

Nuxalk Nation
Consolidated Financial Statements
For the Year Ended March 31, 2023

**Nuxalk Nation
Consolidated Financial Statements
For the Year Ended March 31, 2023**

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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

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, 2023, 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, 2023 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, 2023 and 2022, the related amortization expense, annual surplus for the year ended March 31, 2023 and 2022 and equity in tangible capital assets as at April 1 and March 31 for both the 2023 and 2022 years.

Effective April 1, 2022, the First Nation was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. As of the audit report date, management has not completed its assessment of the First Nation's tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at March 31, 2023 and 2022, and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years.

The Group has investments in a variety of government business enterprises for which financial information is not available for the March 31, 2023 and 2022 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, 2023 and 2022, and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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, 2023 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
February 27, 2024

Nuxalk Nation
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2023	2022
Financial Assets		
Cash (Note 2)	\$19,680,242	\$ 13,297,806
Restricted cash (Note 3)	593,895	568,108
Accounts receivable (Note 4)	2,070,247	4,335,504
Investment in Government Business Enterprises (Note 11)	3,276,331	2,449,798
Due from related party	<u>605,729</u>	<u>605,729</u>
	<u>26,226,444</u>	<u>21,256,945</u>
Liabilities		
Accounts payable (Note 5)	1,074,222	1,100,209
Deferred revenue (Note 6)	4,792,136	4,805,376
Long term debt (Note 7)	621,396	676,213
Obligations under capital lease (Note 9)	<u>233,973</u>	<u>158,028</u>
	<u>6,721,727</u>	<u>6,739,826</u>
Net Financial Assets	<u>19,504,717</u>	<u>14,517,119</u>
Non-financial Assets		
Prepaid expense	438,438	381,336
Inventory	331,713	295,478
Tangible capital assets (Note 8)	<u>34,333,242</u>	<u>27,918,909</u>
	<u>35,103,393</u>	<u>28,595,723</u>
Accumulated Surplus (Note 10)	<u>\$54,608,110</u>	<u>\$ 43,112,842</u>

Approved on behalf of the Band Council:

 _____, Councillor

 _____, Councillor

Nuxalk Nation
Exhibit B - Consolidated Statement of Change in Net Assets

For the year ended March 31	2023	2022
Surplus - Exhibit C	<u>\$11,495,269</u>	<u>\$ 5,910,031</u>
Purchases of tangible capital assets (Note 8)	(8,590,945)	(2,558,904)
Amortization of tangible capital assets (Note 8)	<u>2,176,611</u>	<u>1,673,127</u>
Change in tangible capital assets	<u>(6,414,334)</u>	<u>(885,777)</u>
Change in prepaid expense	(57,102)	1,540
Change in inventory	<u>(36,235)</u>	<u>(31,873)</u>
	<u>(93,337)</u>	<u>(30,333)</u>
Increase in net financial assets	4,987,598	4,993,921
Net financial assets, beginning of year	<u>14,517,119</u>	<u>9,523,198</u>
Net financial assets, end of year	<u>\$19,504,717</u>	<u>\$ 14,517,119</u>

Nuxalk Nation
Exhibit C - Consolidated Statement of Operations

For the year ended March 31

	2023	2022
Revenue		
Indigenous Services Canada	\$24,551,478	\$ 19,765,776
First Nations Health Authority	3,607,626	4,459,450
Province of British Columbia	5,039,376	2,827,874
Mid Coast First Nations Training Society	272,982	86,320
Fisheries and Oceans	328,540	469,554
Coast Opportunity Funds	388,238	338,965
Interest	147,269	35,201
Rental revenue	452,601	456,859
Natural Resources Canada	1,000	-
Vancouver Coastal Health	126,050	-
First Nations Education Steering Committee	3,251,938	1,804,284
Canada Mortgage and Housing Corporation	102,647	1,581,426
Other contracts and government funding income	6,314,415	4,560,230
Income (loss) from Government Business Enterprises	826,533	73,692
Administration revenue	1,035	380
	<hr/>	<hr/>
	45,411,728	36,460,011
Expenses		
Administration	4,407,059	3,312,761
Community welfare	6,016,287	5,175,288
Operations & maintenance	1,174,828	1,617,742
Education	14,378,990	13,485,936
Economic development	1,461,660	1,316,827
Health services	4,175,559	3,475,177
Social housing	549,905	487,229
Natural resource management	404,668	184,458
Capital	1,347,503	1,494,562
	<hr/>	<hr/>
	\$33,916,459	\$ 30,549,980
Surplus for the year	<hr/>	<hr/>
	\$11,495,269	\$ 5,910,031

Nuxalk Nation
Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2023	2022
Operating activities		
Cash receipts from various sources	\$ 47,663,746	\$ 35,947,312
Cash paid to employees and suppliers	(31,742,278)	(30,497,040)
Interest paid	<u>(40,949)</u>	<u>(45,938)</u>
Cash flows from operating activities	<u>15,880,519</u>	<u>5,404,334</u>
Investing activities		
Purchase of capital assets	(8,590,945)	(2,558,904)
Change in investments	<u>(826,533)</u>	<u>(73,692)</u>
Cash flows from investing activities	<u>(9,417,478)</u>	<u>(2,632,596)</u>
Financing activities		
Repayment of long term debt	<u>(54,817)</u>	<u>(74,700)</u>
Cash flows from financing activities	<u>(54,817)</u>	<u>(74,700)</u>
Net increase in cash and cash equivalents	6,408,224	2,697,038
Cash and cash equivalents, beginning of year	<u>13,865,914</u>	<u>11,168,876</u>
Cash and cash equivalents, end of year	<u>\$ 20,274,138</u>	<u>\$ 13,865,914</u>
 Represented by:		
Cash	\$ 19,680,242	\$ 13,297,806
Restricted cash	<u>593,896</u>	<u>568,108</u>
 <u>\$ 20,274,138</u>	<u>\$ 13,865,914</u>	

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2023

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	<p>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.</p> <p>The financial statements consolidate the assets, liabilities and results of operations for the following incorporated entities:</p> <ul style="list-style-type: none">- Nuxalk Acwsalcimalslayc Academy of Learning Society- Nuxalk Nation Property Management- Nuxalk Nation Transition House Society <p>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.</p> <p>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:</p> <ul style="list-style-type: none">- Nuxalk Business Trust- Nunumus Management Group- 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 measured 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, 2023

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	<p>Property, equipment and infrastructure expenses are valued at acquisition cost and recorded in the Capital Fund.</p> <p>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.</p>												
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:												
	<table><tbody><tr><td>Automotive equipment</td><td>20%</td></tr><tr><td>Buildings</td><td>5%</td></tr><tr><td>Computer software</td><td>100%</td></tr><tr><td>Infrastructure</td><td>5%</td></tr><tr><td>Nation owned houses</td><td>5%</td></tr><tr><td>Office and furniture equipment</td><td>30%</td></tr></tbody></table>	Automotive equipment	20%	Buildings	5%	Computer software	100%	Infrastructure	5%	Nation owned houses	5%	Office and furniture equipment	30%
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, 2023

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	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.
Rents Receivable	CMHC does not allow or recognize bad debts recorded in the financial statements of Social Housing and will not subsidize rental arrears.
Ottawa Trust Fund	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.
Deferred Revenue	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.
Impairment of Long-lived Assets	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 asset'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.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2023

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.
Asset Retirement Obligations	A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

2. Cash

	2023	2022
Operating		
Nuxalk Acwsalcimalslayc Academy of Learning Society	\$12,632,311	\$ 4,683,549
Nuxalk Nation Transition House Society	3,504,364	5,623,036
Pre - Social Housing	747,422	621,209
Post - Social Housing	43,260	37,685
BC Gaming	597,763	382,400
	<hr/>	<hr/>
	2,155,122	1,949,927
	<hr/>	<hr/>
	\$19,680,242	\$ 13,297,806

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

Included in operating cash for the Nation is a GIC earning 1.6% interest maturing April 2023.

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, 2023

3. Restricted Cash

	2023	2022
Ottawa Trust revenue	\$ 439,597	\$ 422,310
Ottawa Trust capital	10,079	10,079
Social Housing replacement reserve	144,219	135,719
	<hr/>	<hr/>
	\$ 593,895	\$ 568,108

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, 2023, the replacement reserve and operating reserve was overfunded by \$471,455 (2022 - overfunded by \$477,648).

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2023	2022
Operating		
Trade	\$ 1,465,703	\$ 4,059,778
Pre - Social Housing	62,198	49,814
Post - Social Housing	7,106	190,756
	<hr/>	<hr/>
	1,535,007	4,300,348
Nuxalk Acwsalcalslayc Academy of Learning Society	506,791	17,698
Nuxalk Nation Transition House Society	28,448	17,458
	<hr/>	<hr/>
	\$ 2,070,246	\$ 4,335,504

Nuxalk Nation
Notes to Consolidated Financial Statements

March 31, 2023

5. Accounts Payable

	2023	2022
Operating	\$ 856,521	\$ 934,885
Nuxalk Acwsalcimalslayc Academy of Learning Society	183,844	138,541
Nuxalk Nation Transition House Society	20,282	13,706
Social Housing	13,575	13,077
	<hr/>	<hr/>
	<hr/>	<hr/>
	\$ 1,074,222	\$ 1,100,209

6. Deferred Revenue

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

	2023	2022
Operating - ISC		
Basic needs	\$ 138,887	\$ 138,887
Operating Fund - Other		
Coast Funds	-	29,035
Province of BC	891,544	901,747
Government of Canada	978,904	1,829,500
Vancouver Coastal Health	1,550,569	-
The Annual Foundation	599,130	-
	<hr/>	<hr/>
	4,020,147	2,760,282
Nuxalk Acwsalcimalslayc Academy of Learning Society	256,781	1,694,651
Capital Fund - ISC		
ARCS	109,869	109,869
Elders Complex	49,684	49,684
Major Renovations	198,770	-
10 Apartment Renovation - ICMS#9-00126955	17,998	17,998
CMHC	-	34,005
	<hr/>	<hr/>
	376,321	211,556
	<hr/>	<hr/>
	\$ 4,792,136	\$ 4,805,376

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2023

7. Long Term Debt

	2023	2022
<u>Operating</u>		
Vehicle loan repayable in monthly installments of \$755.91, including interest at 1.99% per annum maturing September 2024	\$ 22,216	\$ -
<u>Social Housing</u>		
Mortgage repayable in monthly installments of \$1,387.39, including interest at 4.250% per annum maturing September 2024	8,241	24,234
Mortgage repayable in monthly installments of \$2,851.75, including interest at 4.250% per annum maturing September 2024	16,939	49,810
All Nations Trust Company, mortgage, repayable in monthly instalments of \$ 2,904 including interest at 1.14% per annum, maturing June 2026	<hr/> 574,000	<hr/> 602,169
	621,396	676,213
Less: current portion	<hr/> 76,820	<hr/> 76,820
	<hr/> \$ 544,576	<hr/> \$ 599,393

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

2024	\$ 75,912
2025	28,798
2026	29,125
2027	29,125
Thereafter	<hr/> 458,436
	<hr/> \$ 621,396

Nuxalk Nation
Notes to Consolidated Financial Statements

March 31, 2023

8. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Artwork	\$ 134,000	\$ -	\$ 134,000	\$ -
Assets under construction	6,916,051	- -	3,757,727	- -
Equipment				
Automotive equipment	8,503,900	6,063,570	7,086,775	5,549,508
Transition House equipment	294,901	243,178	313,749	243,178
NAALS equipment	1,182,149	592,780	1,039,123	468,381
NAALS automotive	1,299,306	776,048	1,304,659	630,399
Buildings				
Community buildings	31,513,428	12,932,846	27,652,394	11,995,765
Band owned houses	310,668	72,354	310,668	62,424
Land improvements				
infrastructure	10,744,635	6,989,268	10,744,633	6,656,446
	60,899,038	27,670,044	52,343,728	25,606,101
Pre - Social Housing	2,528,991	2,220,874	2,528,991	2,172,010
Post - Social Housing	980,120	183,988	980,120	155,819
	\$64,408,149	\$30,074,906	\$ 55,852,839	\$ 27,933,930
Net book value		\$34,333,243		\$ 27,918,909

Nuxalk Nation
Notes to Consolidated Financial Statements

March 31, 2023

8. Tangible Capital Assets (continued)

	2023							
	Artwork	Equipment	Land	Buildings	Land improvements	Assets under construction	Asset held under capital lease	Total
Cost, beginning of year	\$ 134,000	\$ 9,219,371	\$ -	\$ 31,449,335	\$ 10,887,566	\$ 3,670,580	\$ 491,985	\$ 55,852,837
Additions	-	1,188,561	482,346	1,677,478	-	4,849,534	393,026	8,590,945
Disposals	-	-	-	-	-	-	-	-
Reallocation	-	-	-	1,691,210	-	(1,691,210)	-	-
Cost, end of year	\$ 134,000	\$ 10,407,932	\$ 482,346	\$ 34,818,023	\$ 10,887,566	\$ 6,828,904	\$ 885,011	\$ 64,443,782
Accumulated amortization, beginning of year	\$ -	\$ 6,684,139	\$ -	\$ 14,383,767	\$ 6,688,907	\$ -	\$ 177,115	\$ 27,933,928
Amortization	-	671,627	-	1,033,881	332,924	-	141,579	2,180,011
Disposals	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ -	\$ 7,355,766	\$ -	\$ 15,417,648	\$ 7,021,831	\$ -	\$ 318,694	\$ 30,113,939
Net carrying amount, end of year	\$ 134,000	\$ 3,052,166	\$ 482,346	\$ 19,400,375	\$ 3,865,735	\$ 6,828,904	\$ 566,317	\$ 34,329,843

Nuxalk Nation
Notes to Consolidated Financial Statements

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8. Tangible Capital Assets (continued)

	2022								
	Artwork	Equipment	Land	Buildings	Land improvements	Assets under construction	Assets 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	
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	
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

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9. Obligations Under Capital Leases

Obligation under a capital lease for a 2020 Rosenbaud Coyote Pumper, blended monthly payments of \$14,232, with interest at the rate of 5.95%, maturing on November 2022, secured by the leased equipment.

	2023	2022
	\$ -	\$ 158,028
	<u>233,973</u>	-
	<u>\$ 233,973</u>	<u>\$ 158,028</u>

Interest expense for the year related to obligations under capital leases is \$16,740 (2022 - \$6,247).

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

2023	\$ 170,787
2024	71,162
Total	<u>241,949</u>
Less: amounts representing interest	<u>(7,976)</u>
	<u>\$ 233,973</u>

10. Accumulated Surplus

	2023	2022
Operating surplus	\$ 17,259,709	\$ 10,981,276
Equity in capital assets	27,531,057	24,994,687
Equity in capital NAALS	5,433,569	1,666,477
Equity in capital NNTHS	851,959	459,907
Equity in Ottawa trust	422,048	422,048
Contributed surplus	375,959	355,868
Nuxalk Forestry	2,365,923	2,365,923
Equity in replacement reserve	<u>367,886</u>	<u>366,656</u>

Restricted Surplus consists of:

	2023	2022
Internally restricted - Longhouse	-	1,500,000
	<u>\$ 54,608,110</u>	<u>\$ 43,112,842</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

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11. Investments in Government Business Enterprises

The Nation has investments in the following entities:

	2023	2022
Nuxalk Business Trust - 100%	\$ 524,074	\$ 524,074
Nunumus Management Group - 100%	\$ 2,654,867	\$ 1,848,133
Bella Coola Hotel (0820770 B.C. Ltd.) - 100%	97,390	77,591
	<hr/>	<hr/>
	<u>\$ 3,276,331</u>	<u>\$ 2,449,798</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2023

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). Nunumus Management Group 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 compromised of retained earnings plus net income (loss). For the purpose of outlining below Nunumus Management Group 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:

	Assets	Liabilities	Capital/Retained Earnings	Revenue	Expenses	Total Earnings (Loss)	2023	2022
<hr/>								
<u>Limited Partnerships</u>								
<hr/>								
Nunumus Management Group (100%)	5,278,284	2,623,417	2,654,867	6,973,687	7,294,237	(320,550)	2,875,710	
<hr/>								
<u>Government Business Enterprises</u>								
<hr/>								
Bella Coola Hotel (0820770 B.C. Ltd.) (100%)	471,589	307,714	163,875	166,435	92,743	73,692	(409)	
<hr/>								
Nuxalk Business Trust (100%)	-	-	524,074	-	-	-	-	

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2023

12. Comparative Figures

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

13. Commitments

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

2024	\$ 18,804
2025	<u>6,120</u>
	\$ 24,924

14. Expenses by Object

	2023	2022
Amortization	\$ 2,176,611	\$ 1,673,127
Automotive	161,245	86,952
Bad debts	2,670	200
Bank charges	40,949	45,938
Contract services	2,584,664	2,775,139
Donations	118,495	45,350
Equipment rental	140,390	82,496
Honoraria	219,872	207,094
Insurance	729,026	603,598
Materials and supplies	2,144,272	1,815,904
Office and miscellaneous	287,676	234,571
Professional fees	588,658	427,547
Program expenses	8,247,288	8,123,916
Repairs and maintenance	635,293	508,385
Replacement reserve	17,134	197,134
Salaries and benefits	13,248,441	11,796,034
Student allowance and transportation	600,773	629,977
Telephone	221,264	166,835
Travel and accommodation	597,637	165,140
Training	433,048	311,177
Utilities	721,053	653,466
	\$33,916,459	\$ 30,549,980

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2023

15. 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, 2023

**16. Segment Disclosure
(continued)**

<u>2023</u>		Administratio n	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Capital	Total
Revenue											
ISC		\$ 884,732	\$ 10,593,265	\$ 1,649,386	\$ 10,631,454	\$ 2,105	\$ -	\$ -	\$ 789,691	\$ 24,550,633	
Other		2,327,457	2,469,236	105,968	7,479,725	2,491,490	3,906,254	439,082	461,694	1,180,189	20,861,095
		3,212,189	13,062,501	1,755,354	18,111,179	2,493,595	3,906,254	439,082	461,694	1,969,880	45,411,728
Expenses											
Payroll		1,053,063	1,541,182	383,246	7,175,921	816,644	1,387,220	96,528	236,934	557,162	13,247,900
Other		1,574,380	4,440,169	791,582	6,918,042	645,016	2,788,339	376,345	167,734	790,341	18,491,948
Amortization		1,779,616	34,936	-	285,027	-	-	77,032	-	-	2,176,611
		4,407,059	6,016,287	1,174,828	14,378,990	1,461,660	4,175,559	549,905	404,668	1,347,503	33,916,459
Surplus (deficit)		\$ (1,194,870)	\$ 7,046,214	\$ 580,526	\$ 3,732,189	\$ 1,031,935	\$ (269,305)	\$ (110,823)	\$ 57,026	\$ 622,377	\$ 11,495,269

<u>2022</u>		Administrativ e	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Capital	Total
Revenue											
ISC		\$ 747,349	\$ 6,182,887	\$ 1,118,766	\$ 9,509,177	\$ -	\$ 76,498	\$ -	\$ -	\$ 2,311,099	\$ 19,945,776
Other		1,085,358	1,437,274	356,373	4,333,347	1,988,996	4,451,045	1,763,079	275,597	823,166	16,514,235
		1,832,707	7,620,161	1,475,139	13,842,524	1,988,996	4,527,543	1,763,079	275,597	3,134,265	36,460,011
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)		\$ (1,480,054)	\$ 2,444,873	\$ (142,603)	\$ 356,588	\$ 672,169	\$ 1,052,366	\$ 1,275,850	\$ 91,139	\$ 1,639,703	\$ 5,910,031