

Kitasoo Xai'Xais Nation
Consolidated Financial Statements

March 31, 2024

Kitasoo Xai'Xais Nation
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For the year ended March 31, 2024

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CONSOLIDATED FINANCIAL STATEMENTS

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Kitasoo Xai'Xais Nation
March 31, 2024

**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 CPA, 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

A handwritten signature in blue ink, appearing to read "J. M." or "John M.", is placed over a horizontal line. The line is positioned above the text "Chief Councilor" and below the signature itself.

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Kitasoo Xai'Xais Nation**, which comprise the consolidated statement of financial position as at **March 31, 2024** and March 31, 2023, and the consolidated statements of operations, changes in financial assets and cash flows for the years then ended, and notes to the consolidated 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, 2024** and March 31, 2023, and its consolidated financial performance and its consolidated 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 Auditors' Responsibilities for the Audit of the Consolidated 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.



Other Matter

The supplementary schedules are unaudited, are included for informational purposes and have only been audited to the extent of the consolidated financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we



exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' 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.

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 auditors' report is Mike Chang, CPA, CA.

Port Coquitlam, B.C.
November 22, 2024

Ribeyre CPA
Chartered Professional Accountants

Kitasoo Xai'Xais Nation
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Statement 1

As at March 31, 2024

See Auditors' Report

	2024	2023
Financial assets		
Cash - note 3	\$ 36,261,721	\$ 29,267,347
Restricted cash - note 3	565,547	542,283
Accounts receivable - note 4	1,431,393	2,929,508
Inventory	450,264	470,479
Investment in Government Business Enterprises - note 5	3,693,980	3,665,508
Investment in Government Business Partnerships - note 5	24,302,164	21,487,422
Investments - other - note 5	110	110
Total financial assets	66,705,179	58,362,657
Liabilities		
Accounts payable and accrued expenses	\$ 2,712,409	\$ 1,527,652
Deferred revenue - note 6	8,946,967	5,763,588
Long-term debt - note 7	610,237	727,317
Total liabilities	12,269,613	8,018,557
Net financial assets	54,435,566	50,344,100
Non-financial assets		
Prepaid expenses and deposits	807,631	762,902
Security deposits	41,468	41,468
Capital assets - note 8	36,872,378	31,869,677
Intangible assets - note 9	397,000	397,000
Total non-financial assets	38,118,477	33,071,047
Accumulated surplus - note 10	\$ 92,554,043	\$ 83,415,147

See accompanying notes

Chief



Councillor



Kitasoo Xai'Xais Nation
CONSOLIDATED STATEMENT OF OPERATIONS
Statement 2

For the year ended March 31, 2024	See Auditors' Report		
	2024 Budget (note 11)	2024 Actual	2023 Actual
Revenue			
Operating Fund			
Indigenous Services Canada	\$ 11,560,721	\$ 11,560,721	\$ 13,503,521
First Nations Health Authority	2,335,046	2,335,046	1,350,249
Province of British Columbia	1,153,400	1,153,458	882,918
Recoveries	-	(651,953)	-
BC FN Gaming Revenue Sharing	971,500	971,562	606,744
Carbon Credit Fund	540,000	540,000	543,381
Central Coast Indigenous Resource Alliance	890,800	890,818	530,030
Coast Opportunity Funds	786,000	786,088	1,032,537
Coastal First Nations Liquified Natural Gas	345,800	345,819	327,404
Department of Fisheries	892,200	892,232	561,756
First Nation Drinking Water Settlement	-	-	500,000
First Nation Education Steering Committee	556,100	556,156	563,763
Interest income	1,578,700	1,578,723	731,064
Rental and lease	166,100	166,124	309,225
Resource Stewardship	1,016,900	1,016,970	962,068
Treaty Negotiations Funding	400,000	400,000	429,833
Deferred revenue - net	-	(2,183,379)	(1,478,794)
Other	3,533,700	3,533,774	2,086,727
Social Housing Fund	229,900	229,908	243,888
Trust Fund	7,400	7,404	6,623
Enterprise Fund			
Band Owned Enterprises	2,800,300	2,800,399	3,467,971
Government Business Enterprises	32,400	32,448	(82,132)
Government Business Partnerships	2,818,800	2,818,808	3,645,117
	32,615,767	29,781,126	30,723,893

See accompanying notes

Kitasoo Xai'Xais Nation
CONSOLIDATED STATEMENT OF OPERATIONS
Statement 2

For the year ended March 31, 2024	See Auditors' Report		
	2024 Budget (note 11)	2024 Actual	2023 Actual
Expenditure - Note 13			
Operating Fund			
Band Government	104,200	104,246	81,996
Capital Projects	901,800	901,840	349,037
Economic Development and General			
Band Operations	879,000	879,037	783,202
Education	3,069,300	3,069,349	2,225,042
First Nations Health Authority	1,349,800	1,349,814	1,338,586
Housing Operations	825,000	825,092	365,254
Local Government Services	3,799,200	3,799,256	3,303,441
Resource Stewardship	2,696,500	2,696,557	2,488,003
Social Services	903,900	903,964	540,696
Treaty Negotiation	391,200	391,201	332,163
Depreciation	2,097,000	2,097,025	1,382,991
Social Housing Fund	430,700	430,760	236,031
Enterprise Fund	3,194,000	3,194,089	3,693,357
	20,641,600	20,642,230	17,119,799
Annual surplus	11,974,167	9,138,896	13,604,094
Accumulated surplus, beginning of year		83,415,147	69,811,053
Accumulated surplus, end of year	\$ 92,554,043	\$ 83,415,147	

See accompanying notes

Kitasoo Xai'Xais Nation
CONSOLIDATED STATEMENT OF CHANGE IN
FINANCIAL ASSETS

Statement 3

For the year ended March 31, 2024

See Auditors' Report

	2024 Budget (note 11)	2024 Actual	2023 Actual
Annual surplus	\$ 11,974,167	\$ 9,138,896	\$ 13,604,094
Acquisition of tangible capital assets	(7,266,000)	(7,266,069)	(2,581,644)
Amortization of tangible capital assets	2,253,600	2,253,643	1,549,582
Disposal of tangible capital assets	9,700	9,725	2,999
	(5,002,700)	(5,002,701)	(1,029,063)
Acquisition of prepaid asset - net	(44,700)	(44,729)	(24,070)
	(44,700)	(44,729)	(24,070)
Increase in net financial assets	6,926,767	4,091,466	12,550,961
Net financial assets, beginning of year	50,344,100	50,344,100	37,793,139
Net financial assets, end of year	\$ 57,270,867	\$ 54,435,566	\$ 50,344,100

See accompanying notes

Kitasoo Xai'Xais Nation
CONSOLIDATED STATEMENT OF CASH FLOWS
Statement 4

For the year ended March 31, 2024

See Auditors' Report

2024 2023

OPERATING ACTIVITIES

Annual surplus	\$ 9,138,896	\$ 13,604,094
Items not affecting cash		
Depreciation	2,253,643	1,549,582
Changes in non-cash working capital items	5,841,737	687,514
Cash provided by operating activities	17,234,276	15,841,190

INVESTING ACTIVITIES

Investment in controlled enterprises	(2,843,214)	(3,564,755)
Capital assets purchased	(7,266,069)	(2,581,644)
Capital assets disposed	9,725	2,999
Cash used in investing activities	(10,099,558)	(6,143,400)

FINANCING ACTIVITIES

Principal portion of Operating fund loan	(2,551)	(2,448)
Principal portion of Social Housing fund loans	(114,529)	(122,672)
Cash used in financing activities	(117,080)	(125,120)

Increase in cash during the year	7,017,638	9,572,670
Cash, beginning of year	29,809,630	20,236,960
Cash, end of year	\$ 36,827,268	\$ 29,809,630

Represented by		
Cash	\$ 36,261,721	\$ 29,267,347
Restricted Cash	565,547	542,283
	\$ 36,827,268	\$ 29,809,630

See accompanying notes

Kitasoo Xai'Xais Nation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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 Consolidated 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 Consolidated Financial Statements. 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 the trust funds owned by the First Nation and held by a third party; and
- The Enterprise Fund which reports the First Nation's investments in related entities, including unincorporated entities that are managed separately from the First Nation's administration.

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 Land Treaty Process
- Kitasoo Aquafarms Ltd.
- Kitasoo Band Store Ltd.
- Klemtu Tourism Ltd.
- The following entities included in the Kitasoo Xai'Xais Nation Enterprise Fund:
 - Kitasoo First Nation Investment Trust
 - Kitasoo Development GP Ltd.
 - Kitasoo Development Limited Partnership
 - First Nations Fuel (unincorporated)
 - Kitasoo Band Store (unincorporated)
 - Kitasoo Hydro Power Ltd.



RIBEYRE

Kitasoo Xai'Xais Nation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

See Auditors' Report

1. Continued...

Government business enterprises and government business partnerships, 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 Consolidated Financial Statements using the modified equity method. These include:

- Kitasoo Seafoods Ltd.
- Kitasoo Seafoods Limited Partnership
- Kitasoo Development Corporation
- Kitasoo Forest Company Ltd.
- Kitasoo Forestry Limited Partnership
- Spirit Bear Adventures Ltd.
- Spirit Bear Adventures Limited Partnership

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. The indicator of net financial assets is determined by deducting the financial liabilities of the Kitasoo Xai'Xais Nation from its financial assets. 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.

Kitasoo Xai'Xais Nation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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:

Appliances	30%
Commercial buildings	5%
Computer equipment	35%
Computer software	35%
Dump	20%
Electronic equipment	30%
Fuel storage tank	23 year straight line
Furniture and fixtures	20%
Infrastructure	5%
Miscellaneous equipment	30%
Residential buildings	5%
Roads	5%
Vehicles and boats	15% to 30%
Hydro dam	40 year straight line

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.

Kitasoo Xai'Xais Nation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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.

Kitasoo Xai'Xais Nation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

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 \$103,320 (2023 - \$101,573).

Cash is comprised of the following:

	2024	2023
Bank funds and term deposits - Band Operations	\$ 33,113,825	\$ 26,520,439
Bank funds - Social Housing	878,018	857,835
Bank funds and term deposits - Enterprise Fund	2,269,878	1,889,073
\$ 36,261,721		\$ 29,267,347

Restricted cash is comprised of the following:

	2024	2023
Ottawa Trust Funds	\$ 192,645	\$ 185,241
Restricted cash - Social Housing	372,902	357,042
\$ 565,547		\$ 542,283

Kitasoo Xai'Xais Nation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

See Auditors' Report

4. ACCOUNTS RECEIVABLE

<u>Account receivable consists of the following:</u>	2024	2023
Due from band members:		
Cable and internet user fees	\$ 321,280	\$ 310,457
Less: allowance for doubtful accounts	(321,280)	(310,457)
Due from others:		
Indigenous Services Canada	59,938	2,125,560
Canada Revenue Agency	113,898	89,621
Canadian Mortgage and Housing Corporation	4,615	7,821
Cariboo Chilcotin Coast Tourism Association	-	123,679
Central Coast Indigenous Resource Alliance	228,619	-
Department of Fisheries	22,771	22,661
First Nation Education Steering Committee	61,405	7,768
First Nations Health Authority	50,000	-
Great Bear Initiative	20,843	50,000
Natural Resources Canada	-	124,077
Government of British Columbia	457,861	-
Other amounts owing to		
Band	56,004	67,471
Kitasoo Band Store	20,471	18,269
First Nations Fuel	332,268	283,132
Kitasoo Hydro Power Ltd.	2,700	9,450
	\$ 1,431,393	\$ 2,929,508

Kitasoo Xai'Xais Nation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

See Auditors' Report

5. INVESTMENTS

Investment in Government Business Enterprises

	2024	2023
Kitasoo Seafoods Ltd.		
Shares	\$ 2	\$ 2
Contributed surplus	1,464,455	1,464,455
Accumulated deficit	(1,424,494)	(1,424,606)
	39,963	39,851
Kitasoo Development Corporation		
Shares	1	1
Advances - direct	3,003,643	3,003,180
Advances - indirect	921,337	925,778
Accumulated deficit	(292,386)	(324,620)
	3,632,595	3,604,339
Kitasoo Forest Company Ltd.		
Shares	24	24
Advances - direct	-	-
Advances	77,406	77,406
Accumulated deficit	(56,008)	(56,112)
	21,422	21,318
Spirit Bear Adventures Ltd.		
Shares	1	1
Accumulated deficit	(1)	(1)
	-	-
	\$ 3,693,980	\$ 3,665,508

Investment in Government Business Partnerships

	2024	2023
Kitasoo Seafoods Limited Partnership		
Advances - direct	\$ 7,975	\$ 7,975
Advances - indirect	(45,488)	(41,422)
Accumulated equity	10,992,688	9,874,146
	10,955,175	9,840,699

Kitasoo Xai'Xais Nation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

See Auditors' Report

5. Continued ...

Balance brought forward	\$ 10,955,175	\$ 9,840,699
Kitasoo Forestry Limited Partnership		
Accumulated equity	\$ 10,773,747	\$ 9,485,088
Spirit Bear Adventures Limited Partnership		
Accumulated equity	\$ 2,573,242	\$ 2,161,635
	\$ 24,302,164	\$ 21,487,422

Investments - other

BC First Nations Gaming Revenue Sharing LP			
1 partnership unit at cost	100	100	
BC First Nations GRS GP Inc.			
Shares at cost	10	10	
	\$ 110	\$ 110	

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

During the year the Kitasoo Xai'Xais Nation reassessed investments in government business partnerships and deemed that previously consolidated investments are to be reported based on modified equity method due to current nature of the operations and reporting requirements for government business enterprises.

Financial information for each of the First Nation controlled entities for their respective periods ending March 31, 2024 is as follows:

	Assets	Liabilities	Revenue (loss)	Income (loss)
	\$	\$	\$	\$
Kitasoo Seafoods Ltd.	39,963	-	112	112
Kitasoo Seafoods Limited Partnership	13,222,287	2,189,636	4,278,089	3,159,435
Kitasoo Development Corporation	3,648,192	3,940,577	127,189	32,234
Kitasoo Forest Company Ltd.	21,422	77,406	129	104
Kitasoo Forestry Limited Partnership	16,933,694	6,152,088	9,841,926	8,553,138
Spirit Bear Adventures Ltd.	48	200	38	38
Spirit Bear Adventures Limited Partnership	2,937,329	364,036	2,463,379	2,051,731

Kitasoo Xai'Xais Nation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

See Auditors' Report

6. DEFERRED REVENUE

	2024	2023
Operating Fund	\$ 7,946,967	\$ 5,763,588
Enterprise Fund	<u>1,000,000</u>	-
	\$ 8,946,967	\$ 5,763,588

7. LONG-TERM DEBT

	2024	2023
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.	28,367	43,556
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.	98,359	149,128
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.	400,487	400,487
Loan payable with payments of \$502 per month including interest at 4.12% per annum, maturing July 1, 2024.	83,024	85,575
Mortgage payable.	-	19,896
Mortgage payable.	-	28,675
	\$ 610,237	\$ 727,317

Scheduled principal repayments for the next five years are as follows:

2025	\$ 300,907
2026	309,330
2027	-
2028	-
2029	-
Total	<u>\$ 610,237</u>

Kitasoo Xai'Xais Nation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

See Auditors' Report

8. CAPITAL ASSETS

	2024								Ending Accumulated Depreciation	Net Book Value
	Beginning Cost	Additions/ transfers	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation/ transfer	Disposals			
Operating Fund										
Commercial buildings	\$ 19,453,375	\$ 552,267	\$ -	\$ 20,005,642	\$ 12,461,343	\$ 349,299	\$ -	\$ 12,810,642	\$ 7,195,000	
Residential buildings	9,692,794	5,990,779	-	15,683,573	5,534,489	1,314,618	-	6,849,107	8,834,466	
Infrastructure	26,778,929	-	-	26,778,929	9,588,879	859,506	-	10,448,385	16,330,544	
Furniture and fixtures	450,851	-	-	450,851	383,692	13,431	-	397,123	53,728	
Electronic equipment	416,247	-	-	416,247	401,769	4,344	-	406,113	10,134	
Computer equipment	707,270	-	-	707,270	643,850	22,199	-	666,049	41,221	
Vehicles and boats	2,875,965	1,196,865	(13,300)	4,059,530	1,878,163	382,404	(3,575)	2,256,992	1,802,538	
Miscellaneous equipment	1,929,920	734,621	-	2,664,541	1,331,372	196,219	-	1,527,591	1,136,950	
	62,305,351	8,474,532	(13,300)	70,766,583	32,223,557	3,142,020	(3,575)	35,362,002	35,404,581	
Social Housing Fund										
Residential buildings	3,060,687	(1,338,688)	-	1,721,999	1,936,236	(930,466)	-	1,005,770	716,229	
Appliances	86,978	-	(86,978)	-	86,978	-	(86,978)	-	-	-
	3,147,665	(1,338,688)	(86,978)	1,721,999	2,023,214	(930,466)	(86,978)	1,005,770	716,229	
Enterprise Fund										
Vehicles and boats	86,689	-	-	86,689	54,621	6,413	-	61,034	25,655	
Commercial buildings	499,448	130,225	-	629,673	46,044	9,800	-	55,844	573,829	
Computer equipment	62,942	-	-	62,942	53,726	2,766	-	56,492	6,450	
Equipment, other	354,168	-	-	354,168	295,777	11,673	-	307,450	46,718	
Fuel storage tanks	967,878	-	-	967,878	899,200	6,956	-	906,156	61,722	
Hydro dam	2,256,679	-	-	2,256,679	2,215,004	4,481	-	2,219,485	37,194	
	4,227,804	130,225	-	4,358,029	3,564,372	42,089	-	3,606,461	751,568	
	\$ 69,680,820	\$ 7,266,069	\$ (100,278)	\$ 76,846,611	\$ 37,811,143	\$ 2,253,643	\$ (90,553)	\$ 39,974,233	\$ 36,872,378	

During the year, Social Housing Fund assets were released to the Operating Fund with a cost of \$1,338,688 and accumulated depreciation of \$1,044,995. On a consolidated basis, there has been no change to the assets on hand so the Operating Fund acquisition has been offset against the Social Housing Fund disposition.

Commercial buildings with a carrying value of \$104,046 (2023 - \$104,046), residential buildings with a carrying value of \$2,723,462 (2023 - \$1,018,233) and equipment with a carrying value of \$220,232 (2023 - \$397,512) were not amortized because they were not available for use in 2024.

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	2023								Net Book Value
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	
Operating Fund									
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
	59,850,791	2,475,560	(21,000)	62,305,351	30,858,567	1,382,991	(18,001)	32,223,557	30,081,794
Social Housing Fund									
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	-
	3,147,665	-	-	3,147,665	1,900,542	122,672	-	2,023,214	1,124,451
Enterprise Fund									
Vehicles and boats	86,689	-	-	86,689	46,604	8,017	-	54,621	32,068
Commercial buildings	415,128	84,320	-	499,448	38,303	7,741	-	46,044	453,404
Computer equipment	62,302	640	-	62,942	49,914	3,812	-	53,726	9,216
Equipment, other	333,044	21,124	-	354,168	283,817	11,960	-	295,777	58,391
Fuel storage tanks	967,878	-	-	967,878	891,292	7,908	-	899,200	68,678
Hydro dam	2,256,679	-	-	2,256,679	2,210,523	4,481	-	2,215,004	41,675
	4,121,720	106,084	-	4,227,804	3,520,453	43,919	-	3,564,372	663,432
	\$ 67,120,176	\$ 2,581,644	\$ (21,000)	\$ 69,680,820	\$ 36,279,562	\$ 1,549,582	\$ (18,001)	\$ 37,811,143	\$ 31,869,677

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9. INTANGIBLE ASSETS

	Cost	Accumulated Depreciation	2024	2023
Capital Fund - Indefinite-life intangible asset				
Fishing licenses	\$ 397,000	\$ -	\$ 397,000	\$ 397,000

10. ACCUMULATED SURPLUS

	2024	2023
OPERATING FUND	\$ 63,109,468	\$ 56,175,788
SOCIAL HOUSING FUND		
Operating Fund - unrestricted	(58,903)	(83,492)
Replacement Reserve Fund - externally restricted	175,112	908,130
Capital Fund - externally restricted	589,503	883,196
OTTAWA TRUST FUNDS	192,645	185,241
ENTERPRISE FUND	28,546,218	25,346,284
	\$ 92,554,043	\$ 83,415,147

REPLACEMENT RESERVE FUND

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the Replacement Reserve account is to be credited in the amount of \$17,500 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, 2024, cash and term deposits required to fund the New Program Replacement Reserve Fund were over-funded by \$197,790 (2023 - \$234,392).

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SUBSIDY/OPERATING SURPLUS FUND

Under the terms of the agreement with CMHC, 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.

11. 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.

12. 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, 2024.

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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- The majority of its receivables are due from Canadian government agencies; and
- 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, 2024.

	Carrying amount	Contractual cash flows	0 to 1 year	2 to 4 years	Over 5 years
Accounts payable and accrued expenses	\$ 2,712,409	\$ 2,712,409	\$ 2,712,409	\$ -	\$ -
Long-term debt	610,237	610,237	300,907	309,330	-
	\$ 3,322,646	\$ 3,322,646	\$ 3,013,316	\$ 309,330	\$ -

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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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.

13. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	Budget	2024	2023
Advertising	\$ 3,500	\$ 3,506	\$ -
Amortization	2,253,600	2,253,641	1,549,582
Audit and accounting	233,800	233,829	173,892
Bad debts	9,600	9,678	7,556
Bank charges and interest	54,200	54,239	43,013
Consulting	2,005,700	2,005,710	1,467,923
Contractors	1,424,800	1,424,841	753,750
Contributions	384,100	384,114	574,717
Cost of goods sold	2,498,400	2,498,470	2,876,655
Equipment purchases	643,400	643,400	456,762
Equipment rent	4,000	4,084	4,307
Freight	12,300	12,380	4,906
Honoraria	112,500	112,595	91,908
Insurance	355,100	355,181	319,652
Legal	168,800	168,846	155,343
Licences and fees	4,700	4,712	4,712
Materials and supplies	1,019,900	1,019,931	1,488,615
Office and other	543,700	543,782	327,931
Property taxes	16,800	16,857	20,819
Rent	116,600	116,679	149,389
Repairs and maintenance	699,500	699,510	294,162
Replacement reserve expenses	225,600	225,669	46,254
Telephone	80,500	80,506	74,851
Training	342,100	342,189	202,316
Travel	1,581,700	1,581,783	1,107,108
Utilities	71,000	71,032	67,104
Wages and benefits	5,775,000	5,775,066	4,856,572
		\$ 20,642,230	\$ 17,119,799