

Kwikkwetlem First Nation
Consolidated Financial Statements
March 31, 2023

Kwikwetlem First Nation

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For the year ended March 31, 2023

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Management's Responsibility

To the Members of Kwikwetlem First Nation

The accompanying consolidated financial statements of Kwikwetlem First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Kwikwetlem First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

November 28, 2023

"Karen Nagra" Signed

CFO

"Deborah Martelluzzi" Signed

CAO

To the Members of Kwikwetlem First Nation:

Opinion

We have audited the consolidated financial statements of Kwikwetlem First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and 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.

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, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 and those charged with governance are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 First Nation 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.

Maple Ridge, British Columbia

November 28, 2023

MNP LLP

Chartered Professional Accountants

Kwikwetlem First Nation
Consolidated Statement of Financial Position
As at March 31, 2023

	2023	2022
Financial assets		
Cash	5,525,502	563,606
Restricted cash (Note 4)	224,046	21,320
Accounts receivable (Note 5)	1,668,842	2,414,800
Portfolio investments (Note 6)	1,947,719	1,724,839
Investment in Nation business entities (Note 7)	2,817,063	1,349,883
Advances to related Nation entities & departments (Note 8)	115,102	1,252,935
Funds held in trust (Note 9)	269	279
	12,298,543	7,327,662
Liabilities		
Accounts payable and accruals (Note 10)	2,131,418	1,818,917
Deferred revenue (Note 11)	948,630	287,814
Promissory note payable	198,240	-
Long-term debt (Note 12)	1,275,012	1,391,735
	4,553,300	3,498,466
Net financial assets	7,745,243	3,829,196
Non-financial assets		
Tangible capital assets (Note 13) (Schedule 1)	9,772,208	9,886,041
Prepaid expenses	15,681	25,439
Total non-financial assets	9,787,889	9,911,480
Accumulated surplus (Note 14)	17,533,132	13,740,676

Approved on behalf of the Council

"Ron Giesbrecht" Signed Chief

"John Peters" Signed Councillor

Kwikwetlem First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2023

	2023 Budget	2023	2022
Revenue			
Indigenous Services Canada	1,500,176	1,586,252	2,320,083
BC First Nations Gaming Revenue Sharing Limited Partnership	280,142	374,130	159,020
BC Housing	323,265	1,640,223	1,603,205
BC Hydro	235,000	606,542	27,647
Canada Mortgage and Housing Corporation	47,178	57,879	236,679
Economic activity and other income	1,220,388	1,567,360	2,927,837
Earnings (loss) from Nation business entities	822,000	702,009	(652,424)
First Nations Education Steering Committee	15,011	5,200	80,124
First Nations Health Authority	142,925	169,913	129,625
FN Lands Management Resource Centre	100,000	185,201	151,643
Fortis BC	-	687,599	-
Fraser Health Authority	-	55,200	15,000
Government of Canada	1,589,331	1,205,279	1,213,493
Interest income	9,632	48,129	5,693
New Relationship Trust	10,000	55,000	55,000
Property tax revenue	307,493	307,492	262,556
Province of British Columbia	655,293	1,271,166	964,835
Real Estate Foundation of British Columbia	-	-	480,000
Rental income (Note 20)	574,827	3,021,178	959,374
	7,832,661	13,545,752	10,939,390
Expenditures			
Band Programs	1,372,569	2,490,463	2,545,185
Capital Program	-	56,326	23,497
Community Services	403,754	517,513	1,261,004
Education	240,394	217,142	133,519
Health	316,263	253,000	141,641
Lands & Resources	2,283,782	1,457,002	1,428,910
Referral & Stewardship	2,313,387	2,487,563	1,820,443
Social Housing	452,680	500,658	350,712
Capital Fund	-	350,079	330,217
	7,382,829	8,329,746	8,035,128
Surplus before other items	449,832	5,216,006	2,904,262
Other items			
Loss due to fire (Note 13)	-	(1,687,886)	-
Insurance proceeds (Note 13)	-	264,336	-
	-	(1,423,550)	-
Annual surplus	449,832	3,792,456	2,904,262
Accumulated surplus, beginning of year	13,740,676	13,740,676	10,836,414
Accumulated surplus, end of year (Note 14)	14,190,508	17,533,132	13,740,676

The accompanying notes are an integral part of these consolidated financial statements

Kwikwetlem First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2023

	2023 Budget	2023	2022
Annual surplus	449,832	3,792,456	2,904,262
Acquisition of tangible capital assets	-	(1,959,062)	(3,243,588)
Amortization of tangible capital assets	-	385,009	364,617
Loss due to fire	-	1,687,886	-
	-	113,833	(2,878,971)
Acquisition of prepaid expenses	-	(67,288)	(25,439)
Use of prepaid expenses	-	77,046	35,500
	-	9,758	10,061
Increase in net financial assets	449,832	3,916,047	35,352
Net financial assets, beginning of year	3,829,196	3,829,196	3,793,844
Net financial assets, end of year	4,279,028	7,745,243	3,829,196

The accompanying notes are an integral part of these consolidated financial statements

Kwikwetlem First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	3,792,456	2,904,262
Non-cash items		
Amortization	385,009	364,617
Loss (earnings) from Nation business entities	(702,009)	652,424
Loss due to fire	1,687,886	-
	5,163,342	3,921,303
Changes in working capital accounts		
Accounts receivable	745,958	(1,655,353)
Prepaid expenses	9,758	10,061
Accounts payable and accruals	312,501	(375,794)
Deferred revenue	660,816	17,403
	6,892,375	1,917,620
Financing activities		
Repayment of long-term debt	(116,723)	(84,520)
Advances of promissory note payable	198,240	-
	81,517	(84,520)
Capital activities		
Acquisition of tangible capital assets	(1,959,062)	(3,243,588)
Investing activities		
Net change in portfolio investments	(222,880)	(102,908)
Net change in funds held in trust	10	68
Repayment of advances to related Nation entities & departments	1,137,833	525,625
Advances to Nation business entities	(765,171)	(1,700)
	149,792	421,085
Increase (decrease) in cash resources	5,164,622	(989,403)
Cash resources, beginning of year	584,926	1,574,329
Cash resources, end of year	5,749,548	584,926
Cash resources are composed of:		
Cash	5,525,502	563,606
Restricted cash	224,046	21,320
	5,749,548	584,926

The accompanying notes are an integral part of these consolidated financial statements

1. Operations

The Kwikwetlem First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Kwikwetlem First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Change in accounting policies

Asset retirement obligations

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively.

Previously, the First Nation, recorded the provision for site rehabilitation in accordance with PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*, which requires recognition of a liability for closure and post-closure care as the site capacity is used and is equal to the proportion of the estimated total expenditure required for closure and post-closure care. Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met.

There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

Financial instruments

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 *Financial Instruments*. The new Section is 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. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Kwikwetlem First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities:

- Kwikwetlem First Nation Social Housing Program

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

3. Significant accounting policies *(Continued from previous page)*

Kwikwetlem First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Choxw Holdings Corporation (bare trust company, 100% owned by Kwikwetlem First Nation)
- KFN Enterprises Ltd. (100% owned by Kwikwetlem First Nation through the bare trustee company)
- KFN Enterprises Limited Partnership (99% limited partner through the bare trustee company)

Net financial assets

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated annual surplus.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Portfolio investments

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Portfolio investments with prices quoted in an active market include term deposits.

Funds held in Ottawa Trust Fund

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

- Capital trust funds derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust funds generated primarily through land leasing transactions or interest earned on deposits held in trust.

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related Nation entities & departments are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

3. Significant accounting policies *(Continued from previous page)*

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

Revenue recognition

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Own source revenue

Own source revenue derived from sources such as resource based revenues, property tax, interest income and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Rental revenue

Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Earnings from investment in Nation business entities

Earnings from investment in Nation business entities is recognized as revenue when received or receivable based on the First Nation's proportion of the entities' equity.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings and improvements	declining balance	5 %
Office and general equipment	declining balance	20 %
Computer equipment	declining balance	30 %
Vehicles	declining balance	30 %
Boats	declining balance	30 %
Infrastructure	straight-line	10 years
Canoes	straight-line	20 years
Parking lots	straight-line	30 years
Watermains	straight-line	40 years
Roads	straight-line	100 years

3. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the First Nation determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write downs are not reversed.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), 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 best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Segments

The First Nation conducts its business through the following reportable segments: Band Programs, Capital Program, Community Services, Education, Health, Social Housing, Lands & Resources and Referral & Stewardship. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

3. Significant accounting policies *(Continued from previous page)*

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

4. Restricted cash

	2023	2022
Externally restricted		
CMHC Replacement Reserve	224,046	21,320

Replacement Reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the Nation maintains a replacement reserve, established by an annual allocation of \$9,040 (2022 - \$9,040), to ensure replacement of buildings financed by CMHC. Following the annual allocation, this reserve is overfunded by \$29,559 (2022 - overfunded by \$12,237).

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

5. Accounts receivable

	2023	2022
Ausenco Sustainability Inc.	37,193	-
BC Housing	49,142	1,280,211
BC Hydro	645,915	15,000
Canadian Pacific Railway	37,918	35,642
CMHC subsidies receivable	3,057	203,057
City of Port Coquitlam	9,100	-
First Nations Education Steering Committee	-	10,718
First Nations' Emergency Services Society	80,000	-
First Nations' Land Management Society	125,419	31,577
First Peoples' Heritage	186,806	-
Fortis BC	92,578	33,901
Fraser Health Authority	6,371	6,171
Funding and trade receivables	50,960	54,837
Impact Assessment Agency	6,000	6,000
Indigenous Advisory and Monitoring Committee	11,708	27,499
Indigenous Services Canada	13,330	238,634
MakeWay Charitable Society	7,400	7,000
Member receivables	13,862	345,957
Metro Vancouver	8,028	5,450
Ministry of Transportation and Infrastructure	6,484	-
Natural Resources Canada	-	55,000
New Relationship Trust	6,268	6,268
Prince Holdings Ltd.	45,000	-
Province of BC	144,500	-
Real Estate Foundation of BC	4,500	26,250
Rent subsidies	7,400	4,628
Trans Mountain Pipeline	51,322	1,000
Translink	9,581	-
Vancouver Fraser Port Authority	9,000	20,000
	1,668,842	2,414,800

6. Portfolio investments

	2023	2022
Measured at cost:		
BC First Nations Gaming Revenue Sharing LP	100	100
BC First Nations Gaming Revenue Sharing General Partner Ltd.	10	10
	110	110
Measured at fair value:		
Royal Bank of Canada Guaranteed Investment Certificates (GICs)	75,000	75,000
Royal Bank of Canada (GICs) held in trust for minor Band Members	1,872,609	1,649,729
	1,947,609	1,724,729
	1,947,719	1,724,839

All Royal Bank of Canada GICs bear interest in the range of 0.3% to 1.5% per annum, have one-year terms, and are renewed upon maturity.

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

7. Investment in Nation business entities

The First Nation has investments in the following entities:

			2023
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>
			<i>Total investment</i>
First Nation Government Business Enterprises			
KFN Enterprises Ltd. - 100%	10	9,500	(33,207)
Choxw Holdings Corp. - 100%	-	9,300	(10,950)
KFN Enterprises Limited Partnership - 99.99%	9,999	1,820,608	1,011,803
	10,009	1,839,408	967,646
			2,817,063

			2022
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>
			<i>Total investment</i>
First Nation Government Business Enterprises			
KFN Enterprises Ltd. - 100%	10	-	(16,501)
Choxw Holdings Corp. - 100%	-	6,675	(8,325)
KFN Enterprises Limited Partnership - 99.99%	9,999	1,067,562	290,463
	10,009	1,074,237	265,637
			1,349,883

Summary financial information for Kwikwetlem First Nation business enterprises, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>KFN Enterprises Ltd. As at March 31, 2023</i>	<i>Choxw Holdings Corp. As at March 31, 2023</i>
Assets		
Due from shareholders	-	1
Investments	102	-
Total assets	102	1
Liabilities		
Accounts payable and accruals	2,000	1,650
Advances from related parties	31,299	9,300
Total liabilities	33,299	10,950
Deficit	(33,197)	(10,949)
Total revenue	72	-
Total expenses	16,778	2,625
Net loss	(16,706)	(2,625)

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

7. Investment in Nation business entities *(Continued from previous page)*

Summary financial information for Kwikwetlem First Nation business partnerships, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>KFN Enterprises Limited Partnership As at March 31, 2023</i>	<i>KFN Enterprises Limited Partnership As at March 31, 2022</i>
Assets		
Cash	3,445,033	3,836,395
Accounts receivable	91,974	42,524
Prepaid expenses and deposits	80,800	12,350
Advances to related parties	2,600,277	1,649,748
Property and equipment	1,643,460	649,753
Investments in joint arrangements	2,787,542	2,739,074
Investment in subsidiary	-	5,458
Total assets	10,649,086	8,935,302
Liabilities		
Accounts payable and accruals	500,811	52,423
Government remittances payable	70,874	91,521
Wages and employee benefits payable	70,089	26,837
Advances from related parties	1,855,370	1,083,608
Investment in subsidiary	66,762	-
Callable debt	7,063,275	7,380,420
Total liabilities	9,627,181	8,634,809
Partners' Capital	1,021,905	300,493
Total revenue	5,426,779	3,964,322
Total expenses	4,756,245	1,619,139
Earnings from operations	670,534	2,345,183
Other income (expense)	50,876	(2,988,582)
Net earnings (loss)	721,410	(643,399)

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

8. Advances to related Nation entities & departments

	2023	2022
Kwikwetlem Holdings Inc.	3,000	3,000
Kwikwetlem Holdings Limited Partnership	-	155,697
Kwikwetlem Land Management Inc.	2,250	2,250
Kwikwetlem Land Management Limited Partnership	2,500	2,500
Kwosel Land Development Limited Partnership	-	2,500
Kwosel Land Development Ltd.	-	2,250
Saskay Consulting Limited Partnership	-	3,250
Saskay Consulting Ltd.	-	1,500
Saskay Land Development Corporation	107,352	107,352
Saskay Land Development Limited Partnership	-	972,636
	115,102	1,252,935

9. Funds held in trust

Revenue trust funds are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2023	2022
Revenue Trust		
Balance, beginning of year	279	347
Interest and distributions	(10)	(68)
Balance, end of year	269	279

10. Accounts payable and accrued liabilities

	2023	2022
Accounts payable - general	180,367	92,661
Accrued salaries and employee benefits	59,616	65,387
Damage deposits	4,850	4,850
Government remittances payable	13,976	6,290
Guaranteed Investment Certificates payable in trust to minor band members	1,872,609	1,649,729
	2,131,418	1,818,917

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

11. Deferred revenue

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
BC Hydro - Hatchery Project	-	475,200	-	475,200
Deferred revenue - other	-	10,804	-	10,804
Deposit - Lot 7	-	40,750	-	40,750
First Nations Health Authority - Harm Reduction Grant	-	50,000	-	50,000
First Nations Health Authority - Traditional Wellness	-	10,000	-	10,000
First Nations Land Management - Land Use Planning	-	75,000	-	75,000
Kwikwetlem Holdings Limited Partnership	287,814	191,876	287,814	191,876
Ministry of Children and Family Development	-	20,000	-	20,000
Province of British Columbia - Family Support Funding	-	30,000	-	30,000
Prince Holdings Ltd. - Ancestor Stone Relocation	-	45,000	-	45,000
	287,814	948,630	287,814	948,630

12. Long-term debt

	2023	2022
Royal Bank of Canada demand loan, with blended monthly payments of \$6,447 bearing interest at prime plus 0.5% per annum, maturing October 2039. The loan is payable on demand and has no specified terms of repayment or early repayment penalties.	785,598	815,426
All Nations' Trust Company mortgage with blended monthly payments of \$1,355 at 0.68% per annum, maturing August 1, 2030.	117,551	132,952
All Nations' Trust Company mortgage with blended monthly payments of \$2,332 at 2.22% per annum, maturing December 1, 2038.	371,863	391,391
Two Bank of Montreal demand loans, each with blended monthly payments of \$202 at 3.39% per annum. Both loans were repaid during the year.	-	51,966
	1,275,012	1,391,735

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2024	56,929
2025	59,082
2026	61,364
2027	63,786
2028	66,355

Kwikwetlem First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

13. Tangible capital assets

Construction in progress includes buildings under construction with a carrying value of \$2,267,475 (2022 - \$2,380,202). No amortization of this asset has been recorded because it is currently under development.

On November 18, 2022, a fire broke out in the Lot 16 development, resulting in estimated damage of \$1,687,886. The construction in progress related to this development was written down by this amount.

As of March 31, 2023, the First Nation incurred costs of \$264,336 to partially rebuild the damaged structures, with the full amount being covered by insurance. As of the audit report date, the First Nation incurred additional costs of \$1,423,990 to fully restore the structures to their original state. Of the \$1,688,326 in total costs incurred during the year and subsequent to year-end, \$750,000 was reimbursed by the insurance provider. It is management's opinion that the remaining amount of \$938,326 will also be reimbursed by the insurance provider subsequent to the audit report date. Insurance is paid directly to the builder as progress invoices are issued, resulting in minimal impact on the First Nation's cash flow.

The tangible capital assets reconciliation is included in Schedule 1.

14. Accumulated surplus

Accumulated surplus consists of the following:

	2023	2022
Equity in Tangible Capital Assets	8,497,196	8,494,306
Operating Surplus	6,024,117	3,874,888
Investment in nation business entities	2,817,063	1,349,883
Equity in Ottawa Trust Funds	269	279
Equity in CMHC Replacement Reserve	194,487	21,320
	17,533,132	13,740,676

15. Budget information

The disclosed budget information has been approved by the Chief and Council of the Kwikwetlem First Nation at the Chief & Council meeting held on March 23, 2022.

16. Segments

The First Nation conducts its business through reportable segments, which are differentiated by major activities, accountability and control relationships. The reportable segments and their activities are as follows:

Band Programs

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.

Capital Programs and Capital Fund

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

Community Services

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.

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.

Health

Oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Lands & Resources

Includes revenue and expenses related to general governance activities, lands administration, membership and aboriginal rights and title.

Referral & Stewardship

Responsible for facilitating and resolving inquiries from government regulators, procurement introductions and negotiation referrals for companies seeking mutual benefit agreements and cares for, and protects, the lands, waters and resources within the Nation's traditional territory.

Social Housing

Responsible for the administration and management of Social Housing units.

Enterprise Fund

Oversees the Nation's investments in partnerships and government business entities.

Ottawa Trust

Manages moneys held in trust by the Government of Canada.

17. Financial instruments

Kwikwetlem First Nation's financial instruments consist of cash, accounts receivable, accounts payable and accruals, and long-term debt. It is management's opinion that the First Nation is not exposed to significant currency or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate price risk on its mortgages with fixed interest rates, and interest rate cash flow risk on demand loans with variable rates.

18. Guarantees

As at March 31, 2023, the First Nation has guaranteed two Bank of Montreal demand loans with a maximum amount of \$9,220,000 for KFN Enterprises LP. As at March 31, 2023, \$7,063,275 (2022 - \$7,380,420) was drawn. No liability related to these guarantees has been recorded.

19. Economic dependence

Kwikwetlem First Nation receives a significant portion of its revenue from various government agreements. The ability of the Nation to continue operations is dependent upon the continued financial commitments as guaranteed by these agreements.

20. Related party transactions

During the year, the Nation transacted with related parties as follows:

- Revenue includes \$1,242,476 (2022 - \$119,231) in management fees, rental and other head office services to KFN Enterprises Limited Partnership.
- KFN recognized \$721,340 share of income (2022 - \$643,334 share of loss) from KFN Enterprises Limited Partnership.
- Revenue includes \$608,896 (2022 - \$53,008) in management fees and head office services to Saskay Land Development Limited Partnership, a subsidiary held through Choxw Holdings Corporation (bare trust company)
- Expenses includes \$nil (2022 - \$4,427) in contract expenses to Saskay Land Development Limited Partnership.
- Revenue includes \$1,053,248 (2022 - \$814,399) in management fees from Kwikwetlem Holdings Limited Partnership, a subsidiary held through Choxw Holdings Corporation (bare trust company)
- KFN recognized \$16,706 share of loss (2022 - \$764 share of loss) from KFN Enterprises Ltd.
- KFN recognized \$2,625 share of loss (2022 - \$8,325 share of loss) from Choxw Holdings Corporation.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

21. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Kwikwetlem First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2023

	<i>Land</i>	<i>Parking lots</i>	<i>Buildings and improvements</i>	<i>Vehicles</i>	<i>Computer equipment</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	1,455,000	1,614,000	4,329,549	455,755	261,795	8,116,099
Acquisition of tangible capital assets	-	-	320,197	32,600	19,837	372,634
Loss due to fire	-	-	-	-	-	-
Balance, end of year	1,455,000	1,614,000	4,649,746	488,355	281,632	8,488,733
Accumulated amortization						
Balance, beginning of year	-	36,580	1,384,992	333,778	136,481	1,891,831
Annual amortization	-	53,800	149,318	40,958	40,570	284,646
Balance, end of year	-	90,380	1,534,310	374,736	177,051	2,176,477
Net book value of tangible capital assets	1,455,000	1,523,620	3,115,436	113,619	104,581	6,312,256
2022 Net book value of tangible capital assets	1,455,000	1,577,420	2,944,557	121,977	125,314	6,224,268

Kwikwetlem First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2023

	<i>Subtotal</i>	<i>Office and general equipment</i>	<i>Boats</i>	<i>Infrastructure</i>	<i>Watermains</i>	<i>Roads</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	8,116,099	392,060	386,179	299,089	336,212	605,117	10,134,756
Acquisition of tangible capital assets	372,634	6,351	-	4,918	-	-	383,903
Loss due to fire	-	-	-	-	-	-	-
Balance, end of year	8,488,733	398,411	386,179	304,007	336,212	605,117	10,518,659
Accumulated amortization							
Balance, beginning of year	1,891,831	259,401	295,614	84,990	98,652	42,236	2,672,724
Annual amortization	284,646	27,179	27,170	28,783	6,724	6,022	380,524
Balance, end of year	2,176,477	286,580	322,784	113,773	105,376	48,258	3,053,248
Net book value of tangible capital assets	6,312,256	111,831	63,395	190,234	230,836	556,859	7,465,411
2022 Net book value of tangible capital assets	6,224,268	132,659	90,565	214,099	237,560	562,881	7,462,032

Kwikwetlem First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2023

	<i>Subtotal</i>	<i>Canoes</i>	<i>Construction in progress</i>	<i>2023</i>	<i>2022</i>
Cost					
Balance, beginning of year	10,134,756	89,709	2,380,202	12,604,667	9,361,079
Acquisition of tangible capital assets	383,903	-	1,575,159	1,959,062	3,243,588
Loss due to fire	-	-	(1,687,886)	(1,687,886)	-
Balance, end of year	10,518,659	89,709	2,267,475	12,875,843	12,604,667
Accumulated amortization					
Balance, beginning of year	2,672,724	45,902	-	2,718,626	2,354,009
Annual amortization	380,524	4,485	-	385,009	364,617
Balance, end of year	3,053,248	50,387	-	3,103,635	2,718,626
Net book value of tangible capital assets	7,465,411	39,322	2,267,475	9,772,208	9,886,041
2022 Net book value of tangible capital assets	7,462,032	43,807	2,380,202	9,886,041	

Kwikwetlem First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2023

	Band Programs	Capital Program	Community Services	Education	Health	Lands & Resources	Referral & Stewardship	Social Housing	Capital Fund	Enterprise Fund	Ottawa Trust Fund	2023
Revenue												
Indigenous Services Canada	\$ 258,553	\$ -	\$ 393,634	\$ 72,925	\$ -	\$ 449,458	\$ 199,780	\$ 211,902	\$ -	\$ -	\$ -	\$ 1,586,252
Other government	1,432,500	1,388,211	205,200	-	264,524	1,098,380	1,364,484	107,931	-	-	-	5,861,231
Economic activities and other	2,982,281	-	101,216	88,152	-	496,815	1,608,344	119,183	-	702,009	269	6,098,269
	4,673,334	1,388,211	700,050	161,077	264,524	2,044,653	\$ 3,172,608	439,016	-	702,009	269	13,545,752
Expenses												
Amortization	-	-	-	-	-	-	-	34,930	350,079	-	-	385,009
Operating expenses	286,922	17,858	56,025	11,697	12,067	424,979	706,582	224,968	-	-	-	1,741,098
Salaries, wages and benefits	1,108,475	-	208,433	93,307	194,336	415,277	997,196	178,575	-	-	-	3,195,599
Program and services delivery expenses	1,095,066	38,468	253,055	112,138	46,597	616,746	783,785	62,185	-	-	-	3,008,040
	2,490,463	56,326	517,513	217,142	253,000	1,457,002	2,487,563	500,658	350,079	-	-	8,329,746
Surplus (deficit) before other items	2,182,871	1,331,885	182,537	(56,065)	11,524	587,651	685,045	(61,642)	(350,079)	702,009	269	5,216,006
Capital asset acquisitions	(8,877)	(1,575,159)	-	-	-	(321,718)	(45,457)	(7,851)	1,959,062	-	-	-
Loss due to fire	-	(1,687,886)	-	-	-	-	-	-	-	-	-	(1,687,886)
Insurance proceeds	-	264,336	-	-	-	-	-	-	-	-	-	264,336
Transfers between programs	(11,164)	1,615,586	950	-	-	(8,068)	10,494	80,368	(1,687,886)	-	(280)	-
Annual surplus (deficit)	\$ 2,162,830	\$ (51,238)	\$ 183,487	\$ (56,065)	\$ 11,524	\$ 257,866	\$ 650,082	\$ 10,875	\$ (78,903)	\$ 702,009	\$ (11)	\$ 3,792,456

	Band Programs	Capital Program	Community Services	Education	Health	Lands & Resources	Referral & Stewardship	Social Housing	Capital Fund	Enterprise Fund	Ottawa Trust Fund	2022
Revenue												
Indigenous Services Canada	\$ 411,584	\$ 219,723	\$ 785,264	\$ 152,022	\$ -	\$ 588,962	\$ -	\$ 162,528	\$ -	\$ -	\$ -	\$ 2,320,083
Other government	543,735	1,388,489	549,024	-	169,310	564,716	1,541,671	331,679	-	-	-	5,088,624
Economic activities and other	1,027,321	-	148,039	39,808	-	403,531	816,013	134,116	1,614,000	(652,424)	279	3,530,683
	1,982,640	1,608,212	1,482,327	191,830	169,310	1,557,209	2,357,684	628,323	1,614,000	(652,424)	279	10,939,390
Expenses												
Amortization	-	-	-	-	-	-	-	34,399	330,217	-	-	364,616
Operating expenses	1,283,309	15,240	255,386	1,165	9,094	518,038	509,765	72,263	-	-	-	2,664,260
Salaries, wages and benefits	655,321	-	216,086	26,272	83,129	296,042	795,833	172,921	-	-	-	2,245,604
Program and services delivery expenses	606,555	8,257	789,532	106,082	49,418	614,830	514,845	71,129	-	-	-	2,760,648
	2,545,185	23,497	1,261,004	133,519	141,641	1,428,910	1,820,443	350,712	330,217	-	-	8,035,128
Surplus (deficit) before other items	(562,545)	1,584,715	221,323	58,311	27,669	128,299	537,241	277,611	1,283,783	(652,424)	279	2,904,262
Capital asset acquisitions	(824)	(1,360,240)	(20,006)	-	-	(5,065)	(224,187)	(19,267)	1,629,589	-	-	-
Transfers between programs	15,664	-	8,331	139	578	1,424	7,302	-	-	-	(33,438)	-
Annual surplus (deficit)	\$ (547,705)	\$ 224,475	\$ 209,648	\$ 58,450	\$ 28,247	\$ 124,658	\$ 320,356	\$ 258,344	\$ 2,913,372	\$ (652,424)	\$ (33,159)	\$ 2,904,262