



**Kitasoo Xai'Xais Nation  
Financial Statements**

**March 31, 2023**



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# Kitasoo Xai'Xais Nation

## INDEX TO THE FINANCIAL STATEMENTS

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For the year ended March 31, 2023

**Management's Responsibility for Financial Reporting**  
**Independent Auditors' Report**

### SUMMARY FINANCIAL STATEMENTS

Summary Statement of Financial Position	Statement 1
Summary Statement of Operations	Statement 2
Summary Statement of Changes in Financial Assets	Statement 3
Summary Statement of Cash Flows	Statement 4
Notes to Financial Statements	

**Kitasoo Xai'Xais Nation**  
**March 31, 2023**

**MANAGEMENT'S RESPONSIBILITY FOR THE  
FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of **Kitasoo Xai'Xais Nation** are the responsibility of management and have been approved by Chief and Council

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Ribeyre Chang Haylock, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Kitasoo Xai'Xais Nation and meet when required.

On behalf of Kitasoo Xai'Xais Nation:



\_\_\_\_\_  
Chief Councilor

## INDEPENDENT AUDITOR'S REPORT

To: The Members of **Kitasoo Xai'Xais Nation**:

### **Report on the Audit of the Summary Financial Statements**

#### **Opinion**

We have audited the summary financial statements of **Kitasoo Xai'Xais Nation**, which comprise the summary statement of financial position as at **March 31, 2023** and March 31, 2022, and the summary statements of operations, changes in financial assets and cash flows for the years then ended, and notes to the summary financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Kitasoo Indian Band as at **March 31, 2023** and March 31, 2022, and its summary financial performance and its summary cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

#### **Basis for Opinion**

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 Summary Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.



## **Responsibilities of Management and Those Charged with Governance for the Summary Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Summary Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mike Chang, CPA, CA.

Port Coquitlam, B.C.  
September 14, 2023

*Ribeyre Chang Haylock*  
Chartered Professional Accountants

**Kitasoo Xai'Xais Nation**  
**SUMMARY STATEMENT OF FINANCIAL POSITION**  
**Statement 1**

As at March 31, 2023

See Auditors' Report

	2023	2022
<b>Financial assets</b>		
Cash - note 3	\$ 41,964,487	\$ 26,692,525
Restricted cash - note 3	542,283	524,042
Accounts receivable - note 4	3,565,560	6,527,349
Inventory and predevelopment costs	1,599,467	3,877,266
Investments - note 5	3,875,668	4,050,651
Investment in Western Princess Joint Venture - note 6	189,974	305,268
Investment in Central Coast Commercial	1,890,813	1,577,694
Fisheries Limited Partnership - note 7		
<b>Total financial assets</b>	<b>53,628,252</b>	<b>43,554,795</b>
<b>Liabilities</b>		
Operating loan	\$ 488,460	\$ 496,128
Accounts payable and accrued expenses	2,469,493	6,378,887
Deferred revenue - note 8	6,083,395	4,509,091
Long-term debt - note 9	787,317	912,437
Silviculture liability	1,330,726	1,059,564
<b>Total liabilities</b>	<b>11,159,391</b>	<b>13,356,107</b>
<b>Contingent liability - note 10</b>		
<b>Net financial assets</b>	<b>42,468,861</b>	<b>30,198,688</b>
<b>Non-financial assets</b>		
Prepaid expenses and deposits	1,145,965	970,705
Security deposits	112,750	88,250
Capital assets - note 11	37,713,029	35,953,398
Intangible assets - note 12	2,022,000	2,022,000
<b>Total non-financial assets</b>	<b>40,993,744</b>	<b>39,034,353</b>
<b>Accumulated surplus - note 13</b>	<b>\$ 83,462,605</b>	<b>\$ 69,233,041</b>

See accompanying notes

  
 Chief

  
 Councillor

**Kitasoo Xai'Xais Nation**  
**SUMMARY STATEMENT OF OPERATIONS**  
**Statement 2**

For the year ended March 31, 2023

See Auditors' Report

	2023 Budget	2023 Actual	2022 Actual
<b>Revenue</b>			
<b>Operating Fund</b>			
Indigenous Services Canada	<b>\$ 13,503,521</b>	<b>\$ 13,503,521</b>	\$ 11,676,312
Reimbursements	-	-	37,544
First Nations Health Authority	<b>1,350,249</b>	<b>1,350,249</b>	1,670,999
Province of British Columbia	<b>882,900</b>	<b>882,918</b>	617,978
BC FN Gaming Revenue Sharing	<b>606,700</b>	<b>606,744</b>	346,686
Carbon Credit Fund	<b>543,300</b>	<b>543,381</b>	370,488
Central Coast Indigenous Resource Alliance	<b>530,000</b>	<b>530,030</b>	324,075
Coast Opportunity Funds	<b>1,032,500</b>	<b>1,032,537</b>	2,770,000
Coastal First Nations Liquified Natural Gas	<b>327,400</b>	<b>327,404</b>	317,679
Department of Fisheries	<b>561,700</b>	<b>561,756</b>	583,596
First Nation Drinking Water Settlement	<b>500,000</b>	<b>500,000</b>	-
First Nation Education Steering Committee	<b>563,700</b>	<b>563,763</b>	386,409
Interest income	<b>731,000</b>	<b>731,064</b>	68,557
Rental and lease	<b>357,500</b>	<b>357,530</b>	366,629
Resouce Stewardship	<b>962,000</b>	<b>962,068</b>	853,289
Treaty Negotiations Funding	<b>495,000</b>	<b>429,833</b>	425,000
Deferred revenue out - net	-	<b>(1,478,794)</b>	(3,659,284)
Other	<b>1,976,700</b>	<b>1,976,781</b>	2,018,178
<b>Social Housing Fund</b>	<b>243,800</b>	<b>243,888</b>	991,243
<b>Trust Fund</b>	<b>6,600</b>	<b>6,623</b>	4,473
<b>Enterprise Fund</b>			
Band Owned Enterprises	<b>23,138,400</b>	<b>23,138,474</b>	11,865,812
Share of (loss) income, controlled entities	<b>(31,400)</b>	<b>(31,451)</b>	146,785
	<b>48,281,570</b>	<b>46,738,319</b>	32,182,448

See accompanying notes

**Kitasoo Xai'Xais Nation**  
**SUMMARY STATEMENT OF OPERATIONS**  
**Statement 2**

**For the year ended March 31, 2023**

**See Auditors' Report**

	<b>2023 Budget</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
<b>Expenditure - Note 16</b>			
<b>Operating Fund</b>			
Band Government	81,900	81,996	109,929
Capital Projects	353,700	353,712	110,041
Economic Development and General			
Band Operations	856,200	856,263	800,009
Education	2,242,200	2,242,202	2,309,176
First Nations Health Authority	1,369,700	1,369,731	1,570,200
Housing Operations	365,200	365,254	475,032
Local Government Services	3,303,400	3,303,441	2,878,115
Resource Stewardship	2,483,300	2,483,328	2,131,176
Social Services	540,600	540,696	539,178
Treaty Negotiation	332,100	332,163	366,185
Depreciation	1,382,900	1,382,991	1,345,267
<b>Social Housing Fund</b>	236,000	236,031	235,896
<b>Enterprise Fund</b>	18,960,900	18,960,947	9,949,436
	<b>32,508,100</b>	<b>32,508,755</b>	22,819,640
<b>Annual surplus</b>	<b>15,773,470</b>	<b>14,229,564</b>	9,362,808
Accumulated surplus, beginning of year		69,233,041	59,870,233
<b>Accumulated surplus, end of year</b>		<b>\$ 83,462,605</b>	<b>\$ 69,233,041</b>

*See accompanying notes*

**Kitasoo Xai'Xais Nation**  
**SUMMARY STATEMENT OF CHANGE IN**  
**FINANCIAL ASSETS**  
**Statement 3**

For the year ended March 31, 2023

See Auditors' Report

	2023 Budget (note 13)	2023 Actual	2022 Actual
<b>Annual surplus</b>	<b>\$ 15,773,470</b>	<b>\$ 14,229,564</b>	\$ 9,362,808
	<b>15,773,470</b>	<b>14,229,564</b>	9,362,808
Acquisition of tangible capital assets	(3,802,900)	(3,802,959)	(5,655,236)
Amortization of tangible capital assets	2,040,300	2,040,329	1,885,740
Disposal of tangible capital assets	2,900	2,999	160,187
	<b>(1,759,700)</b>	<b>(1,759,631)</b>	(3,609,309)
Acquisition of prepaid asset - net	(199,700)	(199,760)	(354,548)
	<b>(199,700)</b>	<b>(199,760)</b>	(354,548)
Increase in net financial assets	13,814,070	12,270,173	5,398,951
Net financial assets, beginning of year	<b>30,198,688</b>	<b>30,198,688</b>	24,799,737
<b>Net financial assets, end of year</b>	<b>\$ 44,012,758</b>	<b>\$ 42,468,861</b>	\$ 30,198,688

See accompanying notes

**Kitasoo Xai'Xais Nation**  
**SUMMARY STATEMENT OF CASH FLOWS**  
**Statement 4**

**For the year ended March 31, 2023**

### **See Auditors' Report**

2023 2022

## OPERATING ACTIVITIES

Annual surplus	<b>\$ 14,229,564</b>	\$ 9,362,808
Items not affecting cash		
Depreciation	<b>2,040,329</b>	1,885,740
Changes in non-cash working capital items	<b>2,968,232</b>	(9,012)
<b>Cash provided by operating activities</b>	<b>19,238,125</b>	11,239,536

## INVESTING ACTIVITIES

Investment in controlled enterprises	<b>174,983</b>	12,488
Investment in joint venture	<b>115,294</b>	54,877
Investment in limited partnership	<b>(313,119)</b>	(264,516)
Capital assets purchased	<b>(3,799,960)</b>	(5,495,049)
<b>Cash used in investing activities</b>	<b>(3,822,802)</b>	(5,692,200)

## FINANCING ACTIVITIES

Advance from Operating fund loan	-	330,393
Principal portion of Operating fund loan	(2,448)	(2,349)
Principal portion of Social Housing fund loans	(122,672)	(121,059)
Principal portion of Capital fund loan	-	(5,543)
<b>Cash (used in) provided by financing activities</b>	<b>(125,120)</b>	<b>201,442</b>
 <b>Increase in cash during the year</b>	 <b>15,290,203</b>	 <b>5,748,778</b>
<b>Cash, beginning of year</b>	<b>27,216,567</b>	<b>21,467,789</b>
 <b>Cash, end of year</b>	 <b>\$ 42,506,770</b>	 <b>\$ 27,216,567</b>

## Represented by

Cash	\$ 41,964,487	\$ 26,692,525
Restricted Cash	542,283	524,042
	<b>\$ 42,506,770</b>	<b>\$ 27,216,567</b>

See accompanying notes

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2023

See Auditors' Report

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

The Kitasoo Xai'Xais Nation (First Nation) is located in Klemtu, British Columbia, and provides various services to its members.

These Summary Financial Statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the Canadian Institute of Chartered Professional Accountants, Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

##### a) Fund accounting

The Kitasoo Xai'Xais Nation uses fund accounting procedures which results in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Summary Financial Statements. Details of the operations of each fund are set out in the supplementary schedules. The Kitasoo Xai'Xais Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Social Housing Fund which reports the social housing assets of the First Nation,
- The Trust Fund which reports on trust funds owned by the First Nation and held by a third
- The Enterprise Fund which reports the First Nation's investments in related entities.

##### b) Reporting entity and principles of financial reporting

The Kitasoo Xai'Xais Nation reporting entity includes the Kitasoo Xai'Xais Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Kitasoo Xai'Xais Nation Operating Fund
- Kitasoo Xai'Xais Nation Social Housing Fund
- Kitasoo Xai'Xais Nation Trust Fund
- Kitasoo Xai'Xais Nation Enterprise Fund

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

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2023

See Auditors' Report

### 1. Continued...

Incorporated business entities, which are owned or controlled by the Kitasoo Xai'Xais Nation and which are not dependent on the First Nation for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

- Kitasoo Seafoods Ltd.
- Kitasoo Development Corporation
- Kitasoo Hydro Power Ltd.
- Kitasoo Forest Company Ltd.
- Klemtu Tourism Ltd.
- Kitasoo Band Store Ltd.
- Kitasoo Development GP Ltd.
- Kitasoo Aqua Farm Ltd.

Long-term investments in non-controlled entities are recorded at the lower of cost or net realizable value.

#### c) Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not consumption in the normal course of operations. The indicator of net debt is determined by deducting the financial assets of the Kitasoo Xai'Xais Nation from its liabilities. Financial assets are primarily measured at historical cost.

#### d) Non-financial assets

Capital assets and other non-financial assets are accounted for as assets by the Kitasoo Xai'Xais Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Kitasoo Xai'Xais Nation unless they are sold.

#### e) Capital assets

Capital assets are valued at acquisition cost and recorded in the Operating Fund.

The acquisition costs of 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 expenditures are also recorded as an addition to assets of the Operating Fund with a corresponding increase in Equity in Capital Assets.

Capital assets acquired as part of the Social Housing Fund are recorded as assets of those funds.

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2023

See Auditors' Report

### 1. Continued...

#### f) Depreciation

Capital assets are recorded and depreciated with a corresponding reduction in capital equity within the operating fund. Assets are depreciated over their expected useful life using the declining balance method at the following rates:

Commercial buildings	5%
Residential buildings	5%
Infrastructure	5%
Furniture and fixtures	20%
Computer equipment	35%
Electronic equipment	30%
Vehicles and boats	15% to 30%
Miscellaneous equipment	30%
Dump	20%
Roads	5%

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

#### g) Cash and cash equivalents

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

#### h) Prepaid expenses

Roe on Kelp License, rent deposits, and security deposits are included as prepaid expenses and valued at acquisition cost and are charged to expense over the periods the Kitasoo Xai'Xais Nation is expected to benefit. The Roe on Kelp license, with a cost of \$375,000 is amortized over the 99 year lease expiring October 2093.

#### i) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is defined as purchase price plus freight in. Net realizable value is the estimated selling price in the ordinary course of business.

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2023

See Auditors' Report

### 1. Continued...

#### j) Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.

#### k) Use of estimates

The preparation of financial statements in conformity 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 financial statements and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

#### l) Comparative figures

Certain of the prior year's comparative amounts have been reclassified where necessary to conform to the current year's presentation.

#### m) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- Kitasoo Xai'Xais Nation:
  - is directly responsible; or
  - accepts responsibility; and
  - a reasonable estimate of the amount can be made.

#### n) Authority

On June 25, 1967, His Excellency, the Governor General in Council vested authority to the Kitasoo Xai'Xais Nation to control, manage and expend its revenue monies (P.C. 1969 - 1279).

### 2. ECONOMIC DEPENDENCE

The Kitasoo Xai'Xais Nation receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada.

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2023

See Auditors' Report

### 3. CASH AND RESTRICTED CASH

The Band's current account has an unused overdraft facility in the amount of \$100,000 with interest at prime plus 1% and secured by a term deposit of \$100,000. The term deposit is held at \$101,573 (2022 - \$100,000).

Cash is comprised of the following:

	2023	2022
Bank funds and term deposits - Band Operations	<b>\$ 26,520,439</b>	\$ 17,423,976
Bank funds - Social Housing	857,835	52,082
Bank funds and term deposits - Enterprise Fund	<b>14,586,213</b>	9,216,467
	<b>\$ 41,964,487</b>	\$ 26,692,525

Included in the Enterprise Fund cash is \$3,076,277 (2022 - \$2,901,750) CDN of funds denominated in US dollars.

Restricted cash is comprised of the following:

	2023	2022
Ottawa Trust Funds	\$ 185,241	\$ 178,618
Restricted cash - Social Housing	357,042	345,424
	<b>\$ 542,283</b>	\$ 524,042

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**Kitasoo Xai'Xais Nation**  
**NOTES TO FINANCIAL STATEMENTS**

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**March 31, 2023**

**See Auditors' Report**

**4. ACCOUNTS RECEIVABLE**

<u>Account receivable consists of the following:</u>	<b>2023</b>	<b>2022</b>
Due from band members:		
Cable and internet user fees	\$ 310,457	\$ 303,375
Less: allowance for doubtful accounts	(310,457)	(303,375)
Due from others:		
Indigenous Services Canada	2,125,560	261,261
Canada Revenue Agency	89,621	51,231
Canadian Mortgage and Housing Corporation	7,821	761,321
Cariboo Chilcotin Coast Tourism Association	123,679	-
Central Coast Indigenous Resource Alliance	-	8,624
Department of Fisheries	22,661	265,945
Employee advances and loans	-	(604)
First Nation Education Steering Committee	7,768	15,500
First Nations Health Authority	-	169,450
First People's Heritage, Language & Culture Council	-	108,164
Great Bear Initiative	50,000	352,790
Natural Resources Canada	124,077	-
Other amounts owing to		
Band	67,471	1,080
Kitasoo Band Store	18,269	16,066
First Nations Fuel	283,132	112,821
Kitasoo Seafoods Limited Partnership	200,463	166,021
Spirit Bear Adventures Limited Partnership	35,697	328,946
Kitasoo Forestry Limited Partnership	409,342	3,908,734
	<hr/> <b>\$ 3,565,560</b>	<hr/> <b>\$ 6,527,349</b>

**Kitasoo Xai'Xais Nation**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2023**

**See Auditors' Report**

**5. INVESTMENTS**

	<b>2023</b>	<b>2022</b>
Kitasoo Seafoods Ltd.		
Shares	\$ 2	\$ 2
Contributed surplus	1,464,455	1,464,455
Accumulated deficit	(1,424,737)	(1,424,823)
	<b>39,720</b>	39,634
Kitasoo Development Corporation		
Shares	1	1
Advances - direct	3,003,180	3,003,180
Advances - indirect	134,542	350,311
Accumulated deficit	(324,620)	(242,111)
	<b>2,813,103</b>	3,111,381
Kitasoo Hydro Power Ltd.		
Shares	1	1
Contributed surplus	2,241,230	2,241,230
Advances	(123,036)	(195,273)
Accumulated deficit	(1,116,776)	(1,167,457)
	<b>1,001,419</b>	878,501
Kitasoo Forest Company Ltd.		
Shares	24	24
Advances	77,406	77,406
Accumulated deficit	(56,112)	(56,403)
	<b>21,318</b>	21,027
Kitasoo Band Store Ltd.		
Shares	1	1
Advances	(1)	(1)
	-	-
Kitasoo Development GP Ltd.		
Shares	-	-
Advances	(2)	(2)
	<b>(2)</b>	(2)
Balance carried forward	<b>\$ 3,875,558</b>	\$ 4,050,541

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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**March 31, 2023**

**See Auditors' Report**

**5. Continued ...**

<u>Balance brought forward</u>	<u>\$ 3,875,558</u>	<u>\$ 4,050,541</u>
Klemtu Tourism Ltd.		
Shares	10	10
Advances	163,199	163,199
Accumulated deficit	(163,209)	(163,209)
	-	-
Kitasoo Aqua Farm Ltd.		
Shares	1	1
Advances	(1)	(1)
	-	-
BC First Nations Gaming Revenue Sharing LP		
1 partnership unit at cost	100	100
	100	100
BC First Nations GRS GP Inc.		
Shares at cost	10	10
	10	10
	<b>\$ 3,875,668</b>	<b>\$ 4,050,651</b>

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Shares are held in trust by certain band members under trust agreements.

Financial information for each of the First Nation controlled entities for their respective periods ending March 31, 2023 is as follows:

	Assets	Liabilities	Revenue (loss)	Income (loss)
	\$	\$	\$	\$
Kitasoo Seafoods Ltd.	39,851	-	86	86
Kitasoo Development Corporation	3,618,236	3,942,855	79,674	(82,509)
Kitasoo Hydro Power Ltd.	1,137,512	13,057	108,902	50,681
Kitasoo Forest Company Ltd.	21,318	77,406	316	291
Kitasoo Band Store Ltd.	-	-	-	-
Kitasoo Development GP Ltd.	2	2	-	-
Klemtu Tourism Ltd.	-	163,199	-	-
Kitasoo Aqua Farm Ltd.	-	-	-	-

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2023

See Auditors' Report

### 6. INVESTMENT IN JOINT VENTURE

Kitasoo Xai'Xais Nation, through its 99.9% limited partnership interest in Kitasoo Seafoods Limited Partnership, records its 50% interest in the joint venture in a Vessel, Western Princess, using the equity method whereby the investment is initially recorded at cost and is increased for the proportionate share of any earnings and decreased for the proportionate share of any losses.

### 7. INVESTMENT IN LIMITED PARTNERSHIP

Kitasoo Xai'Xais Nation, through its 99.9% limited partnership interest in Kitasoo Seafoods Limited Partnership, records its 25% interest in the Central Coast Commercial Fisheries Limited Partnership. Using the equity method whereby the investment is initially recorded at cost and is increased for the proportionate share of any earnings and decreased for the proportionate share of any losses.

### 8. DEFERRED REVENUE

Deferred revenue consists of the following.

	2023	2022
Operating Fund	\$ 5,763,588	\$ 4,284,794
Enterprise Fund		
Unearned revenue	319,807	224,297
	<hr/> <b>\$ 6,083,395</b>	<hr/> <b>\$ 4,509,091</b>

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**Kitasoo Xai'Xais Nation**  
**NOTES TO FINANCIAL STATEMENTS**

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**March 31, 2023**

**See Auditors' Report**

**9. LONG-TERM DEBT**

	<b>2023</b>	<b>2022</b>
Mortgage payable with payments of \$2,006 per month including interest at 1.87% per annum, maturing January 1, 2024, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on six housing units with a carrying value of \$206,689	<b>19,896</b>	43,360
Mortgage payable with payments of \$1,305 per month including interest at 1.30% per annum, maturing January 1, 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on six housing units with a carrying value of \$306,375	<b>43,556</b>	58,550
Mortgage payable with payments of \$2,891 per month including interest at 1.87% per annum, maturing January 1, 2024, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on five housing units with a carrying value of \$249,081.	<b>28,675</b>	62,492
Mortgage payable with payments of \$4,309 per month including interest at 0.74% per annum, maturing February 1, 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on six housing units with a carrying value of \$606,037.	<b>149,128</b>	199,525
Loan payable with no interest, due the earlier of five years from signing date or date on which the claim is settled. If the loan becomes due and payable under the terms of the loan while the claim is still in negotiation, the loan repayment dates will be extended by the earlier of five years, or a period deemed appropriate to coincide with the anticipated claim settlement date.	<b>400,487</b>	400,487
Balance carried forward	<b>\$ 641,742</b>	\$ 764,414

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2023

See Auditors' Report

### 9. Continued ...

	2023	2022
Balance brought forward	\$ 641,742	\$ 764,414
Loan payable with payments of \$502 per month including interest at 4.12% per annum, maturing July 1, 2024.	85,575	88,023
Canada Emergency Business Account loan (CEBA) - interest free until December 31, 2023, then interest only payments at 5% per annum until the full principal is due on December 31, 2025.	60,000	60,000
	<hr/> <b>\$ 787,317</b>	<hr/> \$ 912,437

Scheduled principal reduction over the next five years is estimated as follows:

2024	\$ 260,109
2025	66,537
2026	60,184
2027	-
2028	-
<b>Total</b>	<hr/> <b>\$ 386,830</b>

### 10. CONTINGENT LIABILITY

Kitasoo Xai'Xais Nation, through its 99.9% limited partnership interest in Spirit Bear Adventures Limited Partnership, has a contingent liability arising from disputed invoices with Baywest Contracting Ltd. (Baywest). The First Nation is disputing Baywest invoices for deficiencies left by Baywest valued at approximately \$92,000. The deficiencies are to be corrected by third party contractors which may exceed \$92,000. Management is unable to determine the First Nation's potential liability, if any. Any charges will be reflected as a charge to income in the year incurred. No provision for possible loss has been included in these financial statements.

**Kitasoo Xai'Xais Nation**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2023

See Auditors' Report

**11. CAPITAL ASSETS**

	2023								Ending Accumulated Depreciation	Net Book Value
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals			
<b>Operating Fund</b>										
Commercial buildings	\$ 19,111,938	\$ 341,437	\$ -	\$ 19,453,375	\$ 12,105,061	\$ 356,282	\$ -	\$ 12,461,343	\$ 6,992,032	
Residential buildings	8,591,802	1,100,992	-	9,692,794	5,371,399	163,090	-	5,534,489	4,158,305	
Infrastructure	26,631,444	147,485	-	26,778,929	9,035,253	553,626	-	9,588,879	17,190,050	
Furniture and fixtures	413,680	37,171	-	450,851	371,553	12,139	-	383,692	67,159	
Electronic equipment	405,436	10,811	-	416,247	397,865	3,904	-	401,769	14,478	
Computer equipment	690,591	16,679	-	707,270	614,188	29,662	-	643,850	63,420	
Vehicles and boats	2,601,719	295,246	(21,000)	2,875,965	1,703,849	192,315	(18,001)	1,878,163	997,802	
Miscellaneous equipment	1,404,181	525,739	-	1,929,920	1,259,399	71,973	-	1,331,372	598,548	
	<b>59,850,791</b>	<b>2,475,560</b>	<b>(21,000)</b>	<b>62,305,351</b>	<b>30,858,567</b>	<b>1,382,991</b>	<b>(18,001)</b>	<b>32,223,557</b>	<b>30,081,794</b>	
<b>Social Housing Fund</b>										
Residential buildings	3,060,687	-	-	3,060,687	1,813,564	122,672	-	1,936,236	1,124,451	
Appliances	86,978	-	-	86,978	86,978	-	-	86,978	-	
	<b>3,147,665</b>	<b>-</b>	<b>-</b>	<b>3,147,665</b>	<b>1,900,542</b>	<b>122,672</b>	<b>-</b>	<b>2,023,214</b>	<b>1,124,451</b>	
<b>Enterprise Fund</b>										
Vehicles and boats	1,382,896	301,034	-	1,683,930	933,598	157,438	-	1,091,036	592,894	
Building and fixtures	8,180,183	962,447	-	9,142,630	3,209,564	314,010	-	3,523,574	5,619,056	
Computer equipment	134,865	8,229	-	143,094	114,398	11,181	-	125,579	17,515	
Dump	88,118	-	-	88,118	88,118	-	-	88,118	-	
Equipment, other	1,016,644	55,689	-	1,072,333	819,563	44,129	-	863,692	208,641	
Fuel storage tanks	967,878	-	-	967,878	891,292	7,908	-	899,200	68,678	
Roads	988,103	-	-	988,103	988,103	-	-	988,103	-	
	<b>12,758,687</b>	<b>1,327,399</b>	<b>-</b>	<b>14,086,086</b>	<b>7,044,636</b>	<b>534,666</b>	<b>-</b>	<b>7,579,302</b>	<b>6,506,784</b>	
	<b>\$ 75,757,143</b>	<b>\$ 3,802,959</b>	<b>\$ (21,000)</b>	<b>\$ 79,539,102</b>	<b>\$ 39,803,745</b>	<b>\$ 2,040,329</b>	<b>\$ (18,001)</b>	<b>\$ 41,826,073</b>	<b>\$ 37,713,029</b>	

**Kitasoo Xai'Xais Nation**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2023

See Auditors' Report

**11. Continued...**

	2022								Ending Accumulated Depreciation	Net Book Value
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals			
<b>Operating Fund</b>										
Commercial buildings	\$ 19,027,590	\$ 84,348	\$ -	\$ 19,111,938	\$ 11,738,497	\$ 366,564	\$ -	\$ 12,105,061	\$ 7,006,877	
Residential buildings	8,676,330	135,528	(220,056)	8,591,802	5,391,682	167,624	(187,907)	5,371,399	3,220,403	
Infrastructure	22,788,321	3,843,123	-	26,631,444	8,458,260	576,993	-	9,035,253	17,596,191	
Furniture and fixtures	408,761	4,919	-	413,680	361,462	10,091	-	371,553	42,127	
Electronic equipment	405,436	-	-	405,436	394,598	3,267	-	397,865	7,571	
Computer equipment	646,584	44,007	-	690,591	584,818	29,370	-	614,188	76,403	
Vehicles and boats	2,462,599	247,007	(107,887)	2,601,719	1,643,132	168,604	(107,887)	1,703,849	897,870	
Miscellaneous equipment	1,279,289	124,892	-	1,404,181	1,236,645	22,754	-	1,259,399	144,782	
	55,694,910	4,483,824	(327,943)	59,850,791	29,809,094	1,345,267	(295,794)	30,858,567	28,992,224	
<b>Social Housing Fund</b>										
Residential buildings	3,060,687	-	-	3,060,687	1,692,505	121,059	-	1,813,564	1,247,123	
Appliances	86,978	-	-	86,978	86,978	-	-	86,978	-	
	3,147,665	-	-	3,147,665	1,779,483	121,059	-	1,900,542	1,247,123	
<b>Enterprise Fund</b>										
Vehicles and boats	1,293,777	89,119	-	1,382,896	772,781	160,817	-	933,598	449,298	
Building and fixtures	7,682,441	969,622	(471,880)	8,180,183	3,352,628	200,778	(343,842)	3,209,564	4,970,619	
Computer equipment	113,626	21,239	-	134,865	105,377	9,021	-	114,398	20,467	
Dump	88,118	-	-	88,118	88,118	-	-	88,118	-	
Equipment, other	987,907	28,737	-	1,016,644	774,524	45,039	-	819,563	197,081	
Fuel storage tanks	905,183	62,695	-	967,878	887,533	3,759	-	891,292	76,586	
Roads	988,103	-	-	988,103	988,103	-	-	988,103	-	
	12,059,155	1,171,412	(471,880)	12,758,687	6,969,064	419,414	(343,842)	7,044,636	5,714,051	
	<b>\$ 70,901,730</b>	<b>\$ 5,655,236</b>	<b>\$ (799,823)</b>	<b>\$ 75,757,143</b>	<b>\$ 38,557,641</b>	<b>\$ 1,885,740</b>	<b>\$ (639,636)</b>	<b>\$ 39,803,745</b>	<b>\$ 35,953,398</b>	

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2023

See Auditors' Report

### 12. INTANGIBLE ASSETS

	Cost	Accumulated Depreciation	2023	2022
Capital Fund - Indefinite-life intangible asset				
Fishing licenses	\$ 397,000	\$ -	\$ 397,000	\$ 397,000
Sea cucumber license	1,375,000	-	1,375,000	1,375,000
Forestry license	250,000	-	250,000	250,000
	<b>\$ 2,022,000</b>	<b>\$ -</b>	<b>\$ 2,022,000</b>	<b>\$ 2,022,000</b>

### 13. ACCUMULATED SURPLUS

	2023	2022
<b>OPERATING FUND</b>	<b>\$ 56,175,788</b>	\$ 46,011,780
<b>SOCIAL HOUSING FUND</b>		
Operating Fund - unrestricted	(83,492)	(98,985)
Replacement Reserve Fund - externally restricted	908,130	915,766
Capital Fund - externally restricted	883,196	883,196
<b>OTTAWA TRUST FUNDS</b>	<b>185,241</b>	178,618
<b>ENTERPRISE FUND</b>	<b>25,393,742</b>	21,342,666
	<b>\$ 83,462,605</b>	\$ 69,233,041

### REPLACEMENT RESERVE FUND

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$27,000 annually. These funds, along with accumulated interest, must be held in a separate bank account. The funds in the account may only be used as approved by CMHC.

As at March 31, 2023, cash and term deposits required to fund the Old Program Replacement Reserve Fund were under-funded by \$316,696 (2022 - \$349,322).

As at March 31, 2023, cash and term deposits required to fund the New Program Replacement Reserve Fund were under-funded by \$234,392 (2022 - \$221,020).

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2023

See Auditors' Report

### 13. Continued...

#### SUBSIDY/OPERATING SURPLUS FUND

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance.

#### OTTAWA TRUST MONEYS

The Ottawa Trust accounts arise from moneys 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

### 14. BUDGET INFORMATION

The budget information disclosed has been approved by the Kitasoo Xai'Xais Nation Chief and Council. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determined.

### 15. FINANCIAL INSTRUMENTS

#### Risk management policy

The Kitasoo Xai'Xais Nation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2023.

#### *Credit risk*

The carrying value of the Kitasoo Xai'Xais Nation's main financial assets represents the maximum credit risk to which the band is exposed.

The Kitasoo Xai'Xais Nation's credit risk is due mainly to its loans receivable. The balance sheet amounts are presented net of the allowance for impaired loans, which management estimates based on past experience and its assessment of current economic conditions. The Kitasoo Xai'Xais Nation believes that its loans receivable credit risk is limited because:

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2023

See Auditors' Report

### 15. Continued...

- Majority of its receivables are due from Canadian government agencies.
- The Kitasoo Xai'Xais Nation recognizes a specific allowance for accounts receivable when the management considers the expected amount to be collected is lower than the actual amount receivable.

#### *Liquidity risk*

The Kitasoo Xai'Xais Nation considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

#### *Market risk*

The Kitasoo Xai'Xais Nation is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the company to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

The following table summarizes the contractual maturities of the financial liabilities as at March 31, 2023.

	Carrying amount	Contractual cash flows	0 to 1 year	2 to 4 years	Over 5 years
Operating loan	\$ 488,460	\$ 488,460	\$ 488,460	\$ -	\$ -
Accounts payable and accrued expenses	2,469,493	2,469,493	2,469,493	-	-
Government loan	60,000	60,000	60,000	-	-
Long-term debt	727,317	727,317	260,109	126,721	340,487
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 3,745,270	\$ 3,745,270	\$ 3,278,062	\$ 126,721	\$ 340,487

#### *Currency risk*

The Kitasoo Xai'Xais Nation is exposed to currency risk through its cash on hand in US dollar currency as disclosed in Note 3.

#### *Fair value*

The carrying value of the Kitasoo Xai'Xais Nation's main financial assets represents the maximum credit risk to which the organization is exposed.

The fair value of a financial instrument corresponds to the amount of the consideration agreed upon by two willing parties in a non-arm's length transaction. Kitasoo Xai'Xais Nation uses the following methods and assumptions to estimate the fair value of each category of financial instruments, the carrying amounts of which are included in the consolidated balance sheet as follows:

*Cash, accounts receivables and restricted cash* – The carrying amounts included in the balance sheet approximates fair values.

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# Kitasoo Xai'Xais Nation

## NOTES TO FINANCIAL STATEMENTS

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**March 31, 2023**

**See Auditors' Report**

### **15. Continued...**

*Accounts payable and accrued expenses* – The carrying amount included in the balance sheet approximates fair value, given the short-term maturity of the instrument.

*Long-term debt* – The carrying amount of loans payable is measured at unamortized cost based on initial fair value established using market rates for the same or similar debt instruments. The fair value approximates its carrying value.

### **16. EXPENSES BY OBJECT**

The following is a summary of expenses by object.

	<b>Budget</b>	<b>2023</b>	<b>2022</b>
Administration	\$ -	\$ -	\$ 662,557
Advertising	58,600	58,665	76,601
Amortization	2,040,300	2,040,329	1,885,740
Audit and accounting	203,100	203,173	174,725
Bad debts	10,300	10,339	33,060
Bank charges and interest	166,300	166,359	52,735
Consulting	1,460,700	1,460,782	841,084
Contractors	1,299,700	1,299,738	1,793,341
Contributions	579,400	579,499	401,822
Cost of goods sold	13,998,700	13,998,787	5,788,732
Equipment purchases	456,700	456,762	98,766
Equipment rent	12,100	12,173	13,221
Freight	11,400	11,471	47,501
Fuel	530,000	530,066	493,188
Honoraria	91,900	91,908	123,174
Insurance	396,100	396,146	349,061
Legal	253,100	253,192	377,784
Licences and fees	281,600	281,680	281,303
Loss on disposal	-	-	128,038
Materials and supplies	1,549,600	1,549,637	1,699,976
Mortage payments	-	-	5,543
Office and other	418,400	418,484	523,899
Rent	197,600	197,694	194,149
Repairs and maintenance	360,200	360,245	628,402
Replacement reserve expenses	46,200	46,254	35,391
Telephone	115,800	115,828	99,083
Training	203,300	203,314	80,310
Travel	1,420,000	1,420,076	478,669
Utilities	67,100	67,104	61,298
Wages and benefits	6,279,000	6,279,050	5,390,487
	<b>\$ 32,508,755</b>	<b>\$ 22,819,640</b>	