

**Nuxalk Nation
Consolidated Financial Statements
For the Year Ended March 31, 2024**

**Nuxalk Nation
Consolidated Financial Statements
For the Year Ended March 31, 2024**

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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.

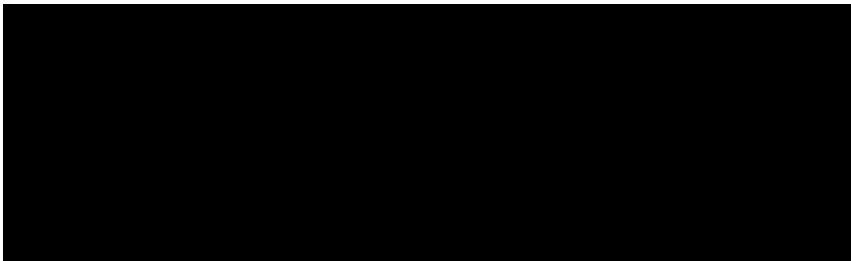
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen 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.



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, 2024, 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, 2024 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, 2024 and 2023, the related amortization expense, annual surplus for the year ended March 31, 2024 and 2023 and equity in tangible capital assets as at April 1 and March 31 for both the 2024 and 2023 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 retrospective 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, 2024 and 2023, tangible capital assets and the asset retirement obligation as at March 31, 2024 and 2023, and accumulated surplus as at April 1 and March 31 for both the 2024 and 2023 years.

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

BDO Canada LLP

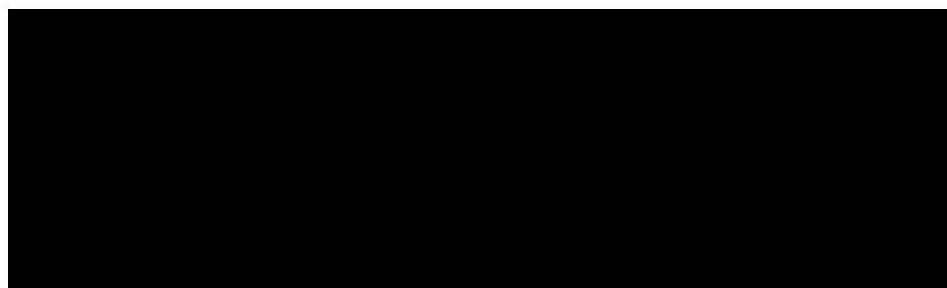
Chartered Professional Accountants

Kamloops, British Columbia
April 10, 2025

Nuxalk Nation
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2024	2023
Financial Assets		
Cash (Note 2)	\$ 29,216,716	\$ 19,680,242
Restricted cash (Note 3)	600,022	593,895
Accounts receivable (Note 4)	2,679,066	2,070,247
Investment in Government Business Enterprises (Note 11)	3,276,331	3,276,331
Due from related party	605,729	605,729
	<hr/>	<hr/>
	36,377,864	26,226,444
Liabilities		
Accounts payable (Note 5)	520,618	1,074,222
Deferred revenue (Note 6)	7,061,717	4,792,136
Long term debt (Note 7)	559,426	621,396
Obligations under capital lease (Note 9)	70,368	233,973
	<hr/>	<hr/>
	8,212,129	6,721,727
Net Financial Assets	<hr/>	<hr/>
	28,165,735	19,504,717
Non-financial Assets		
Prepaid expense	718,011	438,438
Inventory	331,713	331,713
Tangible capital assets (Note 8)	37,823,861	34,333,242
	<hr/>	<hr/>
	38,873,585	35,103,393
Accumulated Surplus (Note 10)	<hr/>	<hr/>
	\$ 67,039,320	\$ 54,608,110

Approved on behalf of the Band Council:



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

For the year ended March 31	2024	2023
Surplus - Exhibit C	\$ 12,431,210	\$ 11,495,269
Purchases of tangible capital assets (Note 8)	(6,092,037)	(8,678,092)
Amortization of tangible capital assets (Note 8)	2,601,418	2,180,011
Change in tangible capital assets	<u>(3,490,619)</u>	<u>(6,498,081)</u>
Change in prepaid expense	(279,573)	(57,102)
Change in inventory	-	(36,235)
	<u>(279,573)</u>	<u>(93,337)</u>
Increase in net financial assets	8,661,018	4,903,851
Net financial assets, beginning of year	19,504,717	14,600,866
Net financial assets, end of year	\$ 28,165,735	\$ 19,504,717

Nuxalk Nation
Exhibit C - Consolidated Statement of Operations

For the year ended March 31

	2024	2023
Revenue		
Indigenous Services Canada	\$ 24,728,683	\$ 24,551,478
First Nations Health Authority	4,143,726	3,607,626
Province of British Columbia	6,394,857	5,039,376
Mid Coast First Nations Training Society	187,400	272,982
Fisheries and Oceans	743,442	328,540
Coast Opportunity Funds	39,820	388,238
Interest	688,102	147,269
Rental revenue	553,146	452,601
Natural Resources Canada	-	1,000
Vancouver Coastal Health	1,416,855	126,050
First Nations Education Steering Committee	2,829,289	3,251,938
Canada Mortgage and Housing Corporation	49,994	102,647
Other contracts and government funding income	7,353,496	6,314,415
Income (loss) from Government Business Enterprises	-	826,533
Administration revenue	-	1,035
	49,128,810	45,411,728
Expenses		
Administration	5,033,589	4,407,059
Community welfare	6,232,153	6,016,287
Operations & maintenance	1,009,124	1,174,828
Education	16,817,627	14,378,990
Economic development	1,222,511	1,461,660
Health services	4,285,708	4,175,559
Social housing	348,026	549,905
Natural resource management	366,288	404,668
Capital	1,382,574	1,347,503
	\$ 36,697,600	\$ 33,916,459
Surplus for the year	\$ 12,431,210	\$ 11,495,269

Nuxalk Nation
Exhibit D - Consolidated Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2024</u>	<u>2023</u>
Operating activities		
Cash receipts from various sources	\$ 50,724,777	\$ 47,663,747
Cash paid to employees and suppliers	(34,990,827)	(31,742,279)
Interest paid	(37,342)	(40,949)
Cash flows from operating activities	<u>15,696,608</u>	<u>15,880,519</u>
Investing activities		
Purchase of capital assets	(6,092,037)	(8,590,945)
Change in investments	-	(826,533)
Cash flows from investing activities	<u>(6,092,037)</u>	<u>(9,417,478)</u>
Financing activities		
Repayment of long term debt	<u>(61,970)</u>	<u>(54,817)</u>
Cash flows from financing activities	<u>(61,970)</u>	<u>(54,817)</u>
Net increase in cash and cash equivalents	9,542,601	6,408,224
Cash and cash equivalents, beginning of year	<u>20,274,137</u>	<u>13,865,913</u>
Cash and cash equivalents, end of year	<u>\$ 29,816,738</u>	<u>\$ 20,274,137</u>
Represented by:		
Cash	\$ 29,216,716	\$ 19,680,242
Restricted cash	<u>600,022</u>	<u>593,895</u>
	<u>\$ 29,816,738</u>	<u>\$ 20,274,137</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2024

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 Acwsalcmlaslayc 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.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies - (continued)

Financial Instruments	<p>Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.</p> <p>When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.</p> <p>For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.</p> <p>All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.</p> <p>Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.</p>
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.
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>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies - (continued)

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.
Revenue Recognition	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.
	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.
	All other revenue is recognized in the period in which the events that give rise to the revenue occurs.
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.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies - (continued)

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.
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.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2024

2. Cash

	2024	2023
Operating	<u>\$ 20,932,735</u>	\$ 12,632,311
Nuxalk Acwsalcimalslayc Academy of Learning Society	3,715,880	3,504,364
Nuxalk Nation Transition House Society	379,656	747,422
Pre - Social Housing	16,241	43,260
Post - Social Housing	626,577	597,763
BC Gaming	3,545,627	2,155,122
	<u>\$ 29,216,716</u>	<u>\$ 19,680,242</u>

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 two GICs earning 5.7% and 5.33% interest maturing May 24, 2024 and November 28, 2024 respectively.

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, 2024

3. Restricted Cash

	2024	2023
Ottawa Trust revenue	\$ 458,862	\$ 439,597
Ottawa Trust capital	10,079	10,079
Social Housing replacement reserve	131,081	144,219
	<hr/>	<hr/>
	\$ 600,022	\$ 593,895

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, 2024, the replacement reserve and operating reserve was overfunded by \$13,312 (2023 - overfunded by \$471,455).

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2024	2023
Operating		
Trade	\$ 2,191,934	\$ 1,465,703
Pre - Social Housing	53,357	62,198
Post - Social Housing	11,656	7,106
	<hr/>	<hr/>
	2,256,947	1,535,007
Nuxalk Acwsalcimalslayc Academy of Learning Society	380,295	506,792
Nuxalk Nation Transition House Society	41,824	28,448
	<hr/>	<hr/>
	\$ 2,679,066	\$ 2,070,247

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2024

5. Accounts Payable

	2024	2023
Operating	\$ 337,642	\$ 856,521
Nuxalk Acwsalcimalslayc Academy of Learning Society	147,600	183,844
Nuxalk Nation Transition House Society	22,806	20,282
Social Housing	12,570	13,575
	<hr/>	<hr/>
	\$ 520,618	\$ 1,074,222

6. Deferred Revenue

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

	2024	2023
Operating - ISC		
Basic needs	\$ 138,887	\$ 138,887
Five unit multi-plex	1,500,000	-
Long Term Reform		
Operations	311,235	-
Emergency Remoteness	56,588	-
Poverty	76,166	-
O&M Management Support	120,000	-
	<hr/>	<hr/>
	2,202,876	138,887
Operating Fund - Other		
Fisheries and Oceans	433,421	-
Province of BC	717,101	891,544
Government of Canada	837,201	978,904
Vancouver Coastal Health	1,550,569	1,550,569
The Annual Foundation	217,888	599,130
	<hr/>	<hr/>
	3,756,180	4,020,147
Nuxalk Acwsalcimalslayc Academy of Learning Society	280,858	256,781
Capital Fund - ISC		
ARCS	109,869	109,869
Elders Complex	49,684	49,684
Major Renovations	179,983	198,770
10 Apartment Renovation - ICMS#9-00126955	17,998	17,998
FNCFB Housing Funding	396,575	-
Housing Project Administration	67,694	-
	<hr/>	<hr/>
	821,803	376,321
	<hr/>	<hr/>
	\$ 7,061,717	\$ 4,792,136

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2024

7. Long Term Debt

	2024	2023
<u>Operating</u>		
Vehicle loan repayable in monthly installments of \$755.91, including interest at 1.99% per annum maturing September 2024	\$ 13,901	\$ 22,216
<u>Social Housing</u>		
Mortgage repayable in monthly installments of \$1,387.39, including interest at 4.250% per annum, repaid during the year.	-	8,241
Mortgage repayable in monthly installments of \$2,851.75, including interest at 4.250% per annum, repaid during the year.	-	16,939
All Nations Trust Company, mortgage, repayable in monthly instalments of \$ 2,904 including interest at 1.14% per annum, maturing June 2026	<u>545,525</u>	<u>574,000</u>
	<u>559,426</u>	<u>621,396</u>
Less: current portion	<u>42,685</u>	<u>76,820</u>
	<u><u>\$ 516,741</u></u>	<u><u>\$ 544,576</u></u>

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

2025	\$ 42,685
2026	29,125
2027	29,456
2028	30,269
2029	30,777
Thereafter	<u>397,114</u>
	<u><u>\$ 559,426</u></u>

Nuxalk Nation
Notes to Consolidated Financial Statements

March 31, 2024

8. Tangible Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Artwork	\$ 134,000	\$ -	\$ 134,000	\$ -
Assets under construction	<u>4,137,145</u>	<u>-</u>	<u>6,916,051</u>	<u>-</u>
Equipment				
Automotive equipment	9,948,202	6,866,685	8,503,901	6,063,570
Transition House equipment	326,976	243,178	294,901	243,178
NAALS equipment	1,665,028	789,201	1,182,149	592,780
NAALS automotive	1,299,306	892,568	1,299,306	776,048
Buildings				
Community buildings	40,954,105	16,268,253	31,513,428	12,932,846
Band owned houses	310,668	81,887	310,668	72,354
Land improvements infrastructure	<u>10,744,635</u>	<u>7,322,090</u>	<u>10,744,633</u>	<u>6,989,268</u>
	<u>69,520,065</u>	<u>32,463,862</u>	<u>60,899,037</u>	<u>27,670,044</u>
Pre - Social Housing	-	-	2,528,991	2,220,874
Post - Social Housing	<u>980,120</u>	<u>212,462</u>	<u>980,120</u>	<u>183,988</u>
Net book value	<u><u>\$ 70,500,185</u></u>	<u><u>\$ 32,676,324</u></u>	<u><u>\$ 64,408,148</u></u>	<u><u>\$ 30,074,906</u></u>
	<u><u><u>\$ 37,823,861</u></u></u>		<u><u><u>\$ 34,333,242</u></u></u>	

Nuxalk Nation
Notes to Consolidated Financial Statements

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8. Tangible Capital Assets (continued)

	2024							
	Artwork	Equipment	Land	Buildings	Land improvements	Assets under construction	Asset held under capital lease	Total
Cost, beginning of year	\$ 134,000	\$ 10,407,932	\$ 482,346	\$ 34,838,175	\$ 10,744,633	\$ 6,916,051	\$ 885,011	\$ 64,408,148
Additions	-	1,993,864	-	2,970,802	-	1,127,371	-	6,092,037
Disposals	-	-	-	-	-	-	-	-
Reallocation	-	-	-	3,906,278	-	(3,906,278)	-	-
Cost, end of year	\$ 134,000	\$ 12,401,796	\$ 482,346	\$ 41,715,255	\$ 10,744,633	\$ 4,137,144	\$ 885,011	\$ 70,500,185
Accumulated amortization, beginning of year	\$ -	\$ 7,355,766	\$ -	\$ 15,411,178	\$ 6,989,268	\$ -	\$ 318,694	\$ 30,074,906
Amortization	-	1,058,526	-	1,096,734	332,894	-	113,264	2,601,418
Disposals	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ -	\$ 8,414,292	\$ -	\$ 16,507,912	\$ 7,322,162	\$ -	\$ 431,958	\$ 32,676,324
Net carrying amount, end of year	\$ 134,000	\$ 3,987,504	\$ 482,346	\$ 25,207,343	\$ 3,422,471	\$ 4,137,144	\$ 453,053	\$ 37,823,861

Nuxalk Nation
Notes to Consolidated Financial Statements

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8. Tangible Capital Assets (continued)

	2023							
	Artwork	Equipment	Land	Buildings	Land improvements	Assets under construction	Assets held under capital lease	Total
Cost, beginning of year	\$ 134,000	\$ 9,219,371	\$ -	\$ 31,469,487	\$ 10,744,633	\$ 3,670,580	\$ 491,985	\$ 55,730,056
Additions	-	1,188,561	482,346	1,677,478	-	4,936,681	393,026	8,678,092
Reallocation	-	-	-	1,691,210	-	(1,691,210)	-	-
Cost, end of year	\$ 134,000	\$ 10,407,932	\$ 482,346	\$ 34,838,175	\$ 10,744,633	\$ 6,916,051	\$ 885,011	\$ 64,408,148
Accumulated amortization, beginning of year	\$ -	\$ 6,684,139	\$ -	\$ 14,377,297	\$ 6,656,344	\$ -	\$ 177,115	\$ 27,894,895
Amortization	-	671,627	-	1,033,881	332,924	-	141,579	2,180,011
Accumulated amortization, end of year	\$ -	\$ 7,355,766	\$ -	\$ 15,411,178	\$ 6,989,268	\$ -	\$ 318,694	\$ 30,074,906
Net carrying amount, end of year	\$ 134,000	\$ 3,052,166	\$ 482,346	\$ 19,426,997	\$ 3,755,365	\$ 6,916,051	\$ 566,317	\$ 34,333,242

Nuxalk Nation

Notes to Consolidated Financial Statements

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9. Obligations Under Capital Leases

	2024	2023
Obligation under a capital lease for a 2022 John Deere 644G, blended monthly payments of \$20,197, with interest at the rate of 8.51%, maturing on August 2024, secured by the leased equipment.	\$ 70,368	\$ 233,973

Interest expense for the year related to obligations under capital leases is \$7,181 (2023 - \$8,800).

Future minimum lease payments under the capital leases for subsequent year is as follows:

2023	\$ 71,162
Total	71,162
Less: amounts representing interest	(794)
	\$ 70,368

10. Accumulated Surplus

	2024	2023
Operating surplus	\$ 25,123,495	\$ 17,259,709
Equity in capital assets	28,695,407	27,531,057
Equity in capital NAALS	8,851,541	5,433,569
Equity in capital NNTHS	1,100,595	851,959
Equity in Ottawa trust	422,048	422,048
Contributed surplus	378,968	375,959
Nuxalk Forestry	2,365,923	2,365,923
Equity in replacement reserve	101,343	367,886
	\$ 67,039,320	\$ 54,608,110

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2024

11. Investments in Government Business Enterprises

The Group has investments in the following entities:

	2024	2023
Nuxalk Business Trust - 100%	\$ 524,074	\$ 524,074
Nunumus Management Group - 100%	2,654,867	2,654,867
Bella Coola Hotel (0820770 B.C. Ltd.) - 100%	<u>97,390</u>	<u>97,390</u>
	<hr/> \$ 3,276,331	<hr/> \$ 3,276,331

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Notes to Consolidated Financial Statements

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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 labelled 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)	2024	2023
<u>Limited Partnerships</u>								
Nunumus Management Group (100%)	5,278,284	2,623,417	2,654,867	-	-	-	(320,550)	
<u>Government Business Enterprises</u>								
Bella Coola Hotel (0820770 B.C. Ltd.) (100%)	471,589	307,714	163,875	-	-	-	73,692	
Nuxalk Business Trust (100%)	-	-	524,074	-	-	-	-	

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2024

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 year:

2025	\$ <u>71,162</u>
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14. Financial Instruments

The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, and liquidity risk.

This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements. Chief and Council ensures that the Group has identified its major risks and ensures that management monitors and controls them.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to this risk through long-term debt that it holds. The Group mitigates this risk by minimizing their long-term debt as outlined in Note 7. There have been no changes from the previous year of policies, procedures and methods to measure this risk.

Market Risk

Market risk is the risk that changes in market factors will affect the Group's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk. The Group is exposed to market risk on their investments in Group business entities as included in these investments are entities that rely on a vastly different levels of success. The Group manages their exposure to market risk by diversifying their investments in Group business entities to those in varying industries.

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Notes to Consolidated Financial Statements

March 31, 2024

14. Financial Instruments (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations and from concentration of transactions carried out with the same counterparty.

Default of Credit Risk

The Group's exposure to credit risk is represented by certain accounts receivable, cash, other investments. The credit risk relating to accounts receivable is managed by having formal policies in place to assess the credit worthiness of customers and ensure timely collection of outstanding balances. The credit risk over cash and other investments arises from holding a number of investments with different entities where the Group does not assess credit worthiness on a consistent basis.

Concentration of Credit Risk

Management believes that related party receivables and notes are not subject to default credit risk due to the tightly held nature of the group. The investments are stickily guaranteed investment certificates at a high rated bank. There have been no changes from the previous year of policies, procedures and methods to measure this risk.

Liquidity Risk

Liquidity risk is the risk that the Nation encounters difficulty meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Nation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, long term debt and commitments. The Group mitigates their liquidity risk by maintaining large cash balances that they can use if needed.

Management has determined that the Nation is not significantly exposed to liquidity risk given its strong operating cash flows, large other investments, and secured funding sources. There have been no changes from the previous year of policies, procedures and methods to measure the risk.

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Notes to Consolidated Financial Statements

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14. Financial Instruments (continued)

Financial Instrument Fair Value Measurement

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the data used to perform each valuation. The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1, 2 and 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3** - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value hierarchy requires the use of observable data on the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which significant input has been considered in measuring fair value.

Cash, restricted cash, and investments in Nation business entities that the Nation held as of March 31, 2024 fall under Level 1, Level 1, and Level 2 respectively according to the fair value hierarchy described above. Further, fair market values of long-term debt disclosed fall within Level 2. There have been no material transfers between Levels 1, 2, and 3 for the year ended March 31, 2024.

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15. Expenses by Object

	2024	2023
Amortization	\$ 2,666,215	\$ 2,176,611
Automotive	127,546	161,245
Bad debts (recovery)	(29,954)	2,670
Bank charges	37,342	40,949
Contract services	2,264,325	2,584,664
Donations	81,523	118,495
Equipment rental	86,250	193,540
Honoraria	243,773	219,872
Hydro	8,860	-
Insurance	849,560	729,026
Materials and supplies	1,863,061	2,144,272
Office and miscellaneous	408,166	287,676
Professional fees	423,093	588,658
Program expenses	9,294,655	8,194,138
Repairs and maintenance	850,250	635,293
Replacement reserve	8,700	17,134
Salaries and benefits	14,528,678	13,248,441
Student allowance and transportation	864,227	600,773
Telephone	226,124	221,264
Travel and accommodation	513,386	597,637
Training	477,045	433,048
Utilities	904,776	721,053
	\$ 36,697,601	\$ 33,916,459

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Notes to Consolidated Financial Statements

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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, 2024

**16. Segment Disclosure
(continued)**

2024		Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Capital	Total
Revenue											
ISC		\$ 815,403	\$ 7,812,184	\$ 982,458	\$ 10,846,014	\$ 4,202	\$ -	\$ -	\$ 4,268,422	\$ 24,728,683	
Other		4,264,083	1,423,437	58,247	7,704,886	2,317,543	6,365,573	261,846	236,116	1,768,396	24,400,127
		5,079,486	9,235,621	1,040,705	18,550,900	2,321,745	6,365,573	261,846	236,116	6,036,818	49,128,810
Expenses											
Payroll		1,270,647	1,565,113	260,275	8,016,483	781,943	1,706,865	65,463	230,054	634,900	14,531,743
Other		1,716,279	4,602,243	748,849	8,300,044	440,568	2,578,843	228,908	136,234	747,674	19,499,642
Amortization		2,046,663	64,797	-	501,100	-	-	53,655	-	-	2,666,215
		5,033,589	6,232,153	1,009,124	16,817,627	1,222,511	4,285,708	348,026	366,288	1,382,574	36,697,600
Surplus (deficit)		\$ 45,897	\$ 3,003,468	\$ 31,581	\$ 1,733,273	\$ 1,099,234	\$ 2,079,865	\$ (86,180)	\$ (130,172)	\$ 4,654,244	\$ 12,431,210

2023		Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Capital	Total
Revenue											
ISC		\$ 884,732	\$ 10,594,110	\$ 1,649,386	\$ 10,631,454	\$ 2,105	\$ -	\$ -	\$ 789,691	\$ 24,551,478	
Other		2,327,457	2,468,391	105,968	7,479,725	2,491,490	3,906,254	439,082	461,694	1,180,189	20,860,250
		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