

# **KLAHOOSE FIRST NATION**

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## **CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2023**

# KLAHOOSE FIRST NATION

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## CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **March 31, 2023**

The accompanying consolidated financial statements of Klahoose First Nation and all the information in this annual report for the year ended March 31, 2023 are the responsibility of management and have been approved by the Chief and Council.

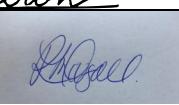
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Klahoose First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately accounted for and adequately safeguarded.

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

The Finance and Audit Committee reviews the Nation's financial statements and recommends their approval. The Finance and Audit Committee 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 annual report, the consolidated financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc. has full access to the books and records of the Nation. Reid Hurst Nagy Inc. has full and free access to the Council for information purposes.

*B. Brown*  
\_\_\_\_\_  
Chief  
  
\_\_\_\_\_  
Councillor

July 28, 2023  
\_\_\_\_\_  
Date  
**2023-07-28**  
\_\_\_\_\_  
Date

## Independent Auditors' Report

To the Members of  
**Klahoose First Nation**

*Opinion*

We have audited the consolidated financial statements of Klahoose First Nation, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, change 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Public Sector Accounting Standards (PSAS).

*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 First 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 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 First 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 either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First 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 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 First 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 First 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 First 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.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.  
JULY 28, 2023

# KLAHOOSE FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<u>As at March 31</u>	<u>2023</u>	<u>2022</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 10,243,439	\$ 5,660,730
Restricted cash (Note 7)	975,367	1,077,063
Accounts receivable (Note 8)	1,437,401	1,313,642
Due from First Nation Controlled Entities (Note 2)	944,284	60
Investment in government businesses (Notes 9 and 19)	44,390,341	21,195,294
	<hr/> <b>57,990,832</b>	<hr/> <b>29,246,789</b>
<b>LIABILITIES</b>		
Accounts payable (Note 11)	1,770,616	306,118
Deferred revenue (Note 12)	3,904,110	1,725,906
Long-term debt (Note 13)	410,044	458,612
Replacement Reserve Fund (Note 15)	-	168,264
	<hr/> <b>6,084,770</b>	<hr/> <b>2,658,900</b>
<b>NET FINANCIAL ASSETS</b>	<b>51,906,062</b>	<b>26,587,889</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 14)	13,627,583	13,434,497
Prepaid expenses (Note 16)	1,870,168	197,237
Inventory	4,275	2,614
	<hr/> <b>15,502,026</b>	<hr/> <b>13,634,348</b>
<b>ACCUMULATED SURPLUS (Note 17)</b>	<b>\$ 67,408,088</b>	<b>\$ 40,222,237</b>

### APPROVED ON BEHALF OF THE KLAHOOSE FIRST NATION

J. Brown, Chief

R. Bell, Councillor

# KLAHOOSE FIRST NATION

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31	2023 Budget	2023 Actual	2022
<b>ANNUAL SURPLUS</b>	\$ 1,653,575	\$ 27,185,851	\$ 2,075,740
Acquisition of tangible capital assets	-	(1,252,485)	(689,901)
<u>Amortization of tangible capital assets</u>	<u>-</u>	<u>1,059,399</u>	<u>999,997</u>
	-	(193,086)	310,096
Acquisition of prepaid asset	(1,672,931)	(1,870,168)	(197,237)
<u>Use of prepaid asset</u>	<u>-</u>	<u>197,237</u>	<u>28,042</u>
	(1,672,931)	(1,672,931)	(169,195)
Acquisition of inventory	(1,661)	(4,275)	(2,614)
<u>Use of inventory</u>	<u>-</u>	<u>2,614</u>	<u>5,472</u>
	(1,661)	(1,661)	2,858
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>(21,017)</b>	<b>25,318,173</b>	<b>2,219,499</b>
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	<b>-</b>	<b>26,587,889</b>	<b>24,368,390</b>
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ 51,906,062</b>	<b>\$ 26,587,889</b>

# KLAHOOSE FIRST NATION

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
<b>REVENUE</b>			
Indigenous Services Canada	\$ 804,049	\$ 5,864,072	\$ 2,647,107
Canada Mortgage and Housing Corporation subsidies	-	2,651	7,952
Forestry	13,476,600	11,532,077	640,312
Cigarette sales	24,000	34,682	38,097
Department of Fisheries and Oceans	135,596	160,677	130,114
First Nations Health Authority	513,243	708,344	671,086
Interest	11,100	79,199	29,242
Other	167,159	639,600	654,525
Province of BC	610,000	3,412,825	1,691,032
Rental	110,400	159,466	130,170
Revenue sharing	1,981,500	1,821,489	2,251,450
Road use agreement	-	161,975	-
Share of income of First Nation Controlled Entities	-	23,345,047	519,460
British Columbia Treaty Commission	217,029	294,529	250,834
	18,050,676	<b>48,216,633</b>	9,661,381
<b>EXPENSES</b>			
Band Programs	1,553,464	2,603,942	2,605,662
Education	360,421	396,360	448,821
Job creation	12,052,112	9,647,924	1,001,942
Health	551,460	582,108	615,549
Social development	51,480	622,513	539,448
Capital	721,660	766,107	592,434
Social housing	-	16,083	32,493
Capital fund	-	1,052,729	984,211
First Nation Negotiation Support Agreement Fund	298,289	135,831	212,117
Enterprise Fund	-	-	-
	15,588,886	<b>15,823,597</b>	7,032,677
<b>ANNUAL SURPLUS BEFORE OTHER ITEMS</b>	1,292,339	<b>32,393,036</b>	2,628,704
<b>OTHER ITEMS</b>			
Transfer of matured housing equity	-	166,019	-
Transfer to deferred revenue	-	(7,099,110)	(1,725,906)
Transfer from deferred revenue	361,236	<b>1,725,906</b>	1,172,942
	361,236	<b>(5,207,185)</b>	(552,964)
<b>ANNUAL SURPLUS</b>	1,653,575	<b>27,185,851</b>	2,075,740
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	-	<b>40,222,237</b>	38,146,497
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	\$ 1,653,575	<b>\$ 67,408,088</b>	\$ 40,222,237

# KLAHOOSE FIRST NATION

## CONSOLIDATED STATEMENT OF CASH FLOWS

<u>For the year ended March 31, 2023</u>	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 27,185,851	\$ 2,075,740
Items not affecting cash		
Amortization	1,059,399	999,997
Share of income of First Nation controlled entities	(23,344,547)	(519,463)
	4,900,703	2,556,274
Change in non-cash operating net assets	1,676,087	(655,922)
	6,576,790	1,900,352
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,252,485)	(689,902)
<b>FINANCING ACTIVITIES</b>		
Advances to First Nation Controlled Entities	(944,224)	-
Principal repayment of long-term debt	(48,568)	(69,521)
	(992,792)	(69,521)
<b>INVESTING ACTIVITIES</b>		
Acquisition of interest in First Nation controlled entities	(500)	-
Distributions from First Nation controlled entities	150,000	-
Change in restricted cash	101,696	(125,298)
	251,196	(125,298)
<b>CHANGES IN CASH DURING THE YEAR</b>	<b>4,582,709</b>	1,015,631
<b>CASH, BEGINNING OF YEAR</b>	<b>5,660,730</b>	4,645,099
<b>CASH, END OF YEAR</b>	<b>\$ 10,243,439</b>	\$ 5,660,730

# KLAHOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### (a) Reporting Entity

The Klahoose First Nation reporting entity includes the Klahoose First Nation government and all related entities that are controlled by the First Nation.

#### (b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Klahoose First Nation's investment in the government business and the business' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Klahoose First Nation.

Segments consolidated in Klahoose First Nation's financial statements include:

1. Klahoose First Nation Operating Fund
2. Klahoose First Nation Social Housing Fund
3. Klahoose First Nation Capital Fund
4. Klahoose First Nation Trust Fund
5. Klahoose First Nation Negotiation Support Agreement Fund
6. Klahoose First Nation Enterprise Fund

Organizations accounted for on a modified equity basis include:

7. Qathen Xwegus Management Corporation
8. Klahoose Investment Limited Partnership
9. Klahoose Forestry No.2 Limited Partnership
10. Aupe -Toq Fisheries Limited Partnership

#### (c) Fund Accounting

The Klahoose First Nation maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The First Nation Negotiation Support Agreement Fund which reports activity regarding the First Nation's Negotiation Support Agreement.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

# KLAHOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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

#### (d) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

#### (e) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

#### (f) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

#### (g) Long-term Debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Entry is made to eliminate the revenue and expenditures on the consolidated basis. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Tangible Capital Assets.

#### (h) Liability for contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) Klahoose First Nation is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2022 and 2023, no liability for contaminated sites has been recorded.

# KLAHOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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

#### (i) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to 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, may be consumed in normal operations and are not for resale. Non-financial assets include tangible assets, prepaid expenses and inventory of supplies.

#### (j) 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 and are capitalized in the Capital Fund. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Klahoose First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years Straight line
Automotive equipment	5 years Straight line
Computer equipment	5 years Straight line
Equipment	5 years Straight line
Dock	10 years Straight line
Infrastructure	20 years Straight line

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

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

#### (k) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

#### (l) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

# KLAHOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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

#### (m) Use of Estimates

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include collectibility of accounts receivable, useful life of tangible capital assets, wages payable, and accounts payables and accruals. Actual results could differ from these estimates.

#### (n) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

#### (o) Financial Instruments

##### *Measurement of financial instruments*

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, accounts receivable and advances to related parties.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, notes payable, government remittance payable, amounts due to/from related parties.

No financial assets are designated to be measured at fair value.

##### *Impairment*

For financial assets measured at cost or amortized cost, the First Nation determines whether there are indications of possible impairment. When there is an indication of impairment, and the partnership determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

##### *Transaction costs*

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

# KLAHOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 2. DUE FROM FIRST NATION CONTROLLED ENTITIES

The amounts due from first nation controlled entities bear no interest with no specific terms of repayment.

	2023	2022
Klahoose Forestry Limited Partnership	\$ 944,224	\$ -
Klahoose Forestry No.2 Limited Partnership	60	60
	<b>\$ 944,284</b>	<b>\$ 60</b>

### 3. RELATED PARTY TRANSACTIONS

Transactions with related parties, if any, are in the normal course of business, and are for fair consideration that is mutually agreed upon by the related parties.

### 4. BUDGET

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Council.

### 5. ECONOMIC DEPENDENCE

Klahoose First Nation receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by the Klahoose First Nation and Indigenous Services Canada. It is expected that the agreement will be renewed on an annual basis.

The Band also receives major funding pursuant to an arrangement with the First Nations Health Authority and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

### 6. YOUTH TRUST FUND

The Youth Trust Fund holds distribution payments in trust for youth until the age of maturity. Klahoose First Nation is the trustee of the Youth Trust Fund. These funds are neither an asset nor a liability of Klahoose First Nation and accordingly are not reflected in the accompanying financial statements.

	2023	2022
Opening trust fund balance	\$ 1,267,220	\$ 1,154,420
Contribution during the year	129,000	144,000
Interest income	24,117	9,768
Distribution during the year	(167,776)	(40,968)
Ending trust fund balance	<b>\$ 1,252,561</b>	<b>\$ 1,267,220</b>

# KLAHOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 7. RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the year end date, the Fund is zero and the balance has been transferred to the band's operating fund upon the maturity of the phase (2022 - overfunded by \$38,327).

Ottawa Trust Funds:

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	2023	2022
Replacement Reserve Fund - restricted cash	\$ -	\$ 206,591
Ottawa Trust Funds - restricted cash	\$ 662,787	\$ 641,994
First Nation Negotiation Support Agreement Fund - restricted cash	\$ 312,580	\$ 228,478
	<b>\$ 975,367</b>	<b>\$ 1,077,063</b>

### 8. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable - general	\$ 103,364	\$ 409,065
Indigenous Services Canada	\$ 708,724	\$ 388,859
Fisheries and Oceans Canada	\$ 158,677	\$ -
First Nations Health Authority	\$ -	\$ 487
Province of British Columbia	\$ 477,236	\$ 498,084
Rent receivables	\$ 227,363	\$ 197,302
	<b>\$ 1,675,364</b>	<b>\$ 1,493,797</b>
Allowance for doubtful accounts	(237,963)	(187,240)
	<b>\$ 1,437,401</b>	<b>\$ 1,313,642</b>

# KLAHOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

### 9. INVESTMENT IN GOVERNMENT BUSINESSES

	<b>2023</b>	<b>2022</b>
Investment in Qathen Xwegus Management Corporation		
Shares	\$ 1	\$ 1
Accumulated deficit in earnings	(4,385,002)	(3,989,406)
	<b>(4,385,001)</b>	(3,989,405)
Investment in Klahoose Investment Limited Partnership		
Accumulated equity in earnings	<b>48,005,485</b>	24,881,123
	<b>48,005,485</b>	24,881,123
Investment in Aupe -Toq Fisheries Limited Partnership		
Accumulated equity in earnings	<b>489,708</b>	-
	<b>489,708</b>	-
Investment in Klahoose Forestry No.2 Limited Partnership		
Accumulated equity (deficit) in earnings	<b>280,039</b>	303,466
Investment in BC First Nations Gaming Fund		
Shares	10	10
Partnership interest	100	100
	<b>110</b>	110
	<b>\$ 44,390,341</b>	<b>\$ 21,195,294</b>

# KLAHOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 10. GOVERNMENT BUSINESSES

Commercial enterprises are those organizations that meet the definition of government businesses as described by the Public Sector Accounting Board of CPA Canada. Government businesses have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

	Qathen Xwegus Management Corporation (100%)	Klahoose Investment Limited Partnership (99.99%)	Klahoose Forestry No.2 Limited Partnership (99.99%)	Aupe-Toq Fisheries Limited Partnership (49.95%)	2023 Total
Cash	\$ 75,876	\$ 8,518	\$ 312	\$ 77,144	\$ 161,850
Accounts receivable	72,039	-	-	59,642	131,681
Prepaid expense	14,390	-	-	-	14,390
Marketable securities	-	8,337,191	-	-	8,337,191
Tangible capital assets	58,501	-	-	-	58,501
Investments	10,181	29,031,592	311,560	-	29,353,333
Due from related party	6,123	10,632,555	-	-	10,638,678
Intangible assets	-	-	-	1,308,784	1,308,784
<b>Total assets</b>	<b>\$ 237,110</b>	<b>\$ 48,009,856</b>	<b>\$ 311,872</b>	<b>\$ 1,445,570</b>	<b>\$ 50,004,408</b>
Accounts payable	\$ 65,262	\$ -	\$ -	\$ 14,108	\$ 79,370
Due to related parties	4,546,899	-	32,200	-	4,579,099
Bank loan	-	-	-	451,066	451,066
Other liabilities	9,951	-	-	-	9,951
<b>Total liabilities</b>	<b>4,622,112</b>	<b>-</b>	<b>32,200</b>	<b>465,174</b>	<b>5,119,486</b>
<b>Equity</b>	<b>(4,385,002)</b>	<b>48,009,856</b>	<b>279,672</b>	<b>980,396</b>	<b>44,884,922</b>
<b>Total liabilities and equity</b>	<b>\$ 237,110</b>	<b>\$ 48,009,856</b>	<b>\$ 311,872</b>	<b>\$ 1,445,570</b>	<b>\$ 50,004,408</b>
	Qathen Xwegus Management Corporation (100%)	Klahoose Investment Limited Partnership (99.99%)	Klahoose Forestry No.2 Limited Partnership (99.99%)	Aupe-Toq Fisheries Limited Partnership (49.95%)	2023 Total
Revenue	\$ 274,603	\$ 23,193,410	\$ 129,661	\$ 1,045,341	\$ 24,643,015
Expenses	670,199	66,735	3,075	65,946	805,955
	<b>\$ (395,596)</b>	<b>\$ 23,126,675</b>	<b>\$ 126,586</b>	<b>\$ 979,395</b>	<b>\$ 23,837,060</b>

# KLAHOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 11. ACCOUNTS PAYABLE

	2023	2022
Accounts payable - general	\$ 1,605,959	\$ 189,702
GST/HST payable	68,945	-
School District #72	50,186	25,711
Wages and benefits payable	45,526	90,705
	<b>\$ 1,770,616</b>	<b>\$ 306,118</b>

### 12. DEFERRED REVENUE

	March 31, 2022	Funding received, 2023	Revenue recognized, 2023	March 31, 2023
Indigenous Services Canada	\$ 953,745	\$ 2,590,494	\$ (873,382)	\$ 2,670,857
Province of BC - Gaming Revenue	493,419	788,478	(177,478)	1,104,419
Province of BC - other	278,742	35,000	(184,908)	128,834
	<b>\$ 1,725,906</b>	<b>\$ 3,413,972</b>	<b>\$ (1,235,768)</b>	<b>\$ 3,904,110</b>

### 13. LONG-TERM DEBT

	2023	2022
Bank of Montreal - repayable in monthly installments of \$1,748 including interest at prime plus 1.75% per annum. Secured by a general security agreement.	\$ 64,471	\$ 80,474
Bank of Montreal - repayable in monthly installments of \$3,986 including interest at prime plus 1% per annum. Secured by a general security agreement.	345,573	371,469
All Nations Trust Company - loan was repaid in full during the year.	-	6,669
	<b>\$ 410,044</b>	<b>\$ 458,612</b>

Principal portion of long-term debt due within the next five years:

2024	\$ 38,140
2025	41,360
2026	44,800
2027	39,371
2028 and thereafter	246,373
	<b>\$ 410,044</b>

# KLAHOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 14. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				2023 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Buildings	\$ 10,803,533	\$ 842,080	\$ 107,797	\$ 11,753,410	\$ 6,735,352	\$ 949,210	\$ 107,797	\$ 7,792,359	\$ 3,961,051
Automotive equipment	225,597	209,960	-	435,557	95,222	43,391	-	138,613	296,944
Equipment	822,808	224,256	-	1,047,064	457,187	148,495	-	605,682	441,382
Dock	383,869	(65,000)	-	318,869	318,490	379	-	318,869	-
Assets under construction	1,385,777	(13,791)	-	1,371,986	-	-	-	-	1,371,986
Infrastructure	7,844,269	-	(323,391)	7,520,878	1,223,437	376,044	(323,391)	1,276,090	6,244,788
Land	798,332	513,100	-	1,311,432	-	-	-	-	1,311,432
Social housing	458,120	(458,120)	-	-	458,120	(458,120)	-	-	-
	<b>\$ 22,722,305</b>	<b>\$ 1,252,485</b>	<b>\$ (215,594)</b>	<b>\$ 23,759,196</b>	<b>\$ 9,287,808</b>	<b>\$ 1,059,399</b>	<b>\$ (215,594)</b>	<b>\$ 10,131,613</b>	<b>\$ 13,627,583</b>
	Cost				Accumulated amortization				2022 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Buildings	\$ 10,803,533	\$ -	\$ -	\$ 10,803,533	\$ 6,263,461	\$ 471,891	\$ -	\$ 6,735,352	\$ 4,068,181
Automotive equipment	217,597	8,000	-	225,597	53,663	41,559	-	95,222	130,375
Equipment	755,648	67,160	-	822,808	347,443	109,744	-	457,187	365,621
Dock	318,869	65,000	-	383,869	317,731	759	-	318,490	65,379
Assets under construction	836,035	549,742	-	1,385,777	-	-	-	-	1,385,777
Infrastructure	7,844,269	-	-	7,844,269	847,393	376,044	-	1,223,437	6,620,832
Land	798,332	-	-	798,332	-	-	-	-	798,332
Social housing	458,120	-	-	458,120	458,120	-	-	458,120	-
	<b>\$ 22,032,403</b>	<b>\$ 689,902</b>	<b>\$ -</b>	<b>\$ 22,722,305</b>	<b>\$ 8,287,811</b>	<b>\$ 999,997</b>	<b>\$ -</b>	<b>\$ 9,287,808</b>	<b>\$ 13,434,497</b>

# KLAHOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

### 15. REPLACEMENT RESERVE FUND

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the homes.

	2023	2022
Balance, beginning of year	\$ 168,264	\$ 144,019
Contributions, required during the year	2,146	6,439
Withdrawals	(5,025)	(14,867)
Interest	633	675
Supplemental funding	-	31,998
Transfer of matured unit equity	(166,018)	-
	\$ -	\$ 168,264

### 16. PREPAID EXPENSES

Expenses paid during the year that are related to future periods have been recorded as prepaid expenses as following:

	2023	2022
Forestry operation	\$ 1,818,961	\$ 156,921
Insurance	46,402	34,323
Other	4,805	5,993
	\$ 1,870,168	\$ 197,237

### 17. ACCUMULATED SURPLUS

	2023	2022
Unrestricted		
Operating Fund	\$ 9,011,461	\$ 5,353,508
Capital Fund	13,217,539	12,629,355
Enterprise Fund	44,390,341	21,195,294
	\$ 66,619,341	\$ 39,178,157
Restricted		
Social Housing	-	320,824
Ottawa Trust Fund	662,787	641,994
First Nation Negotiation Support Agreement Fund	125,960	81,262
	\$ 788,747	\$ 1,044,080
	<b>\$ 67,408,088</b>	<b>\$ 40,222,237</b>

# KLAHOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION

As previously discussed in note 1 (e) the First Nation conducts its business through reportable segments as follows:

The Band Programs department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs, it also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Job Creation supports the development of employment opportunities for members of the First Nation.

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Ottawa Trust Fund, First Nation Negotiation Support Agreement Fund and Enterprise Fund transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

# KLAHOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	Band Programs		Education		Job Creation				
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 255,931	\$ 700,528	\$ 869,959	\$ 310,421	\$ 323,065	\$ 320,454	\$ 48,019	\$ 22,493	\$ 48,567
First Nations Health Authority	-	-	-	-	-	-	-	7,550	81,210
Province of BC	610,000	1,427,825	893,617	-	-	-	-	35,000	224,942
Rental income	110,400	154,996	112,290	-	-	-	-	-	-
Interest income	11,100	57,626	15,301	-	-	-	-	-	-
Revenue sharing	1,981,500	1,821,489	2,251,450	-	-	-	-	-	-
Road use agreement	-	161,975	-	-	-	-	-	-	-
Other revenue	143,933	497,563	263,870	-	68,922	90,891	13,612,196	11,761,250	930,601
<b>Total revenue</b>	<b>3,112,864</b>	<b>4,822,002</b>	<b>4,406,487</b>	<b>310,421</b>	<b>391,987</b>	<b>411,345</b>	<b>13,660,215</b>	<b>11,826,293</b>	<b>1,285,320</b>
<b>Expenses</b>									
Capital	-	-	-	-	-	-	-	49,320	-
Honoraria	31,200	40,604	31,979	-	-	-	-	-	-
Materials and supplies	-	33,067	11,631	8,400	32,484	11,812	29,600	23,072	7,737
Principal payments on loans	-	26,907	15,071	-	-	-	-	-	-
Professional fees	134,000	385,024	372,891	-	-	-	-	-	-
Travel	53,000	45,832	19,225	17,350	12,887	16,871	2,100	5,259	13,930
Utilities and telephone	-	3,704	2,827	600	-	-	800	2,895	1,729
Wages and benefits	326,160	603,650	403,939	51,514	60,341	47,845	203,157	238,996	225,795
Other expenses	1,033,104	1,465,154	1,748,099	282,557	290,648	372,293	12,961,906	9,328,382	752,751
<b>Total expenses</b>	<b>1,577,464</b>	<b>2,603,942</b>	<b>2,605,662</b>	<b>360,421</b>	<b>396,360</b>	<b>448,821</b>	<b>13,197,563</b>	<b>9,647,924</b>	<b>1,001,942</b>
<b>Other items</b>	<b>1,535,400</b>	<b>2,218,060</b>	<b>1,800,825</b>	<b>(50,000)</b>	<b>(4,373)</b>	<b>(37,476)</b>	<b>462,652</b>	<b>2,178,369</b>	<b>283,378</b>
<b>Annual surplus (deficit)</b>	<b>\$ 1,535,400</b>	<b>\$ 1,548,867</b>	<b>\$ 1,608,690</b>	<b>\$(50,000)</b>	<b>\$(4,373)</b>	<b>\$(37,476)</b>	<b>\$ 462,652</b>	<b>\$ 2,144,039</b>	<b>\$ 283,600</b>

# KLAHOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	2023 Budget	Health 2023 Actual	2022 Actual	2023 Budget	Social Development 2023 Actual	2022 Actual	2023 Budget	Capital 2023 Actual	2022 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ -	\$ 53,470	\$ 120,428	\$ 51,480	\$ 987,249	\$ 592,932	\$ 176,424	\$ 3,777,267	\$ 695,885
First Nations Health Authority	513,243	700,794	589,876	-	-	-	-	-	-
Province of BC	-	-	-	-	-	30,000	-	1,950,000	525,834
Other revenue	-	8,664	108,345	-	970	49,952	9,000	21,485	12,625
<b>Total revenue</b>	<b>513,243</b>	<b>762,928</b>	<b>818,649</b>	<b>51,480</b>	<b>988,219</b>	<b>672,884</b>	<b>185,424</b>	<b>5,748,752</b>	<b>1,234,344</b>
<b>Expenses</b>									
Capital	-	-	-	-	-	4,922	286,470	(176,522)	6,793
Honoraria	-	-	200	-	13,049	988	-	500	125
Materials and supplies	50,542	58,238	61,603	-	2,813	6,994	34,162	64,393	21,868
Professional fees	5,000	4,668	45,733	-	598	39,345	49,548	403,027	210,032
Travel	37,832	87,558	64,441	-	9,801	22,169	6,000	14,776	1,376
Utilities and telephone	11,800	8,903	14,595	-	821	781	40,000	60,850	56,096
Wages and benefits	323,170	255,547	329,465	51,480	154,576	143,806	121,992	126,157	104,293
Other expenses	123,116	167,194	99,512	-	440,855	320,443	183,488	272,926	191,851
<b>Total expenses</b>	<b>551,460</b>	<b>582,108</b>	<b>615,549</b>	<b>51,480</b>	<b>622,513</b>	<b>539,448</b>	<b>721,660</b>	<b>766,107</b>	<b>592,434</b>
Other items	(38,217)	180,820	203,100	-	365,706	133,436	(536,236)	4,982,645	641,910
	-	-	-	-	(466,492)	-	361,236	(4,037,170)	(361,051)
<b>Annual surplus (deficit)</b>	<b>\$ (38,217)</b>	<b>\$ 180,820</b>	<b>\$ 203,100</b>	<b>-</b>	<b>\$ (100,786)</b>	<b>\$ 133,436</b>	<b>\$ (175,000)</b>	<b>\$ 945,475</b>	<b>\$ 280,859</b>

# KLAHOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	Social Housing			Capital Fund			Ottawa Trust Fund		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
<b>Revenues</b>									
Province of BC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,639
Rental income	-	4,470	17,880	-	-	-	-	-	-
Interest income	-	780	1,015	-	-	-	-	20,793	12,926
Distributions from First Nation Limited Partnership	-	8,182	5,646	-	-	-	-	-	-
Other revenue	-	2,651	7,952	-	-	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>16,083</b>	<b>32,493</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,793</b>	<b>29,565</b>
<b>Expenses</b>									
Capital	-	-	-	-	-	901,434	-	-	-
Principal payments on loans	-	-	(7,499)	-	-	-	-	-	-
Professional fees	-	4,375	4,375	-	-	-	-	-	-
Other expenses	-	11,708	35,617	-	1,052,729	82,777	-	-	-
<b>Total expenses</b>	<b>-</b>	<b>16,083</b>	<b>32,493</b>	<b>-</b>	<b>1,052,729</b>	<b>984,211</b>	<b>-</b>	<b>20,793</b>	<b>29,565</b>
<b>Other items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,052,729)</b>	<b>(984,211)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,052,729)</b>	<b>\$ (984,211)</b>	<b>\$ -</b>	<b>\$ 20,793</b>	<b>\$ 29,565</b>

# KLAHOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	First Nation Negotiation Support Agreement				Enterprise Fund				Consolidated totals			
	Fund				Enterprise Fund				Consolidated totals			
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Actual	2022 Actual	2022 Actual
<b>Revenues</b>												
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 842,275	\$ 5,864,072	\$ 2,648,225			
First Nations Health Authority	-	-	-	-	-	-	513,243	708,344	671,086			
Province of BC	-	-	-	-	-	-	610,000	3,412,825	1,691,032			
Rental income	-	-	-	-	-	-	110,400	159,466	130,170			
Interest income	-	-	-	-	-	-	11,100	79,199	29,242			
Share of income of First Nation	-	-	-	-	-	-	1,981,500	1,821,489	2,251,450			
Controlled Entities												
Road use agreement	-	-	-	-	-	-	-	161,975	-			
Distributions from First Nation Limited	-	-	-	-	-	-	-	8,182	5,646			
Partnershi												
Other revenue	217,029	294,529	250,834	-	23,345,047	519,460	13,982,158	36,001,081	2,234,530			
<b>Total revenue</b>	<b>217,029</b>	<b>294,529</b>	<b>250,834</b>	<b>-</b>	<b>23,345,047</b>	<b>519,460</b>	<b>18,050,676</b>	<b>48,216,633</b>	<b>9,661,381</b>			
<b>Expenses</b>												
Capital	-	-	-	-	-	-	286,470	(127,202)	913,149			
Honoraria	-	-	4,400	-	-	-	31,200	54,153	37,692			
Materials and supplies	1,980	2,689	1,516	-	-	-	124,684	216,756	123,161			
Principal payments on loans	-	-	-	-	-	-	-	26,907	7,572			
Professional fees	99,120	48,003	25,198	-	-	-	287,668	845,695	697,574			
Travel	5,100	1,826	860	-	-	-	121,382	177,939	138,872			
Utilities and telephone	-	-	-	-	-	-	53,200	77,173	76,028			
Wages and benefits	156,189	75,915	150,146	-	-	-	1,233,662	1,515,182	1,405,289			
Other expenses	35,900	7,398	29,997	-	-	-	14,620,071	13,036,994	3,633,340			
<b>Total expenses</b>	<b>298,289</b>	<b>135,831</b>	<b>212,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,758,337</b>	<b>15,823,597</b>	<b>7,032,677</b>			
<b>Other items</b>	<b>(81,260)</b>	<b>158,698</b>	<b>38,717</b>	<b>-</b>	<b>23,345,047</b>	<b>519,460</b>	<b>1,292,339</b>	<b>32,393,036</b>	<b>2,628,704</b>			
<b>Annual surplus (deficit)</b>	<b>\$ (81,260)</b>	<b>\$ 158,698</b>	<b>\$ 38,717</b>	<b>-</b>	<b>\$ 23,345,047</b>	<b>\$ 519,460</b>	<b>\$ 1,653,575</b>	<b>\$ 27,185,851</b>	<b>\$ 2,075,740</b>			

# KLAHOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 19. PRIOR PERIOD RESTATEMENT

During the year, an error in one of the First Nation Controlled entity's financial statements was identified which resulted in changes to their accounts receivable, inventory, accounts payable and provision for site restoration balances.

The adjustments resulted in the following changes to the 2022 comparative information:

<u>For the year ended March 31</u>	<u>As previously stated</u>	<u>Adjustments</u>		<u>As restated</u>
		<u>Increase</u>	<u>(Decrease)</u>	
<b>Consolidated Statement of Financial Position</b>				
Financial assets				
Long-term investments	\$ 20,652,040	\$ 543,254	\$ 21,195,294	
<b>Consolidated Statement of Operations and Accumulated Surplus</b>				
Accumulated surplus - opening	39,271,583	(1,125,086)	38,146,497	
Current year surplus	407,400	1,668,340	2,075,740	
Accumulated surplus - closing	\$ 39,678,983	\$ 543,254	\$ 40,222,237	

### 20. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

#### a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the First Nation is a going concern and thus expects to fully repay the outstanding amounts.

#### b) Liquidity risk

The First Nation does have a liquidity risk in the accounts payable and accruals of \$1,770,616 (2022: 306,118). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the First Nation is low and is not material.

#### c) Credit risk

The First Nation does have credit risk in accounts receivable of \$1,437,401 (2022: \$1,306,557). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The First Nation maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the First Nation is low and is not material.

#### d) Interest rate risk

The First Nation is exposed to interest rate risk due to the variable rate interest on their loans payable. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

# KLAHOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 21. CONTINGENT LIABILITIES

#### a) Loan Guarantee

The First Nation has provided a guaranteed on the debts of Aupe-Toq Fisheries Limited Partnership, a 50% partnership interest owned by Klahoose First Nation to the Canadian Imperial Bank of Commerce in connection with CIBC loan and the execution of a guarantee and general security agreement. In the case of default, the Canadian Imperial Bank of Commerce may recover the outstanding amounts from the First Nation.

### 22. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.













