nuxalk Nation Transition House Society	17,458	56,686
	<u>\$ 4,335,504</u>	<u>\$ 1,660,982</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

5. Accounts Payable

	2022	2021
Operating	\$ 934,885	\$ 1,902,796
Nuxalk Acwscmayslayc Academy of Learning Society	138,541	591,308
Nuxalk Nation Transition House Society	13,706	5,193
Social housing	13,077	11,083
	<u>\$ 1,100,209</u>	<u>\$ 2,510,380</u>

6. Deferred Revenue

Deferred revenue represents funding received for programs/projects that were not completed during the year.

	2022	2021
Operating - ISC		
Basic needs	138,887	138,887
	138,887	138,887
Operating Fund - Other		
Coast Funds	29,035	-
Province of BC	901,747	500,000
Government of Canada	1,829,500	-
	2,760,282	500,000
Nuxalk Acwscmayslayc Academy of Learning Society	1,694,651	1,582,343
Capital Fund - ISC		
ARCS	109,869	109,869
Liquid waste disposal	-	28,479
Elders Complex	49,684	265,978
10 Apartment Renovation - ICMS#9-00126955	17,998	17,998
CMHC	34,005	-
	211,556	422,324
	<u>\$ 4,805,376</u>	<u>\$ 2,643,554</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

7. Long Term Debt

	2022	2021
<u>Social Housing</u>		
Mortgage repayable in monthly installments of \$1,387.39, including interest at 4.250% per annum maturing September 2024	\$ 24,234	\$ 39,568
Mortgage repayable in monthly installments of \$2,851.75, including interest at 4.250% per annum maturing September 2024	49,810	81,329
All Nations Trust Company, mortgage, repayable in monthly instalments of \$ 2,904 including interest at 1.14% per annum, maturing June 2026	602,169	630,016
	676,213	750,913
Less: current portion	76,820	72,167
	<u>\$ 599,393</u>	<u>\$ 678,746</u>

The estimated principal repayments on the above long term debt required over the next five years and thereafter are as follows:

2023	\$ 76,820
2024	53,854
2025	28,798
2026	29,125
2027	29,456
Thereafter	458,160
	<u>\$ 676,213</u>

The All Nations Trust Company mortgage owing \$630,016 was renewed on June 1, 2021.

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Notes to Consolidated Financial Statements

March 31, 2022

8. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Artwork	\$ 134,000	\$ -	\$ 134,000	\$ -
Assets under construction	3,757,727	-	4,210,389	-
Equipment				
Automotive equipment	7,086,776	5,549,508	6,560,265	5,223,938
Transition House equipment	313,749	243,178	313,749	216,665
NAALS equipment	1,039,123	468,381	964,097	343,607
NAALS automotive	1,304,659	630,399	969,016	503,784
Buildings				
Community buildings	27,652,393	11,995,765	25,578,006	11,226,322
Band owned houses	310,668	62,424	310,668	52,080
Land improvements infrastructure	10,744,633	6,656,446	10,744,633	6,441,278
	52,343,728	25,606,101	49,784,823	24,007,674
Pre - Social Housing	2,528,991	2,172,010	2,528,991	2,125,156
Post - Social Housing	980,120	155,819	980,120	127,972
	<u>\$55,852,839</u>	<u>\$27,933,930</u>	<u>\$ 53,293,934</u>	<u>\$ 26,260,802</u>
Net book value		<u>\$27,918,909</u>		<u>\$ 27,033,132</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

8. Tangible Capital Assets (continued)

	2022						
	Artwork	Equipment	Buildings	Land improvements	Assets under construction	Asset held under capital lease	Total
Cost, beginning of year	\$ 134,000	\$ 8,282,194	\$ 29,397,782	\$ 10,777,582	\$ 4,210,390	\$ 491,985	\$ 53,293,933
Additions	-	937,177	1,511,743	109,984	-	-	2,558,904
Disposals	-	-	-	-	-	-	-
Reallocation	-	-	539,810	-	(539,810)	-	-
Cost, end of year	\$ 134,000	\$ 9,219,371	\$ 31,449,335	\$ 10,887,566	\$ 3,670,580	\$ 491,985	\$ 55,852,837
Accumulated amortization, beginning of year	\$ -	\$ 6,157,134	\$ 13,531,531	\$ 6,473,739	\$ -	\$ 98,397	\$ 26,260,801
Amortization	-	527,005	852,236	215,168	-	78,718	1,673,127
Disposals	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ -	\$ 6,684,139	\$ 14,383,767	\$ 6,688,907	\$ -	\$ 177,115	\$ 27,933,928
Net carrying amount, end of year	\$ 134,000	\$ 2,535,232	\$ 17,065,568	\$ 4,198,659	\$ 3,670,580	\$ 314,870	\$ 27,918,909

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Notes to Consolidated Financial Statements

March 31, 2022

8. Tangible Capital Assets (continued)

	2021						
	Artwork	Equipment	Buildings	improvements	Land Assets under construction	Assets held under capital lease	Total
Cost, beginning of year	\$ 134,000	\$ 7,214,328	\$ 31,594,287	\$ 11,097,553	\$ 724,153	\$ -	\$ 50,764,321
Additions	-	1,067,866	5,707	-	1,036,054	491,985	2,601,612
Disposals	-	-	(72,000)	-	-	-	(72,000)
Cost, end of year	-	-	(2,130,212)	(319,971)	2,450,183	-	-
Accumulated amortization, beginning of year	\$ 134,000	\$ 8,282,194	\$ 29,397,782	\$ 10,777,582	\$ 4,210,390	\$ 491,985	\$ 53,293,933
Amortization	-	\$ 5,609,642	\$ 12,692,955	\$ 6,247,037	\$ -	\$ -	\$ 24,549,634
Accumulated amortization, end of year	-	547,492	838,576	226,702	-	98,397	1,711,167
Net carrying amount, end of year	\$ -	\$ 6,157,134	\$ 13,531,531	\$ 6,473,739	\$ -	\$ 98,397	\$ 26,260,801
	\$ 134,000	\$ 2,125,060	\$ 15,866,251	\$ 4,303,843	\$ 4,210,390	\$ 393,588	\$ 27,033,132

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

9. Obligations Under Capital Leases

	2022	2021
Obligation under a capital lease for a 2020 Rosenbaud Coyote Pumper, blended monthly payments of \$20,197, with interest at the rate of 5.95%, maturing on November 2022, secured by the leased equipment.	\$ 158,028	\$ 383,649

Interest expense for the year related to obligations under capital leases is \$16,740 (2021 - \$6,247).

Future minimum lease payments under the capital leases for subsequent years are as follows:

2023	161,574
Less: amounts representing interest	(3,546)
	<u>\$ 158,028</u>

10. Accumulated Surplus

	2022	2021
Operating surplus	\$10,981,276	\$ 8,074,414
Equity in capital assets	24,994,687	24,266,617
Equity in capital NAALS	1,666,477	1,407,557
Equity in capital NNTHS	459,907	147,646
Equity in Ottawa trust	422,048	422,048
Contributed surplus	355,868	163,637
Nuxalk Forestry	2,365,923	2,365,923
Equity in replacement reserve	366,656	354,971
	<u>\$41,612,842</u>	<u>\$ 37,202,813</u>
Restricted Surplus consists of:		
	2022	2021
Internally restricted - Longhouse	1,500,000	-
	<u>\$43,112,842</u>	<u>\$ 37,202,813</u>

11. Investments in Government Business Enterprises

The Nation has investments in the following entities:

	2022	2021
Nuxalk Business Trust - 100%	\$ 524,074	\$ 524,074
Nuxalk Development Limited Partnership - 99.9%	1,848,133	1,848,133
Bella Coola Hotel (0820770 B.C. Ltd.) - 100%	77,591	3,899
	<u>\$ 2,449,798</u>	<u>\$ 2,376,106</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

11. Investment in Government Business Enterprises (continued)

For partnerships, equity is comprised of partnership advances, less drawings, plus the partner's proportional share of net income (loss). Nuxalk Development Limited Partnership is treated as a Government Business Enterprise as it is under common control by Nuxalk Nation. For Government Business Enterprises under 100% control of Nuxalk Nation equity is comprised of retained earnings plus net income (loss). For the purpose of outlining below NDLP has been labeled as a limited partnership and the remaining two as GBE's even though they are treated the same. Nuxalk Nation has investments in the following entities:

				2022	2021
	Assets	Liabilities	Capital/Retained Earnings	Total Earnings (Loss)	Total Earnings (Loss)
<u>Limited Partnerships</u>					
Nuxalk Development Limited Partnership (99.9%)	-	-	-	-	-
<u>Government Business Enterprises</u>					
Bella Coola Hotel (0820770 B.C. Ltd.) (100%)	471,589	307,714	163,875	166,435	73,692
Nuxalk Business Trust (100%)	-	-	524,074	-	-
					(409)

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

12. Comparative Figures

Certain comparative amounts presented in the consolidated financial statements have been restated to conform to current year's presentation.

13. Federal Assistance Payments

The Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the *National Housing Act* to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received through March 31, 2022 was \$17,670 (2021 - \$21,161). This assistance will continue, providing the Nation is not in default of the agreement.

14. Commitments

Nuxalk Nation is required to make the following future minimum lease payments on operating lease obligations over the next three years:

2023	\$ 18,804
2024	18,804
2025	<u>6,120</u>
	<u>\$ 43,728</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

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15. Expenses by Object

	2022	2021
Amortization	\$ 1,673,127	\$ 1,711,167
Automotive	86,952	62,036
Bad debts	200	2,318
Bank charges	45,938	37,938
Contract services	2,775,139	1,926,019
Donations	45,350	53,925
Equipment rental	82,496	23,612
Purchase of investments	-	1,472
Honoraria	207,094	158,016
Insurance	603,598	581,719
Materials and supplies	1,815,904	1,974,215
Office and miscellaneous	234,571	128,055
Professional fees	427,547	257,960
Program expenses	8,123,916	7,241,214
Repairs and maintenance	508,385	422,713
Replacement reserve	197,134	17,134
Salaries and benefits	11,796,034	10,435,178
Student allowance and transportation	629,977	560,040
Telephone	166,835	169,186
Travel and accommodation	165,140	76,796
Training	311,177	336,614
Utilities	654,467	564,754
	<u>\$30,550,981</u>	<u>\$ 26,742,081</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

16. Segment Disclosure

Nuxalk Nation is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Administration

This item relates to the revenues and expenses that relate to the operations of Nuxalk Nation itself and cannot be directly attributed to a specific segment.

Community Welfare

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

This service area provides services relating to the development, maintenance and service of Nuxalk Nation's assets, infrastructure and common property.

Education

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of Nuxalk Nation's Members.

Economic Development

This service area provides for the development of economic opportunities to the Members.

Health Services

This service area provides for health-related services and programs to the Members.

Social Housing

This service area provides for social housing to the Members.

Natural Resource Management

This service area includes exploration of natural resources and development of natural resource revenues.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2022

16. Segment Disclosure
(continued)

2022

	Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Capital	Total
Revenue										
ISC	\$ 1,184,403	\$ 6,182,887	\$ 1,118,766	\$ 9,545,525	\$ -	\$ 76,498	\$ -	\$ -	\$ 2,311,099	\$ 20,419,178
Other	1,085,357	1,437,274	356,373	3,859,945	1,988,996	4,451,045	1,763,079	275,597	823,166	16,040,832
	2,269,760	7,620,161	1,475,139	13,405,470	1,988,996	4,527,543	1,763,079	275,597	3,134,265	36,460,010
Expenses										
Payroll	866,932	1,408,743	501,482	6,319,386	872,738	1,201,087	19,367	131,261	476,215	11,797,211
Other	1,135,648	3,740,032	1,116,260	6,904,817	444,089	2,274,090	393,162	53,197	1,018,347	17,079,642
Amortization	1,310,181	26,513	-	261,733	-	-	74,700	-	-	1,673,127
	3,312,761	5,175,288	1,617,742	13,485,936	1,316,827	3,475,177	487,229	184,458	1,494,562	30,549,980
Surplus (deficit)	\$ (1,043,001)	\$ 2,444,873	\$ (142,603)	\$ (80,466)	\$ 672,169	\$ 1,052,366	\$ 1,275,850	\$ 91,139	\$ 1,639,703	\$ 5,910,030

2021

	Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Capital	Total
Revenue										
ISC	\$ 543,423	\$ 4,624,478	\$ 801,310	\$ 10,642,195	\$ -	\$ 35,229	\$ -	\$ -	\$ 1,273,604	\$ 17,920,239
Other	1,310,926	803,836	36,703	4,495,561	1,324,608	4,003,461	223,136	180,600	633,231	13,012,062
	1,854,349	5,428,314	838,013	15,137,756	1,324,608	4,038,690	223,136	180,600	1,906,835	30,932,301
Expenses										
Payroll	910,868	1,065,629	636,101	5,463,062	656,557	1,021,298	5,788	94,625	592,555	10,446,483
Other	626,788	3,727,857	885,362	6,398,565	366,357	1,589,537	351,623	51,536	586,806	14,584,431
Amortization	1,329,192	36,299	-	273,228	-	-	72,448	-	-	1,711,167
	2,866,848	4,829,785	1,521,463	12,134,855	1,022,914	2,610,835	429,859	146,161	1,179,361	26,742,081
Surplus (deficit)	\$ (1,012,499)	\$ 598,529	\$ (683,450)	\$ 3,002,901	\$ 301,694	\$ 1,427,855	\$ (206,723)	\$ 34,439	\$ 727,474	\$ 4,190,220