

HOMALCO FIRST NATION
Consolidated Financial Statements

March 31, 2024

HOMALCO FIRST NATION

Consolidated Financial Statements

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Year Ended March 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2024

The Chief and Council of the Homalco First Nation has delegated the responsibility for the integrity and objectivity of the financial information contained in the consolidated financial statements to the management of the Homalco First Nation. The consolidated financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Homalco First Nation's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these consolidated financial statements present fairly the Homalco First Nation's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects, the financial position of the Homalco First Nation as at March 31, 2024.



Clark Goble, CPA
Chief Financial Officer

September 27, 2024



INDEPENDENT AUDITORS' REPORT

To the Members of the Homalco First Nation,

Qualified Opinion

We have audited the consolidated financial statements of Homalco First Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (the "consolidated financial statements").

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the Nation's financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2024, and its financial performance and cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS).

Basis for Qualified Opinion

The financial statements for the Nation's government business entities for the years ended March 31, 2024 and March 31, 2023 was not audited and in some instances related party information and balances were unavailable. As a result, we were unable to determine whether adjustments to investments in the Nation's government business entities, earnings from investments in the Nation's government business entities, annual surplus and accumulated surplus were accurate.

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 Nation 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 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 PSAS, 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 Nation'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 intends for the Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 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 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 Nation'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 Nation'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 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 auditors' report. However, future events or conditions may cause the Nation 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.
- 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.

Chan Nowosad Boates Inc

Chan Nowosad Boates Inc.
Campbell River, BC

September 27, 2024

HOMALCO FIRST NATION

Consolidated Statement of Financial Position

March 31, 2024

2024

2023

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 3)	\$ 2,273,234	\$ 4,829,257
Restricted Cash (Note 4)	742,885	1,094,932
Term Deposit (Note 5)	309,316	285,895
Accounts Receivable (Note 6)	1,511,933	1,454,145
Funds Held in Trust (Note 7)	-	115,500
Federal Trust Funds (Note 8)	-	1,036
Portfolio Investment (Note 9)	110	110
Investments in Government Business Partnerships (Note 10)	3,691,062	2,808,826
Advances to Related Entities (Note 11)	<u>1,980,461</u>	<u>1,495,063</u>
	<u>10,509,001</u>	<u>12,084,764</u>

LIABILITIES

Bank Indebtedness (Note 12)	11,300	11,300
Accounts Payable (Note 13)	1,537,554	1,367,270
Deferred Revenue (Note 14)	3,226,396	4,285,689
Long Term Debt (Note 15)	<u>7,241,614</u>	<u>3,725,409</u>
	<u>12,016,864</u>	<u>9,389,668</u>
	<u>(1,507,863)</u>	<u>2,695,096</u>

NET FINANCIAL ASSETS (LIABILITIES)

NON-FINANCIAL ASSETS

Prepaid Expenses	273,073	22,392
Tangible Capital Assets (Note 16)	<u>18,619,903</u>	<u>11,160,596</u>
	<u>18,892,976</u>	<u>11,182,988</u>

ACCUMULATED SURPLUS

\$ 17,385,113 \$ 13,878,084

Commitments and Contingent Liabilities **(Note 17)**

Approved by:



Chief



Councilor

HOMALCO FIRST NATION

Consolidated Statement of Operations

Year Ended March 31, 2024

	2024		
	Actual	Budget (Note 21)	2023 (Note 23)
Revenue			
Indigenous Services Canada	\$ 4,743,821	\$ 4,043,818	\$ 5,803,833
First Nations Health Authority	945,660	831,487	1,089,584
Province of British Columbia	2,795,980	950,000	1,706,248
Department of Fisheries and Oceans Canada	841,919	262,000	448,802
Canada Mortgage Housing Corporation	47,190	300,000	71,106
Ottawa Trust	1,031	-	1,036
British Columbia Treaty Commission	280,000	430,100	375,000
BC FN Gaming Revenue	535,202	432,000	369,570
Rental Income	514,045	297,000	289,263
First Peoples Cultural Council	525,851	-	190,981
Interest Income	337,902	120,000	155,383
Other Revenue	4,355,942	725,207	671,934
Income (Loss) from Government Business Entities	<u>799,290</u>	<u>-</u>	<u>41,559</u>
	<u>16,723,833</u>	<u>8,391,612</u>	<u>11,214,299</u>
Expenditures (Note 18)			
Band Government	5,177,271	1,778,876	3,082,502
Community Services	906,217	341,905	583,872
Social Services	1,530,842	1,540,939	1,328,625
Economic Development	2,012,782	1,255,552	1,519,533
Education	1,193,922	598,628	1,201,311
Health	1,087,516	1,341,036	1,141,460
Housing	1,093,824	838,500	1,165,319
Public Works	<u>214,430</u>	<u>289,965</u>	<u>249,831</u>
	<u>13,216,804</u>	<u>7,985,401</u>	<u>10,272,453</u>
Annual Surplus	\$ 3,507,029	\$ 406,211	\$ 941,846

HOMALCO FIRST NATION

Consolidated Statement of Accumulated Surplus

Year Ended March 31, 2024

	2024		
	Actual	Budget (Note 21)	2023 (Note 23)
Accumulated Surplus - Beginning of Year	\$ 13,878,084	\$ 13,878,084	\$ 12,936,238
Annual Surplus	<u>3,507,029</u>	<u>406,211</u>	<u>941,846</u>
Accumulated Surplus - End of Year	<u>\$ 17,385,113</u>	<u>\$ 14,284,295</u>	<u>\$ 13,878,084</u>

HOMALCO FIRST NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2024

2024

2023

(Note 23)

Annual Surplus	\$ 3,507,029	\$ 941,846
Tangible Capital Assets Purchased	(7,887,247)	(602,559)
Amortization of Tangible Capital Assets	427,940	385,630
Net Use (Acquisition) of Prepaid Assets	<u>(250,681)</u>	<u>19,277</u>
	<u>(7,709,988)</u>	<u>(197,652)</u>
Increase (Decrease) in Net Financial Assets	(4,202,959)	744,194
Net Financial Assets - Beginning of Year	<u>2,695,096</u>	<u>1,950,902</u>
Net Financial Assets (Liabilities) - End of Year	<u>\$ (1,507,863)</u>	<u>\$ 2,695,096</u>

HOMALCO FIRST NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2024

2024

2023

(Note 23)

Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	\$ 14,807,462	\$ 13,358,407
Cash Paid to Suppliers and Employees	<u>(12,952,208)</u>	<u>(9,767,673)</u>
	<u>1,855,254</u>	<u>3,590,734</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt	3,710,000	-
Repayment of Long Term Debt	<u>(193,795)</u>	<u>(46,200)</u>
	<u>3,516,205</u>	<u>(46,200)</u>

Cash Flows From Investing Activities:

Redemption of Funds Held in Trust	115,500	-
Investment in Government Business Enterprises	1	-
Investment in Term Deposit	(23,421)	-
Advances to Related Parties	(485,398)	(891,085)
Decrease in Ottawa Trust Funds	<u>1,036</u>	<u>37</u>
	<u>(392,282)</u>	<u>(891,048)</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(7,887,247)</u>	<u>(602,559)</u>
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Increase (Decrease) in Cash and Cash Equivalents	<u>(2,908,070)</u>	2,050,927
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Cash and Cash Equivalents - Beginning of Year	<u>5,912,889</u>	3,861,962
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Cash and Cash Equivalents - End of Year	<u>3,004,819</u>	5,912,889
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Cash and Cash Equivalents Consist of:

Cash	2,273,234	4,829,257
Restricted Cash	742,885	1,094,932
Bank Indebtedness	<u>(11,300)</u>	<u>(11,300)</u>
	<u>\$ 3,004,819</u>	<u>\$ 5,912,889</u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

1. Significant Accounting Policies:

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

b) Basis of Presentation

The consolidated financial statements include the accounts of Homalco First Nation (the "Nation") and the following entities:

Homalco Holdings Inc.
Homalco Wildlife Tours Inc.
0920618 BC Ltd.
1350673 BC Ltd.

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises and partnerships which meet the definition of government business enterprises (GBE's). These enterprises are included in the financial statements on a modified equity basis.

Under the modified equity method of accounting, only the Nation's investment in the business enterprises and partnerships and the enterprises' and partnerships' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises and partnerships that are different from those of the Nation, except that any other comprehensive income of the business enterprise and partnerships is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

Investments in the following partnership is accounted for by the modified equity method and, as such, the accounting policies of this enterprise are not adjusted to conform with those of the Nation:

Homalco Holdings Limited Partnership (99.99%)
Homalco Resources Management Limited Partnership (99.99%)
Aupe-Toq Fisheries Limited Partnership (49.95%)

c) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets and prepaid expenses. Intangible assets, and items inherited by right of the Crown, are not recognized in the financial statements.

d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, balances with banks and term deposits maturing less than three months after inception. Cash subject to restrictions that prevent its use for current purposes is reflected in restricted cash.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued):

e) Funds Held in Ottawa Trust Fund

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus.

f) Tangible Capital Assets

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is provided for using the following rates and methods:

Automobiles	30%	declining balance
Boats	5%	declining balance
Buildings	4%	declining balance
Computers	55%	declining balance
Equipment	20%	declining balance
Infrastructure	5%	declining balance
Hatchery	10%	declining balance
Band Housing	5%	declining balance

Tangible Capital Assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net writedowns are accounted for as expenses in the consolidated statement of operations.

g) Basis of Accounting for Revenue and Expenses

Restricted transfers from other governments are initially deferred to the extent that they contain a stipulation that gives rise to a liability. Amounts deferred are recognized as revenue in the period the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions are recorded in the year the contribution becomes receivable under the terms of the applicable funding agreement. Contributions that are specifically designated to fund expenses of a future period, or that are restricted and unspent at the end of a period, are deferred and recognized in the period in which the related expenses are incurred.

Rents, leases, contributions from non-government agreements, other fees, and interest are recognized as revenue in the period earned, when collection is reasonably assured.

Sales of goods and services are recognized as revenue in the period the good or service is provided to the recipient, and collection is reasonably assured.

Other economic activities represent activities of partnerships and enterprises controlled by the Nation. Revenues from economic activities consist of sales of goods and services, government transfers, management fees, and lease revenue. Expenses are recognized as they are incurred and measurable as a result of goods and services received and/or the creation of a legal obligation to pay.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued):

h) Measurement Uncertainty

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, and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of tangible capital assets, recoverability of investments and advances, accrued liabilities and the possibility of contingent liabilities. Actual results could differ from these estimates.

i) Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2024. As at March 31, 2024, no liability for contaminated sites exists.

j) Asset Retirement Obligation

The Nation recognizes a liability for an asset retirement obligation when there is 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.

k) Segment Disclosures

A segment is defined as a distinguishable activity or group of activities of the Nation, for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Nation has provided definitions used in Note 24 as well as presented financial information in segment format in Schedule 1.

2. Change in Accounting Policy:

Effective April 1, 2023, the Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 Revenue.

The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

3. Cash:

	<u>2024</u>	<u>2023</u>
Unrestricted		
Operating	\$ 2,028,194	\$ 3,634,714
Savings	<u>245,040</u>	<u>1,194,543</u>
	<u>\$ 2,273,234</u>	<u>\$ 4,829,257</u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

4. Restricted Cash:

Restricted Cash is comprised of the following:

	<u>2024</u>	<u>2023</u>
Treaty	\$ 426,119	\$ 793,709
Social Housing		
Operating	198,702	188,969
Replacement Reserve	<u>118,064</u>	<u>112,254</u>
	<u>316,766</u>	<u>301,223</u>
	<u><u>\$ 742,885</u></u>	<u><u>\$ 1,094,932</u></u>

5. Term Deposit:

The Term Deposit consists of a Guaranteed Investment Certificate ("GIC") balance which is accruing interest at 4.40% (2023 - 4.14%) per annum and matures on November 28, 2024.

6. Accounts Receivable:

	<u>2024</u>	<u>2023</u>
GST Receivable	\$ 210,770	\$ 121,007
Indigenous Services Canada	134,683	89,585
Nation Housing	103,624	106,624
Social Housing	781,374	751,865
Other	<u>1,175,080</u>	<u>1,191,654</u>
	<u>2,405,531</u>	<u>2,260,735</u>
Allowance for Doubtful Accounts	<u>(893,598)</u>	<u>(806,590)</u>
	<u><u>\$ 1,511,933</u></u>	<u><u>\$ 1,454,145</u></u>

7. Funds Held in Trust:

The term deposit held in trust represented security provided by the Nation for a loan from Tale'awtxw Aboriginal Capital Corporation (TACC) in the amount of \$170,000 to AUPE Cultural Enhancement Society (the "Society"), repayable to the Nation when the loan to TACC is fully repaid by the Society. This loan was repaid in the current year and the term deposit was returned.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

8. Federal Trust Funds:

	<u>2023</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2024</u>
Revenue	\$ 1,036	\$ -	\$ 1,036	\$ -

The Trust Funds Held by the Federal Government arise from monies derived from capital 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*. These funds were withdrawn in full during the year ending March 31, 2024.

9. Portfolio Investment:

The Nation's portfolio investment consists of the following:

	<u>2024</u>	<u>2023</u>
BC FN Gaming Revenue Sharing Limited Partnership	\$ 110	\$ 110

10. Investment in Government Business Partnerships:

The Nation's investment in a Government Business Partnerships consists of the following:

	<u>2024</u>	<u>2023</u>
Homalco Holdings Limited Partnership	\$ 2,596,435	\$ 2,263,728
Aupe-Toq Fisheries Limited Partnership	1,039,237	489,708
Homalco Resources Management Limited Partnership	<u>55,390</u>	<u>55,390</u>
	<u>\$ 3,691,062</u>	<u>\$ 2,808,826</u>

Homalco Holdings Limited Partnership has a January 31, 2024 year-end and Aupe-Toq Fisheries Limited Partnership and Homalco Resources Management Limited Partnership have a March 31, 2024 year-end. No significant transactions occurred between the year-end date of Homalco Holdings Limited Partnership and March 31, 2024 that were not captured within the financial statements. The above noted government business partnerships financial statements are unaudited.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

10. Investment in Government Business Partnerships (continued):

Summary financial information for the Nation's government business partnerships, accounted for using the modified equity method, is summarized as follows.

	Holdings Entities	Natural Resource Entities	Total 2024	Total 2023
Total Assets	\$ 4,710,956	\$ 3,097,773	\$ 7,808,729	\$ 4,492,754
Total Liabilities	2,574,069	983,049	3,557,118	717,104
Total Equity	2,136,887	2,114,724	4,251,611	3,775,650
Total Liabilities and Equity	\$ 4,710,956	\$ 3,097,773	\$ 7,808,729	\$ 4,492,754
Revenue	\$ 208,784	\$ 1,300,629	\$ 1,509,413	\$ 2,286,869
Expenses	6,148	200,471	206,619	75,329
Net Income	\$ 202,636	\$ 1,100,158	\$ 1,302,794	\$ 2,211,540

11. Advances to (from) Related Entities:

	2024	2023
AUPE Cultural Enhancement Society	\$ 153,830	\$ 51,000
Homalco Wildlife Tours Limited Partnership	71,702	485,380
Homalco Forestry Limited Partnership	383,562	373,477
Homalco Jeh Jeh Tenure Management Limited Partnership	508,724	508,189
0920618 BC Ltd.	1	1
Homathko Power Limited Partnership	(2,329)	(2,329)
Qaya Way West Limited Partnership	344,398	-
	\$ 1,980,461	\$ 1,495,063

Advances to (from) related Nation entities are unsecured, non-interest bearing and due on demand with the exception of loans described below. These entities are related by virtue of common control or joint control by the Nation.

The amount due from AUPE Cultural Enhancement Society includes \$51,000 lent in the year ending March 31, 2020 plus \$125,202 lent in the year ending March 31, 2024. These amounts are to be repaid over a five year period beginning in the year ending March 31, 2024 and maturing on July 1, 2028. This amount bears no interest and is unsecured.

Included in the amount due from Qaya Way West Transportation Limited Partnership is a loan in the amount of \$175,000. The loan bears interest at 5.40% per annum and is repayable in four installment payments of \$43,750 beginning on July 1, 2024.

Included in the amount due from Homalco Wildlife Tours Limited Partnership is a loan with a balance receivable of \$81,700. The loan bears no interest and is repayable in monthly payments of \$1,900.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

12. Bank Indebtedness:

	<u>2024</u>	<u>2023</u>
TD Canada Trust: line of credit, bearing interest at prime plus 1.00%	\$ 6,300	\$ 6,300
TD Canada Trust: operating line of credit, bearing no interest	<u>5,000</u>	<u>5,000</u>
	<u><u>\$ 11,300</u></u>	<u><u>\$ 11,300</u></u>

13. Accounts Payable:

	<u>2024</u>	<u>2023</u>
Indigenous Services Canada	\$ 196,456	\$ 196,456
Government Remittances	102,130	132,265
Wages Payable	84,359	27,880
Trade Payable	<u>1,154,609</u>	<u>1,010,669</u>
	<u><u>\$ 1,537,554</u></u>	<u><u>\$ 1,367,270</u></u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

14. Deferred Revenue:

	<u>2023</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2024</u>
Indigenous Services Canada:				
SA - Income Assistance	\$ 78,510	\$ 94,423	\$ 67,097	\$ 105,836
SA - Community Wellbeing	64,293	-	13,515	50,778
SA - Prevention Projects	65,265	-	103	65,162
SA - Enhanced Service Delivery	-	66,392	6,639	59,753
SA - CFS Prevention	-	586,500	94,638	491,862
Southgate	82,832	-	2,028	80,804
Edu. - Financial Assistance	-	4,311	431	3,880
Edu. - Guidance & Counselling	-	6,086	609	5,477
NGNF Membership	3,095	-	-	3,095
PW - Community Buildings	-	46,885	45,888	997
PW - Solid Waste	8,094	-	-	8,094
PW - Training - Fire Protection	-	5,100	510	4,590
Ec.Dev. - Infrastructure	1,064	70,807	46,360	25,511
Edu. - Private School	1,363	12,437	12,332	1,468
Edu. - Community Initiatives	118,490	-	105,574	12,916
SA - Needs Based Off Reserve	23,114	-	-	23,114
Gov. - Safe Communities	991,890	-	969,374	22,516
Water Systems	5,466	11,747	5,097	12,116
Wastewater Systems	-	10,500	6,925	3,575
Edu. - School Tuition	47,411	276,037	213,601	109,847
BC Capacity (Negotiation Prep)	57,830	-	57,830	-
Treaty Negotiations	<u>122,606</u>	<u>134,683</u>	<u>257,289</u>	<u>-</u>
	1,671,323	1,396,751	1,976,683	1,091,391
Province of BC	2,303,375	121,219	519,952	1,904,642
Ending Violence Association of BC	123,238	-	123,238	-
New Relationship Trust	159,877	240,103	399,980	-
Other	<u>27,876</u>	<u>230,520</u>	<u>28,033</u>	<u>230,363</u>
	<u>\$ 4,285,689</u>	<u>\$ 1,988,593</u>	<u>\$ 3,047,886</u>	<u>\$ 3,226,396</u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

15. Long Term Debt:

	<u>2024</u>	<u>2023</u>
TD Canada Trust Loan: Repayable at \$2,115 per month plus interest at prime plus 0.50% per annum; maturing October 15, 2027; secured by a general security agreement	\$ 90,954	\$ 116,337
All Nations Trust Company: Repayable at \$2,324 per month including interest at 1.01% per annum; maturing and renewing July 1, 2026; secured by a guarantee by the Nation and the Government of Canada	64,425	91,462
All Nations Trust Company: Repayable at \$2,732 per month including interest at 3.04% per annum; maturing June 1, 2032 and renewing June 1, 2027; secured by a guarantee by the Nation and the Government of Canada	240,170	264,682
All Nations Trust Company: Repayable at \$3,184 per month including interest at 0.68% per annum; maturing October 1, 2045 and renewing October 1, 2025; secured by a guarantee by the Nation and the Government of Canada	767,851	800,281
CIBC: Non-revolving demand installment loan, repayable at \$15,601 per month including interest at prime minus 0.25% per annum commencing on April 2024 and maturing December 1, 2038; secured by a general security agreement and a guarantee by the Nation	2,390,000	2,452,647
CIBC: Non-revolving demand installment loan, repayable at \$28,652 per month including interest at prime minus 0.25% per annum commencing on January 31, 2024 and maturing December 1, 2034; secured by a general security agreement and a guarantee by the Nation	3,688,214	-
	<u>\$ 7,241,614</u>	<u>\$ 3,725,409</u>

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

15. Long Term Debt (continued):

Interest paid or accrued on long term debt for the year ended March 31, 2024 is \$226,906 (2023 - \$126,727).

Principal repayments within each of the next five years and beyond, should the repayment terms and interest rates remain consistent with those at March 31, 2024, are estimated to be as follows:

2025	\$246,989
2026	261,175
2027	253,686
2028	244,445
2029 and beyond	6,235,319

16. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2024	2023
Land	\$ 3,524,367	\$ 5,455,537	\$ -	\$ 8,979,904	\$ -	\$ -	\$ -	\$ -	\$ 8,979,904	\$ 3,524,367
Automobiles	250,082	20,253	-	270,335	149,867	32,590	-	182,457	87,878	100,215
Boats	133,954	600,000	-	733,954	117,476	15,830	-	133,306	600,648	16,478
Buildings	4,789,583	70,500	-	4,860,083	1,891,268	114,190	-	2,005,458	2,854,625	2,898,315
Computers	39,247	-	-	39,247	38,806	441	-	39,247	-	441
Equipment	727,245	227,691	-	954,936	629,228	46,989	-	676,217	278,719	98,017
Infrastructure	5,393,392	-	-	5,393,392	4,041,000	67,620	-	4,108,620	1,284,772	1,352,392
Hatchery	466,149	-	-	466,149	219,216	24,700	-	243,916	222,233	246,933
Band Housing	6,699,764	-	-	6,699,764	4,188,507	125,580	-	4,314,087	2,385,677	2,511,257
Work in Progress	412,181	1,513,266	-	1,925,447	-	-	-	-	1,925,447	412,181
Total	\$ 22,435,964	\$ 7,887,247	\$ -	\$ 30,323,211	\$ 11,275,368	\$ 427,940	\$ -	\$ 11,703,308	\$ 18,619,903	\$ 11,160,596

17. Commitments and Contingent Liabilities:

- a) The Nation has entered into contribution agreements with various Federal Government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.
- b) The Nation may be contingently liable for \$1,479,232 (2023 - \$494,619) with respect to its guarantee of loans made by Canada Mortgage and Housing Corporation to band members for homes built on reserve.
- c) The Nation may be contingently liable for \$328,331 in ISC recoveries as part of a forensic audit recovery related to the period covering April 2012 to November 2017. These recoveries are still under negotiation with ISC.
- d) The Nation may be contingently liable with respect to a guarantee and postponement of claim to secure a loan in the amount of \$1,710,025 from TACC to the Qaya Way West Transportation LP.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

18. Schedule of Expenses by Object:

	<u>2024</u>	<u>2023</u>
Administration Fees	\$ 370,601	\$ 693,813
Amortization	427,940	385,630
Bad Debts	87,009	107,851
Bank Charges and Interest	28,320	19,157
Community Events	259,651	179,850
Distributions	293,650	219,000
Food Supplies	187,801	145,577
Freight	65,396	9,052
Fuel	37,870	91,540
Funeral	76,028	54,086
Honoraria	115,410	122,980
Insurance	207,793	128,193
Interest on Long Term Debt	226,906	126,727
Meetings and Workshops	78,651	57,218
Membership	331,034	65,325
Office	30,766	13,263
Patient Travel	67,233	35,842
Professional Fees	1,711,378	1,518,064
Rent	46,195	98,562
Repairs and Maintenance	1,106,621	696,142
School District Fees	128,393	57,436
Social Assistance	1,246,967	1,162,844
Supplies	397,962	299,645
Student Allowances	454,147	403,752
Telephone and Internet	90,008	131,107
Training	365,252	15,440
Travel	656,307	334,897
Tuition	303,240	136,083
Utilities	143,710	181,201
Wages and Benefits	3,674,565	2,782,176
	<u>\$ 13,216,804</u>	<u>\$ 10,272,453</u>

19. Related Party Transactions:

During the year ending March 31, 2024, the Nation purchased a boat from Homalco Wildlife Tours Limited Partnership for \$600,000.

The Nation is related to Homalco Wildlife Tours Limited Partnership through its holdings of Homalco Holdings Inc. and Homalco Holdings Limited Partnership, which holds partnership units of Homalco Wildlife Tours Limited Partnership. Homalco Holdings Inc. and Homalco Holdings Limited Partnership are controlled by the Nation.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

20. Economic Dependence:

The Nation receives a significant portion of its revenues from Indigenous Services Canada (ISC) as a result of agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations as it currently does is dependant upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

21. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council and have not been audited.

22. Subsequent Events:

Loan

On November 21, 2023, the Nation was approved for a loan in the amount of \$693,000 from TACC. This loan was disbursed in installments beginning April 2, 2024, which will increase the Nation's Long Term Debt balance in the year ending March 31, 2025. This loan was obtained to finance the acquisition of two boats during the year ending March 31, 2024.

Daycare Construction

On July 12, 2024, the Nation was approved for funding up to \$9,580,622 for the construction of a daycare. The initial advance of \$3,832,249 was received by the Nation on July 26, 2024. This will increase the revenue and tangible capital assets of the Nation for the year ending March 31, 2025.

Change in Organizational Structure

Subsequent to March 31, 2024, the Nation completed the conversion of Qaya Way West Transportation Limited Partnership and Homalco Wildlife Tours Limited Partnership into Limited Liability Partnerships. Further, the Limited Partnership units of these Partnerships were held by Homalco Holdings Limited Partnership at March 31, 2024; once the conversion is completed, these units will be held directly by the Nation. This will result in the Limited Liability Partnerships becoming Government Business Entities reported in the Nation under the modified equity method.

23. Prior Period Adjustment:

In the year ending March 31, 2024, it was identified that the Nation's investment in Aupe-Toq Fisheries Limited Partnership had not been recorded in the comparative figures for the year ending March 31, 2023. The Nation recorded a prior period adjustment to recognize the investment and the related investment income for the previous year. The adjustment had the following effect on the comparative figure for the year ending March 31, 2023:

	As Previously Stated	Adjustment	As Restated
Investments in Government Business Partnerships	2,319,118	489,708	2,808,826
Income (Loss) from Government Business Entities	(448,149)	489,708	41,559
Accumulated Surplus	13,388,376	489,708	13,878,084

Additionally, certain prior year figures have been reclassified, where necessary, to conform with the current year's presentation.

HOMALCO FIRST NATION

Notes to the Consolidated Financial Statements

March 31, 2024

24. Segment Disclosure:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

Band Government:

Band Government contains activities that are needed to manage and administer the Nation's operations.

Community Services:

Community Services contain all activities that relate to the operations, maintenance, development, construction and financing of buildings, infrastructure and the land of the Nation.

Economic Development:

Economic Development contains activities that are involved in the development and operation of economic opportunities.

Education:

Education contains activities that provide education and facilitate educational opportunities to members for primary and secondary schooling and adult vocational training.

Health:

Health contains activities that provide health services, medical services, financial support or support by other means to members that is aimed at developing both the individual as well as the community.

Housing:

Housing contains activities that relate to on reserve housing.

Public Works:

Public Works contains activities that relate to the maintenance, servicing, and monitoring of community infrastructure and systems.

Social Services:

Social Services contains activities that relate to the support and assistance of children, families and individuals in need.

HOMALCO FIRST NATION

Schedule 1 - Consolidated Segment Disclosure

March 31, 2024

	Band Government	Community Services	Economic Development	Education	Health	Housing	Public Works	Social Services	Consolidated Total
Revenue									
ISC	\$ 1,687,821	\$ 341,905	\$ 68,983	\$ 568,602	\$ -	\$ 153,059	\$ 209,128	\$ 1,714,323	\$ 4,743,821
FNHA	1,000	-	-	-	944,660	-	-	-	945,660
Province of BC	289,001	471,682	1,789,133	191,164	25,000	-	-	30,000	2,795,980
Other	<u>1,693,629</u>	<u>1,957,102</u>	<u>2,476,006</u>	<u>581,882</u>	<u>155,876</u>	<u>1,366,312</u>	<u>-</u>	<u>7,565</u>	<u>8,238,372</u>
	<u>3,671,451</u>	<u>2,770,689</u>	<u>4,334,122</u>	<u>1,341,648</u>	<u>1,125,536</u>	<u>1,519,371</u>	<u>209,128</u>	<u>1,751,888</u>	<u>16,723,833</u>
Expenses									
Amortization	341,720	-	-	-	-	86,220	-	-	427,940
Materials and Supplies	110,361	13,670	181,661	36,295	24,505	13,961	7,384	10,125	397,962
Professional Fees	997,698	188,609	312,048	12,330	90,267	50,673	25,441	34,312	1,711,378
Wages and Benefits	1,612,030	254,576	761,465	142,838	642,590	147,933	124	113,009	3,674,565
Other	<u>2,115,462</u>	<u>449,362</u>	<u>757,608</u>	<u>1,002,459</u>	<u>330,154</u>	<u>795,037</u>	<u>181,481</u>	<u>1,373,396</u>	<u>7,004,959</u>
	<u>5,177,271</u>	<u>906,217</u>	<u>2,012,782</u>	<u>1,193,922</u>	<u>1,087,516</u>	<u>1,093,824</u>	<u>214,430</u>	<u>1,530,842</u>	<u>13,216,804</u>
Annual Surplus (Deficit)	\$ (1,505,820)	\$ 1,864,472	\$ 2,321,340	\$ 147,726	\$ 38,020	\$ 425,547	\$ (5,302)	\$ 221,046	\$ 3,507,029

March 31, 2023

	Band Government	Community Services	Economic Development	Education	Health	Housing	Public Works	Social Services	Consolidated Total
Revenue									
ISC	\$ 725,558	\$ 331,913	\$ 254,627	\$ 1,835,381	\$ -	\$ 297,920	\$ 223,568	\$ 2,134,866	\$ 5,803,833
FNHA	-	-	-	-	1,089,584	-	-	-	1,089,584
Province of BC	37,281	298,984	1,268,483	16,000	25,500	-	-	60,000	1,706,248
Other	<u>959,052</u>	<u>34,753</u>	<u>942,578</u>	<u>21,453</u>	<u>221,219</u>	<u>434,595</u>	<u>-</u>	<u>984</u>	<u>2,614,634</u>
	<u>1,721,891</u>	<u>665,650</u>	<u>2,465,688</u>	<u>1,872,834</u>	<u>1,336,303</u>	<u>732,515</u>	<u>223,568</u>	<u>2,195,850</u>	<u>11,214,299</u>
Expenses									
Amortization	294,870	-	-	-	-	90,760	-	-	385,630
Materials and Supplies	67,773	4,338	94,804	49,978	20,904	46,808	6,777	7,825	299,207
Professional Fees	534,036	214,655	351,554	2,590	204,399	120,058	70,563	-	1,497,855
Wages and Benefits	1,062,987	164,358	551,925	81,025	590,876	213,112	3,385	114,508	2,782,176
Other	<u>1,122,836</u>	<u>200,521</u>	<u>521,250</u>	<u>1,067,718</u>	<u>325,281</u>	<u>694,581</u>	<u>169,106</u>	<u>1,206,292</u>	<u>5,307,585</u>
	<u>3,082,502</u>	<u>583,872</u>	<u>1,519,533</u>	<u>1,201,311</u>	<u>1,141,460</u>	<u>1,165,319</u>	<u>249,831</u>	<u>1,328,625</u>	<u>10,272,453</u>
Annual Surplus (Deficit)	\$ (1,360,611)	\$ 81,778	\$ 946,155	\$ 671,523	\$ 194,843	\$ (432,804)	\$ (26,263)	\$ 867,225	\$ 941,846