

Katzie First Nation
Consolidated Financial Statements
March 31, 2024

Katzie First Nation Contents

For the year ended March 31, 2024

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To the Members of Katzie First Nation:

Opinion

We have audited the consolidated financial statements of Katzie First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, 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, 2024, and the results of its consolidated operations, remeasurement gains and losses, changes in its consolidated 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 is 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.

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.

Chilliwack, British Columbia

July 25, 2024

MNP LLP

Chartered Professional Accountants

Katzie First Nation
Consolidated Statement of Financial Position
As at March 31, 2024

	2024	2023
Financial assets		
Cash	10,421,641	9,048,632
Portfolio investments (Note 4)	17,717,213	16,368,340
Accounts receivable	732,847	1,636,541
Restricted cash (Note 5)	72,967	80,130
Funds held in trust (Note 6)	6,429	7,801
Investment in Nation business entities (Note 7)	7,693,631	5,114,186
Total of financial assets	36,644,728	32,255,630
Liabilities		
Accounts payable and accruals	3,036,305	1,029,530
Deferred revenue (Note 8)	1,494,040	4,510,308
Long-term debt (Note 9)	8,504,167	6,332,629
Total of financial liabilities	13,034,512	11,872,467
Net financial assets	23,610,216	20,383,163
Non-financial assets		
Tangible capital assets (Schedule 1)	17,613,536	13,508,549
Prepaid expenses	51,822	34,759
Total non-financial assets	17,665,358	13,543,308
Accumulated surplus (Note 11)	41,275,574	33,926,471
Accumulated surplus is comprised of:		
Surplus	38,755,701	32,310,021
Accumulated Remeasurement Gains	2,519,873	1,616,450
	41,275,574	33,926,471

Approved on behalf of Members

Original signed by Grace George	Chief	Original signed by David Kenworthy	Councillor
Original signed by Rick Bailey	Councillor	Original signed by Lisa Adams	Councillor

Katzie First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2024

	2024 Budget	2024	2023
Revenue			
Indigenous Services Canada	4,787,984	7,601,991	5,632,356
Earnings from Nation business entities	4,000,000	4,621,879	2,599,265
Province of B.C.	1,334,066	2,233,050	2,180,035
First Nations Health Authority	717,241	1,060,885	1,078,730
Government of Canada	555,195	153,661	555,055
Canada Mortgage and Housing Corporation	70,232	73,754	150,587
Other funding and revenue	1,911,785	3,082,582	1,542,242
Fisheries and Oceans Canada	1,219,560	1,219,560	1,295,000
B.C. Treaty Commission	600,000	600,000	645,000
Investment income	-	435,994	672,591
World Wildlife Fund (WWF)	-	424,106	253,900
New Relationship Trust	-	261,000	40,000
Rental income	138,540	179,535	151,635
Referral fees	-	168,195	15,490
First Nations Education Steering Committee	-	108,707	27,766
Sto:lo Aboriginal Skills & Employment Training	-	70,634	88,551
Surrey Schools	-	11,765	150,407
Fraser Health Authority	-	5,000	5,000
Repayment of funding	-	-	(72,099)
	15,334,603	22,312,298	17,011,511
Expenditures			
Administration	941,000	1,008,060	1,123,650
Economic Development and Employment	3,243,800	2,825,497	2,435,133
Education	1,377,260	1,377,262	1,118,638
Health and Social Programs	3,990,738	4,043,960	2,520,533
Housing	1,557,900	1,700,810	597,091
Aboriginal Rights and Title	2,255,780	2,516,394	2,188,243
Maintenance	827,222	779,554	922,041
Other	-	387,445	407,119
First Nation Enterprises	187,683	1,227,636	994,897
	14,381,383	15,866,618	12,307,345
Annual surplus	953,220	6,445,680	4,704,166
Accumulated surplus, beginning of year	32,310,021	32,310,021	27,605,855
Accumulated surplus, end of year	33,263,241	38,755,701	32,310,021

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

Katzie First Nation
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2024

	2024	2023
Accumulated remeasurement gains, beginning of year	1,616,450	-
Unrealized gains attributable to:		
Foreign exchange	179,421	410,457
Portfolio investments	777,869	1,310,154
Amounts reclassified to the statement of operations:		
Foreign exchange	(24,337)	(51,766)
Portfolio investments	(29,530)	(52,395)
Change in remeasurement gains, for the year	903,423	1,616,450
Accumulated remeasurement gains, end of year	2,519,873	1,616,450

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

Katzie First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2024

	<i>2024 Budget</i>	<i>2024</i>	<i>2023</i>
Annual surplus	953,220	6,445,680	4,704,166
Purchases of tangible capital assets	-	(4,495,195)	(2,516,389)
Amortization of tangible capital assets	-	390,208	399,082
	-	(4,104,987)	(2,117,307)
Acquisition of prepaid expenses	-	(17,063)	-
Use of prepaid expenses	-	-	40,276
Change in remeasurement gains for the year	-	903,423	1,616,450
	-	886,360	1,656,726
Increase in net financial assets	953,220	3,227,053	4,243,585
Net financial assets, beginning of year	20,383,163	20,383,163	16,139,578
Net financial assets, end of year	21,336,383	23,610,216	20,383,163

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

Katzie First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	6,445,680	4,704,166
Non-cash items		
Amortization	390,208	399,082
Bad debts	-	30,070
Earnings from investment in Nation business entities	(4,621,879)	(2,599,265)
Foreign exchange gain	-	(281,012)
Remeasurement gains	903,423	1,616,450
	3,117,432	3,869,491
Changes in working capital accounts		
Restricted cash	7,163	(8,938)
Accounts receivable	903,694	859,283
Portfolio investments	(1,348,874)	(1,703,899)
Prepaid expenses	(17,063)	40,276
Funds held in trust	1,372	(3)
Accounts payable and accruals	2,006,775	182,922
Deferred revenue	(3,016,268)	3,600,482
	1,654,231	6,839,614
Financing activities		
Advances of long-term debt	2,307,575	2,305,917
Repayment of long-term debt	(136,036)	(100,448)
	2,171,539	2,205,469
Capital activities		
Purchases of tangible capital assets	(4,495,195)	(2,516,389)
Investing activities		
Distribution from Nation business entities	2,042,434	375,043
Increase in cash resources	1,373,009	6,903,737
Cash resources, beginning of year	9,048,632	2,144,895
Cash resources, end of year	10,421,641	9,048,632

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

1. Operations

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

2. 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:

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for those entities not dependent on the Nation for their continuing operations, which are included in the consolidated financial statements using the modified equity method.

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

- Katzie Cultural Education Society
- Katzie Early Years Society
- Katzie First Nation Affordable Housing Development Society
- Katzie First Nation Bus Corporation Ltd.
- Katzie First Nation Housing Society
- Smuq'wa Development Corp.

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.

Government business entities, owned or controlled by the Nation's Council but not dependent on the 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 government business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the 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:

- Katzie Development Corporation Ltd.
- Katzie Master GP Ltd.
- Katzie Master Limited Partnership

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.

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.

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

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets (net debt) 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.

Cash and cash equivalents

Cash and cash equivalent 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.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation 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 moneys consist of:

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

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.

When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Infrastructure	straight-line	50 years
Housing projects	straight-line	50 years
Bridges	straight-line	40 years
Buildings	straight-line	25 years
Fencing	straight-line	25 years
Roads	straight-line	20 years
Equipment	straight-line	10 years
Vehicles	straight-line	5 years
First Nation enterprise assets	straight-line	5-25 years

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.

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

Long-lived assets *(Continued from previous page)*

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

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.

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.

Investments

The Nation uses the modified equity investment to account for its investments in business entities as listed under reported entity - consolidated. Investment income earned from portfolio investments is recognized in the period the income is earned.

Other revenue

Other revenue is recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

A liability for asset retirement obligations reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated 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.

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

Segments

The First Nation conducts its business through ten of reportable segments: Administration, Economic Development and Employment, Education, Health and Social Programs, Housing, Aboriginal Rights and Title, Maintenance, Other and First Nation Enterprises. 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.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains (losses).

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, 2024. 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.

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a First Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

Katzie First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

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

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 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.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus (deficit). 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.

3. Change in accounting policy

Effective April 1, 2023, the First Nation adopted the recommendations relating to the following accounting policy, as set out in the Canadian public sector accounting standards.

- PS 3400 Revenue

Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated. The adoption of PS 3400 did not have a material impact on the financial statements..

4. Portfolio investments

	2024	2023
Measured at fair value:		
RBC Dominion Securities Portfolio	1,387,649	1,261,602
RBC Dominion Securities Portfolio - Trust	16,329,454	15,106,628
	17,717,103	16,368,230
Measured at cost:		
BC First Nations Gaming Revenue Sharing LP	100	100
BC First Nations Gaming Sharing General Partner Ltd.	10	10
	110	110
	17,717,213	16,368,340

Katzie First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

5. Restricted cash

	2024	2023
CMHC Replacement Reserve	72,967	80,130

CMHC Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the Nation established a replacement reserve, funded by an annual allocation of \$15,634 (2023 - \$17,706), to ensure replacement of buildings financed by CMHC. At March 31, 2024, \$72,967 (2023 - \$80,130) has been set aside to fund this reserve. The reserve was fully funded at March 31, 2024 (2023 - overfunded \$6,718).

In accordance with terms of the agreements, CMHC reserve monies 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.

6. Funds held in trust

Capital and revenue trust monies are transferred to the Nation on the authorization of the Minister of various government agreements, with the consent of the First Nation's Council.

	2024	2023
Capital Trust		
Balance, beginning/end of year	6,320	6,320
Revenue Trust		
Balance, beginning of year	1,481	1,477
Interest	236	121
BC Special distribution	1,368	1,360
	3,085	2,958
Less: Transfers to Nation	2,976	1,477
Balance, end of year	109	1,481
	6,429	7,801

Katzie First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

7. Investments in Nation business entities

The First Nation has investments in the following entities:

				<i>2024</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
Katzie Development Corporation Ltd. - 100%	100	380,570	(20,341)	360,329
Katzie Master GP Ltd. - 100%	100	(100)	160	160
	200	380,470	(20,181)	360,489
First Nation Business Partnerships - Modified Equity				
Katzie Master Limited Partnership - 99.99%	1,000	2,110,193	5,221,949	7,333,142
	1,200	2,490,663	5,201,768	7,693,631
				<i>2023</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
Katzie Development Corporation Ltd - 100%	100	777,589	(20,813)	756,876
Katzie Master GP Ltd. - 100%	100	-	-	100
	200	777,589	(20,813)	756,976
First Nation Business Partnerships - Modified Equity				
Katzie Master Limited Partnership - 99.99%	1,000	1,756,708	2,599,502	4,357,210
	1,200	2,534,297	2,578,689	5,114,186

Katzie First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

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

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Katzie Master Limited Partnership As at December 31, 2023</i>
Assets	
Cash	666
Investments	8,287,848
Total assets	8,288,514
Liabilities	
Advances from related parties	3,065,843
Total liabilities	3,065,843
Equity	5,222,671
Total revenue	5,786,244
Total expenses	1,164,134
Net income	4,622,110

Summary financial information for each business enterprise, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Katzie Development Corporation Ltd. As at December 31, 2023</i>	<i>Katzie Master GP Ltd. As at December 31, 2023</i>
Assets		
Cash	9,459	100
Accounts receivable	23,251	-
Prepaid expenses and deposits	87	-
Investments	302	722
Advances to related parties	1,309,134	-
Property, plant and equipment	1,143,130	-
Total assets	2,485,363	822
Liabilities		
Accounts payable and accruals	41,370	562
Deferred revenue	142,676	-
Advances from related parties	2,321,558	-
Total liabilities	2,505,604	562
Equity (Deficit)	(20,241)	260
Total revenue	1,496,208	462
Total expenses	1,495,736	62
Net income	472	400

Katzie First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

8. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each funding source:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions recognized</i>	<i>Balance, end of year</i>
Indigenous Services Canada	3,518,348	254,114	3,112,929	659,533
BC Hydro	750,000	-	42,243	707,757
Community Foundation	30,000	-	30,000	-
Port of Vancouver	164,793	-	124,328	40,465
FNESC	45,367	-	45,367	-
Other funding	1,800	121,925	37,440	86,285
	4,510,308	376,039	3,392,307	1,494,040

9. Long-term debt

	2024	2023
BC Housing Loan; no set repayment schedule or interest rate; payments to be determined upon completion of the project.	5,433,327	3,125,752
RBC Demand Loan; payments of \$6,756 per month, including interest of prime plus 0.25%; renewal and maturity date of one year from drawdown.	902,315	916,895
RBC Demand Loan; payments of \$6,838 per month, including interest of prime; renewal and maturity date of April 26, 2024.	889,699	904,514
Non-Profit Housing XIII - All Nations Trust Company mortgage, blended monthly payments of \$5,681 at 4.49% per annum, renewal date of October 1, 2028, maturing October 1, 2043.	890,133	959,114
Non-Profit Housing XI - All Nations Trust Company mortgage, blended monthly payments of \$1,499 at 3.84% per annum, renewal date of April 1, 2029, maturing April 1, 2039.	206,259	217,994
Non-Profit Housing XII - All Nations Trust Company mortgage, blended monthly payments of \$699 at 0.69% per annum, renewal date of June 1, 2025, maturing June 1, 2040.	128,998	136,473
Non-Profit Housing X - All Nations Trust Company mortgage, blended monthly payments of \$481 at 1.87% per annum, renewal date of May 1, 2024, maturing May 1, 2034.	53,436	58,163
Non-Profit Housing VIII - All Nations Trust Company mortgage	-	13,724
	8,504,167	6,332,629

Katzie First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

9. Long-term debt *(Continued from previous page)*

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:

2025	84,316
2026	88,669
2027	93,288
2028	98,191
2029	103,397
	467,861

10. Contingent liabilities

Katzie First Nation may be contingently liable for guaranteed housing mortgages, totalling \$53,436 (2023 - \$58,255).

11. Accumulated surplus

Accumulated surplus consists of the following:

	2024	2023
Accumulated remeasurement gains	2,519,873	1,616,450
Equity in CMHC Replacement and Operating Reserves	191,805	80,130
Equity in Nation business entities	7,693,631	5,114,186
Equity in Funds held in trust	6,429	7,801
Equity in Tangible Capital Assets	9,109,369	7,175,920
Equity in Portfolio Investments	15,197,340	14,751,890
Operating Surplus	6,557,127	5,180,094
	41,275,574	33,926,471

12. Budget information

The disclosed budget information has been approved by the Chief and Council of Katzie First Nation at the Chief and Council meeting held on October 31, 2023. The budget information is unaudited and is projected based on operating expenses to be incurred during the year on a program by program basis.

13. Economic dependence

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

14. Segments

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

Administration

Includes general operation, support, and financial management of the Nation.

14. Segments *(Continued from previous page)*

Economic Development and Employment

Includes activities related to the growth of revenue producing projects with the Nation, along with employment programs for the members of the Nation.

Education

Includes revenue and expenses related to primary, secondary and post secondary education of the members of the Nation.

Health and Social Programs

Includes activities related to the provision of health services and social programs within the Nation.

Housing

Includes activities related to the provision of housing to the members of the Nation.

Aboriginal Rights and Title

Includes revenue and expenditures related to the negotiation of treaty and specific claims.

Maintenance

Includes revenue and expenditures for maintenance projects associated with the Nation.

Other

Includes activities related to capital assets, replacement reserve, and Ottawa Trust.

First Nation Enterprises

Includes activities related to the Nation's business entities.

15. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair Value of Financial Instruments

Financial instruments measured at fair value on the statement of financial position include portfolio investments quoted in active markets.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The First Nation enters into transactions to purchase and sell portfolio investments, for which the market price fluctuates.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Nation is exposed to interest rate price risk with respect to fixed rate mortgages included in long-term debt and its portfolio investments which include investments with fixed rates of interest.

The Nation is exposed to interest rate cash flow risk with respect to variable-rate term loans included in long-term debt with interest rates ranging from 0.69% - 7.45% (2023 - 0.69% - 6.95%) and its bank accounts bearing a variable rate of interest.

Katzie First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

15. Financial Instruments *(Continued from previous page)*

Foreign currency risk

Foreign denominated cash and portfolio investments at year-end were as follows:

	2024	2023
	CAD\$	CAD\$
Cash	302,231	294,168
Portfolio investments	3,485,794	5,013,261
	3,788,025	5,307,429

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

For the year ended March 31, 2024

	<i>Buildings</i>	<i>Housing projects</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Roads</i>	<i>Bridges</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	13,142,831	1,896,820	783,038	2,882,107	827,668	465,393	19,997,857
Acquisition of tangible capital assets	-	-	42,168	-	-	-	42,168
Construction-in-progress	4,453,027	-	-	-	-	-	4,453,027
Balance, end of year	17,595,858	1,896,820	825,206	2,882,107	827,668	465,393	24,493,052
Accumulated amortization							
Balance, beginning of year	3,780,537	549,749	407,972	1,225,142	726,293	395,576	7,085,269
Annual amortization	168,270	75,873	71,033	43,067	7,804	23,270	389,317
Balance, end of year	3,948,807	625,622	479,005	1,268,209	734,097	418,846	7,474,586
Net book value of tangible capital assets	13,647,051	1,271,198	346,201	1,613,898	93,571	46,547	17,018,466
2023 Net book value of tangible capital assets	9,362,294	1,347,071	375,066	1,656,965	101,375	69,817	12,912,588

Katzie First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2024

	<i>Subtotal</i>	<i>Vehicles</i>	<i>First Nation Enterprise assets</i>	<i>Fencing</i>	<i>2024</i>	<i>2023</i>
Cost						
Balance, beginning of year	19,997,857	120,700	667,337	22,268	20,808,162	18,291,773
Acquisition of tangible capital assets	42,168	-	-	-	42,168	90,310
Construction-in-progress	4,453,027	-	-	-	4,453,027	2,426,079
Balance, end of year	24,493,052	120,700	667,337	22,268	25,303,357	20,808,162
Accumulated amortization						
Balance, beginning of year	7,085,269	120,700	86,667	6,977	7,299,613	6,900,531
Annual amortization	389,317	-	-	891	390,208	399,082
Balance, end of year	7,474,586	120,700	86,667	7,868	7,689,821	7,299,613
Net book value of tangible capital assets	17,018,466	-	580,670	14,400	17,613,536	13,508,549
2023 Net book value of tangible capital assets	12,912,588	-	580,670	15,291	13,508,549	

Katzie First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2024

	Administration	Economic Development and Employment	Education	Health and Social Programs	Housing	Aboriginal Rights and Title	Maintenance	Other	First Nation Enterprises	2024
Revenue										
Indigenous Services Canada	\$ 554,898	\$ 1,574,909	\$ 955,645	\$ 2,500,480	\$ 1,407,689	\$ 213,770	\$ 394,600	\$ -	\$ -	\$ 7,601,991
Other government	-	621,517	148,726	978,533	73,754	1,400,439	292,554	-	664,469	4,179,992
Economic activities and other	841,389	6,242,413	183,463	1,385,434	132,980	1,162,024	132,836	7,282	442,494	10,530,315
	1,396,287	8,438,839	1,287,834	4,864,447	1,614,423	2,776,233	819,990	7,282	1,106,963	22,312,298
Expenses										
Amortization	-	-	-	-	-	-	-	387,445	2,763	390,208
Administrative expenses (recovery)	(887,468)	314,539	90,010	604,727	51,779	247,526	132,123	-	164,678	717,914
Contracted services	111,494	1,135,205	16,797	144,868	90,602	842,469	301,868	-	73,571	2,716,874
Interest on long-term debt	20,517	-	-	-	37,498	-	-	-	45,277	103,292
Materials, goods and utilities	181,899	687,457	738,404	768,387	1,491,305	879,407	88,221	-	48,780	4,883,860
Member services and benefits	274,558	117,788	395,048	1,678,155	29,626	18,260	13,663	-	3,917	2,531,015
Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Salaries, wages and benefits	1,307,060	570,508	137,003	847,823	-	528,732	243,679	-	888,650	4,523,455
	1,008,060	2,825,497	1,377,262	4,043,960	1,700,810	2,516,394	779,554	387,445	1,227,636	15,866,618
Surplus (deficit) before transfers and other items	388,226	5,613,342	(89,428)	820,487	(86,387)	259,839	40,436	(380,162)	(120,673)	6,445,680
Transfers between programs	331,738	(180,636)	-	50,890	(117,515)	(61,569)	78,836	34,849	(136,593)	-
Annual surplus (deficit)	\$ 719,965	\$ 5,432,706	\$ (89,428)	\$ 871,377	\$ (203,902)	\$ 198,270	\$ 119,272	\$ (345,314)	\$ (257,266)	\$ 6,445,680

	Administration	Economic Development and Employment	Education	Health and Social Programs	Housing	Aboriginal Rights and Title	Maintenance	Other	First Nation Enterprises	2023
Revenue										
Indigenous Services Canada	\$ 460,817	\$ 829,335	\$ 939,978	\$ 2,260,657	\$ 591,732	\$ 55,388	\$ 452,111	\$ -	\$ 42,339	\$ 5,632,356
Other government (Note 14)	-	1,388,972	62,095	1,211,225	150,587	1,295,000	-	-	647,487	4,755,366
Economic activities and other	3,619,022	1,268,709	245,914	355,998	174,891	681,707	14,097	3,082	260,367	6,623,789
	4,079,839	3,487,016	1,247,987	3,827,880	917,209	2,032,095	466,208	3,082	950,194	17,011,511
Expenses										
Amortization	-	-	5,547	-	-	-	-	396,107	2,975	404,630
Administrative expenses (recovery)	(270,054)	326,955	19,749	278,666	120,011	180,800	175,974	-	74,786	906,887
Contracted services	155,434	1,331,507	7,091	175,288	65,347	634,797	350,913	-	16,980	2,737,355
Interest on long-term debt	18,000	-	-	-	32,842	-	-	-	30,487	81,329
Materials, goods and utilities	70,391	449,806	670,856	239,926	369,843	708,674	238,167	-	55,687	2,803,351
Member services and benefits	256,305	74,101	283,823	1,239,241	9,050	1,388	10,334	-	1,166	1,875,409
Replacement Reserve	-	-	-	-	-	-	-	11,012	-	11,012
Salaries, wages and benefits	893,573	252,765	131,573	587,411	-	662,583	146,652	-	812,816	3,487,373
	1,123,650	2,435,133	1,118,638	2,520,533	597,091	2,188,243	922,041	407,119	994,897	12,307,345
Surplus (deficit) before transfers and other items	2,956,189	1,051,883	129,349	1,307,347	320,118	(156,148)	(455,833)	(404,037)	(44,704)	4,704,166
Transfers between programs	(39,604)	(241,001)	-	(62,120)	(5,860)	(103,451)	228,936	183,772	39,328	-
Annual surplus (deficit)	\$ 2,916,585	\$ 810,882	\$ 129,349	\$ 1,245,227	\$ 314,258	\$ (259,599)	\$ (226,897)	\$ (220,265)	\$ (5,376)	\$ 4,704,166