

**Soowahlie First Nation
Consolidated Financial Statements**
March 31, 2023

Soowahlie First Nation
Contents
For the year ended March 31, 2023

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To the Members of Soowahlie First Nation:

Qualified Opinion

We have audited the consolidated financial statements of Soowahlie 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 debt 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 consolidated net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The consolidated financial statements do not include completed budgeted information. The exclusion of such information is a departure from Canadian Public Sector Accounting Standards as the comparison of budgeted to actual results is a significant measurement of performance.

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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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.

Chilliwack, British Columbia

June 16, 2025

MNP LLP

Chartered Professional Accountants

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

| | 2023 | 2022 |
|--|------------------|-------------|
| Financial assets | | |
| Cash and cash equivalents | 1,371,633 | 1,076,523 |
| Restricted cash (Note 4) | 123,410 | 123,530 |
| Accounts receivable (Note 5) | 232,373 | 224,087 |
| Portfolio investments (Note 6) | 110 | 110 |
| Investments in Nation business entities (Note 7) | 2,829,447 | 2,618,554 |
| Funds held in trust (Note 8) | 15,921 | 15,960 |
| Total of financial assets | 4,572,894 | 4,058,764 |
| Liabilities | | |
| Accounts payable and accruals | 367,076 | 950,369 |
| Deferred revenue (Note 9) | 105,992 | 135,288 |
| Long-term debt (Note 10) | 4,481,622 | 4,011,144 |
| Total of financial liabilities | 4,954,690 | 5,096,801 |
| Net debt | (381,796) | (1,038,037) |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 7,517,035 | 7,545,227 |
| Accumulated surplus (Note 11) | 7,135,239 | 6,507,190 |

Approved on behalf of the Council

| | | | |
|--|-------------------|--|-------------------|
| <hr style="border: 0.5px solid black;"/> | Chief | <hr style="border: 0.5px solid black;"/> | Councillor |
| <hr style="border: 0.5px solid black;"/> | Councillor | <hr style="border: 0.5px solid black;"/> | Councillor |

Soowahlie First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

| | 2023 | 2022 |
|--|------------------|-------------|
| Revenue | | |
| Indigenous Services Canada | 2,722,076 | 3,829,608 |
| First Nations Health Authority | 698,597 | 767,555 |
| Canada Mortgage and Housing Corporation | 173,964 | 31,510 |
| Other revenue | 1,862,245 | 542,457 |
| Rental income | 333,804 | 262,166 |
| Economic activities and other income | 302,083 | 890,204 |
| Earnings from investment in Nation business entities | 210,893 | 256,665 |
| Investment income | 24,524 | 204,578 |
| Sto:lo Aboriginal Skills and Employment Training | 52,716 | 102,625 |
| First Nations Education Steering Committee Society | 52,641 | 47,231 |
| Taxation | 14,370 | 12,353 |
| New Relationship Trust | - | 5,000 |
| | 6,447,913 | 6,951,952 |
| Expenditures | | |
| Administration | 1,990,916 | 2,449,238 |
| Capital Fund | 251,818 | 170,151 |
| Education and Employment | 1,005,112 | 762,102 |
| Health | 786,025 | 967,575 |
| Non-Profit Housing | 87,675 | 36,766 |
| Lands and Maintenance | 1,265,244 | 1,391,122 |
| Social Development | 433,074 | 448,662 |
| | 5,819,864 | 6,225,616 |
| Annual surplus | 628,049 | 726,336 |
| Accumulated surplus, beginning of year | 6,507,190 | 5,780,854 |
| Accumulated surplus, end of year | 7,135,239 | 6,507,190 |

Soowahlie First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2023

| | 2023 | 2022 |
|---|--------------------|-------------|
| Annual surplus | 628,049 | 726,336 |
| Purchases of tangible capital assets | (223,626) | (1,858,766) |
| Amortization of tangible capital assets | 251,818 | 170,151 |
| Proceeds of disposal of tangible capital assets | - | 190,515 |
| Loss on sale of assets | - | 29,834 |
| | 28,192 | (1,468,266) |
| Decrease (increase) in net debt | 656,241 | (741,930) |
| Net debt, beginning of year | (1,038,037) | (296,107) |
| Net debt, end of year | (381,796) | (1,038,037) |

Soowahlie 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 | 628,049 | 726,336 |
| Non-cash items | | |
| Amortization | 251,818 | 170,151 |
| Bad debts | - | 6,500 |
| Earnings from investments in Nation business entities | (210,893) | (256,665) |
| Loss on sale of assets | - | 29,834 |
| | 668,974 | 676,156 |
| Changes in working capital accounts | | |
| Accounts receivable | (8,294) | 39,378 |
| Restricted cash | 120 | 90 |
| Accounts payable and accruals | (583,285) | 534,496 |
| Deferred revenue | (29,296) | (203,829) |
| Funds held in trust | 39 | (133) |
| | 48,258 | 1,046,158 |
| Financing activities | | |
| Advances of long-term debt | 652,637 | 1,114,915 |
| Repayment of long-term debt | (182,159) | (385,251) |
| | 470,478 | 729,664 |
| Capital activities | | |
| Purchases of tangible capital assets | (223,626) | (1,858,766) |
| Proceeds of disposal of tangible capital assets | - | 190,515 |
| | (223,626) | (1,668,251) |
| Increase in cash resources | 295,110 | 107,571 |
| Cash resources, beginning of year | 1,076,523 | 968,952 |
| Cash resources, end of year | 1,371,633 | 1,076,523 |

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

1. Operations

The Soowahlie First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Soowahlie 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. 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 government business entities. Trusts administered on behalf of third parties by Soowahlie First Nation are excluded from the First Nation reporting entity.

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 First Nation 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 government 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:

- Soowahlie Economic Development Limited Partnership
- Soowahlie Economic Development GP Ltd.
- Centre Creek Limited Partnership
- Centre Creek Management Ltd.
- Ch-ihl-kway-uhk Tribe Society
- Ts'elxweweiyeqw Tribe Limited Partnership
- Ts'elxweweiyeqw Tribe Management Ltd.

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, prepaid expenses and inventories held for use.

Net financial assets (net debt)

The First Nation's financial statements are presented so as to highlight net financial assets (net debt) 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 (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated annual surplus.

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

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

Cash

Cash include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary 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:

| | Method | Rate |
|---------------------------------------|---------------|-------------|
| Buildings | straight-line | 40 years |
| Housing | straight-line | 25 years |
| Equipment | straight-line | 10 years |
| Roads | straight-line | 60 years |
| Water system infrastructure | straight-line | 75 years |
| Water system buildings and reservoirs | straight-line | 45 years |
| Bridges | straight-line | 40 years |
| Computers | straight-line | 5 years |
| Vehicles | straight-line | 13 years |
| Gates | straight-line | 10 years |
| Capital lease - equipment | straight-line | 5 years |

Long-lived assets and discontinued operations

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.

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.

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

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

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.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

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.

Tax revenue

The First Nation recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred. Taxes related to unreported taxable events or unidentified economic events that would be taxable events if disclosed or known to the First Nation are recognized when such events are known, the related taxes are quantifiable, and amounts are collectible.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the First Nation evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

Own source revenue

Own source revenues derived from such sources as housing rents, resource based revenues, campsite revenue, fish sales, 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 reasonable 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, and amounts due from related First Nation entities and departments, 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.

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 significant. 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.

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

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

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 eight reportable segments: Administration, Maintenance, Education and Employment, Social Development, Health, Non-Profit Housing, Capital Fund, and the Ottawa Trust Fund. 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.

3. Change in accounting policy

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.

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 retroactively, and prior periods have not been restated.

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

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

4. Restricted cash

Restricted cash consists of the following:

| | 2023 | 2022 |
|---------------------|----------------|---------|
| Replacement reserve | 123,410 | 123,530 |

Replacement Reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the Nation established a replacement reserve, established by an annual allocation of \$87,024 (2022 - \$12,824), to ensure replacement of buildings financed by CMHC. At March 31, 2023, this reserve was under funded by \$49,565 (2022 - fully funded).

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.

5. Accounts receivable

| | 2023 | 2022 |
|---|----------------|---------|
| Funding and trade receivables | 153,033 | 175,998 |
| Rent and member loan receivables, net of allowances | 79,340 | 48,089 |
| | 232,373 | 224,087 |

6. Portfolio investments

| | 2023 | 2022 |
|---|-------------|------|
| Measured at cost: | | |
| BC First Nation Gaming Revenue Sharing LP | 100 | 100 |
| BC First Nation Gaming Revenue Sharing General Partner Ltd. | 10 | 10 |
| | 110 | 110 |

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

7. Investments in Nation business entities

The First Nation has investments in the following entities:

| | <i>Investment cost</i> | <i>Cumulative share of earnings (loss)</i> | <i>Total investment</i> | 2023 |
|--|------------------------|--|-------------------------|------|
| Not for Profit: | | | | |
| Ch-ihl-kway-uhk Tribe Society - 11% | - | 99,038 | 99,038 | |
| Significantly Influenced Businesses: | | | | |
| Centre Creek Management Ltd. - 11% | 10 | (553) | (543) | |
| Ts'elxweyeqw Tribe Management Ltd. - 14% | 1 | 39,493 | 39,494 | |
| | 11 | 38,940 | 38,951 | |
| First Nation Government Business Enterprises | | | | |
| Soowahlie Economic Development GP Ltd. - 100% | 100 | - | 100 | |
| Soowahlie Economic Development Limited Partnership - 99% | 1,000 | - | 1,000 | |
| Centre Creek Limited Partnership - 11% | 11 | 117,699 | 117,710 | |
| Ts'elxweyeqw Tribe Limited Partnership - 14% | 14 | 2,572,634 | 2,572,648 | |
| | 1,125 | 2,690,333 | 2,691,458 | |
| | 1,136 | 2,828,311 | 2,829,447 | |
| | | | | |
| | <i>Investment cost</i> | <i>Cumulative share of earnings (loss)</i> | <i>Total investment</i> | 2022 |
| Not for Profit: | | | | |
| Ch-ihl-kway-uhk Tribe Society - 11% | - | 83,970 | 83,970 | |
| Significantly Influenced Businesses: | | | | |
| Centre Creek Management Ltd. - 11% | 10 | - | 10 | |
| Ts'elxweyeqw Tribe Management Ltd. - 14% | 1 | - | 1 | |
| | 11 | - | 11 | |
| First Nation Government Business Enterprises | | | | |
| Soowahlie Economic Development GP Ltd. - 100% | 100 | - | 100 | |
| Soowahlie Economic Development Limited Partnership - 99% | 1,000 | - | 1,000 | |
| Centre Creek Limited Partnership - 11% | 11 | 114,323 | 114,334 | |
| Ts'elxweyeqw Tribe Limited Partnership - 14% | 14 | 2,419,125 | 2,419,139 | |
| | 1,125 | 2,533,448 | 2,534,573 | |
| | 1,136 | 2,617,418 | 2,618,554 | |

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

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

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

| | Centre Creek Limited Partnership As at December 31, 2022 | Ts'elxweyeqw Tribe Limited Partnership As at December 31, 2022 | Soowahlie Economic Development GP Ltd. As at December 31, 2022 | Soowahlie Economic Development Limited Partnership As at December 31, 2022 |
|-------------------------------|--|--|---|--|
| Assets | | | | |
| Cash | 4,141 | 5,297,645 | 100 | 1,000 |
| Marketable securities | - | 15,103,135 | - | - |
| Accounts receivable | 390 | 262,074 | - | - |
| Prepaid expenses | 20,906 | 6,369 | - | - |
| Advances to related parties | - | 326,762 | - | - |
| Investments | - | 1,698,493 | - | - |
| Property, plant and equipment | 2,295,206 | 734,040 | - | - |
| Total assets | 2,320,643 | 23,428,518 | 100 | 1,000 |
| Liabilities | | | | |
| Accounts payable and accruals | 11,835 | 55,047 | - | - |
| Deferred revenue | 9,500 | 2,849,501 | - | - |
| Term loans due on demand | 57,986 | - | - | - |
| Advances from related parties | 736,817 | - | - | - |
| Total liabilities | 816,138 | 2,904,548 | - | - |
| Equity | 1,504,505 | 20,523,970 | 100 | 1,000 |
| Total revenue | 126,000 | 3,642,129 | - | - |
| Total expenses | 95,312 | 2,566,481 | - | - |
| Net Income | 30,688 | 1,075,648 | - | - |

| | Ch-ihl-kway-uhk Tribe Society As at December 31, 2022 | Centre Creek Management Ltd. As at December 31, 2022 | Ts'elxweyeqw Tribe Management Ltd. As at December 31, 2022 |
|-------------------------------|--|---|--|
| Assets | | | |
| Cash | 142,698 | 1 | 50,760 |
| Accounts receivable | 387 | - | 168,913 |
| Marketable securities | 609,919 | - | - |
| Prepaid expenses | 8,593 | - | 3,894 |
| Property, plant and equipment | 19 | - | 31,335 |
| Advances to related parties | 335,010 | - | 74,595 |
| Investments | - | (4,886) | 25,119 |
| Total assets | 1,096,626 | (4,885) | 354,616 |
| Liabilities | | | |
| Accounts payable and accruals | 11,385 | - | 78,159 |
| Deferred revenue | 193,900 | - | - |
| Total liabilities | 205,285 | - | 78,159 |
| Equity | 891,341 | (4,885) | 276,457 |
| Total revenue | 165,117 | 310 | 1,551,529 |
| Total expenses | 29,510 | - | 746,004 |
| Net income | 135,607 | 310 | 805,525 |

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

8. Funds held in trust

Capital and revenue trust monies 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 |
|------------------------------------|---------------|--------|
| Capital Trust | | |
| Balance, beginning and end of year | 14,783 | 14,783 |
| Revenue Trust | | |
| Balance, beginning of year | 1,177 | 1,043 |
| Interest | 470 | 299 |
| BC special distribution | 892 | 879 |
| | 2,539 | 2,221 |
| Less: Transfers to Nation | 1,401 | 1,044 |
| Balance, end of year | 1,138 | 1,177 |
| | 15,921 | 15,960 |

9. 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 (Q3AA-001) | 20,105 | - | 20,105 | - |
| Indigenous Services Canada (Q3XJ-001) | 35,183 | - | 35,183 | - |
| Indigenous Services Canada (Q3XJ-002) | 80,000 | - | 80,000 | - |
| Indigenous Services Canada (Q3XJ-001) | - | 80,000 | 76,201 | 3,799 |
| Indigenous Services Canada (Q3TE-001) | - | 102,193 | - | 102,193 |
| | 135,288 | 182,193 | 211,489 | 105,992 |

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

10. Long-term debt

| | 2023 | 2022 |
|--|------------------|------------------|
| Royal Bank of Canada loan bearing interest at 3.20%, payable in blended monthly payments of \$17,739, maturing April 2039. | 2,160,000 | 2,295,000 |
| Project II - All Nations Trust Company mortgage bearing interest at 0.65%, secured by a Ministerial Guarantee of the Minister of Indigenous Services Canada, final maturity date and other details to be established upon Final Cost Certificate acceptance. | 1,775,953 | 1,114,915 |
| Project I - All Nations Trust Company mortgage bearing interest at 2.22%, payable in blended monthly payments of \$3,584, maturing January 2044. | 512,999 | 544,289 |
| Project IX - All Nations Trust Company mortgage bearing interest at 0.82%, payable in blended monthly payments of \$2,054, maturing July 2024. | <u>32,671</u> | <u>56,940</u> |
| | 4,481,622 | 4,011,144 |

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 | 202,290 |
| 2025 | 191,472 |
| 2026 | 188,896 |
| 2027 | 194,693 |
| 2028 | 200,674 |

The Royal Bank of Canada loan is secured by the following:

- General security agreement on the first ranking security interest in all personal property of the borrower;
- Certificate of insurance coverage on the assets of the borrower showing the bank as loss payee as its interest may appear.

11. Accumulated surplus

Accumulated surplus consists of the following:

| | 2023 | 2022 |
|---|------------------|------------------|
| Accumulated surplus | 1,131,048 | 215,063 |
| Equity in restricted cash | 123,410 | 123,530 |
| Equity in funds held in trust | 15,921 | 15,960 |
| Equity in tangible capital assets | 3,035,413 | 3,534,083 |
| Equity in investments in Nation business entities | <u>2,829,447</u> | <u>2,618,554</u> |
| | 7,135,239 | 6,507,190 |

12. Economic dependence

Soowahlie 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.

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

13. 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.

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. In seeking to minimize the risks from interest rate fluctuations, the 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.

14. Segments

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

Administration

Includes general operations, support, and financial management of the First Nation.

Capital Fund

Includes revenue and expenditures related to capital projects.

Education and Employment

Includes revenues and expenses related to various levels of education programs and growth and revenue producing projects for the members of the First Nation.

Health

Includes activities related to the provision of health services within the First Nation.

Lands and Maintenance

Includes revenues and expenditures related to conservation and stewardships of the First Nation's land and resources.

Non-Profit Housing

Includes rent collection and maintenance related to the mortgaged and non-mortgaged homes owned by the First Nation.

Ottawa Trust

Includes funds held in trust by the Government of Canada on behalf of the First Nation.

Social Development

Includes revenues and expenses relating to the social assistance of the members of the First Nation.

15. Comparative figures

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

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

| | <i>Buildings</i> | <i>Housing</i> | <i>Equipment</i> | <i>Roads</i> | <i>Water System Infrastructure</i> | <i>Water System Buildings and Reservoirs</i> | <i>Subtotal</i> |
|--|-------------------------|-----------------------|-------------------------|---------------------|---|---|------------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 3,393,020 | 3,627,529 | 65,120 | 778,866 | 1,392,639 | 178,887 | 9,436,061 |
| Acquisition of tangible capital assets | - | 223,625 | - | - | - | - | 223,625 |
| Construction-in-progress | - | - | - | - | - | - | - |
| Disposal of tangible capital assets | - | - | - | - | - | - | - |
| Balance, end of year | 3,393,020 | 3,851,154 | 65,120 | 778,866 | 1,392,639 | 178,887 | 9,659,686 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 983,927 | 2,697,904 | 57,733 | 442,506 | 517,682 | 115,584 | 4,815,336 |
| Annual amortization | 40,581 | 137,368 | 3,567 | 13,007 | 18,522 | 3,971 | 217,016 |
| Accumulated amortization on disposals | - | - | - | - | - | - | - |
| Balance, end of year | 1,024,508 | 2,835,272 | 61,300 | 455,513 | 536,204 | 119,555 | 5,032,352 |
| Net book value of tangible capital assets | 2,368,512 | 1,015,882 | 3,820 | 323,353 | 856,435 | 59,332 | 4,627,334 |
| 2022 Net book value of tangible capital assets | 2,409,093 | 929,625 | 7,387 | 336,360 | 874,957 | 63,303 | 4,620,725 |

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

| | <i>Subtotal</i> | <i>Bridges</i> | <i>Computers</i> | <i>Vehicles</i> | <i>Gate</i> | <i>Heavy Equipment</i> | <i>Subtotal</i> |
|--|------------------|----------------|------------------|-----------------|---------------|------------------------|------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 9,436,061 | 437,273 | 24,674 | 126,317 | 137,017 | 129,500 | 10,290,842 |
| Acquisition of tangible capital assets | 223,625 | - | - | - | - | - | 223,625 |
| Construction-in-progress | - | - | - | - | - | - | - |
| Disposal of tangible capital assets | - | - | - | - | - | - | - |
| Balance, end of year | 9,659,686 | 437,273 | 24,674 | 126,317 | 137,017 | 129,500 | 10,514,467 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 4,815,336 | 360,751 | 18,707 | 65,447 | 55,874 | 129,500 | 5,445,615 |
| Annual amortization | 217,016 | 10,932 | 1,989 | 8,179 | 13,701 | - | 251,817 |
| Accumulated amortization on disposals | - | - | - | - | - | - | - |
| Balance, end of year | 5,032,352 | 371,683 | 20,696 | 73,626 | 69,575 | 129,500 | 5,697,432 |
| Net book value of tangible capital assets | 4,627,334 | 65,590 | 3,978 | 52,691 | 67,442 | - | 4,817,035 |
| 2022 Net book value of tangible capital assets | 4,620,725 | 76,522 | 5,967 | 60,870 | 81,143 | - | 4,845,227 |

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

| | <i>Subtotal</i> | <i>Land</i> | 2023 | 2022 |
|--|-------------------|------------------|-------------------|-------------|
| Cost | | | | |
| Balance, beginning of year | 10,290,842 | 2,700,000 | 12,990,842 | 11,382,473 |
| Acquisition of tangible capital assets | 223,625 | - | 223,625 | 2,201 |
| Construction-in-progress | - | - | - | 1,856,565 |
| Disposal of tangible capital assets | - | - | - | (250,397) |
| Balance, end of year | 10,514,467 | 2,700,000 | 13,214,467 | 12,990,842 |
| Accumulated amortization | | | | |
| Balance, beginning of year | 5,445,615 | - | 5,445,615 | 5,305,512 |
| Annual amortization | 251,817 | - | 251,817 | 170,152 |
| Accumulated amortization on disposals | - | - | - | (30,049) |
| Balance, end of year | 5,697,432 | - | 5,697,432 | 5,445,615 |
| Net book value of tangible capital assets | 4,817,035 | 2,700,000 | 7,517,035 | 7,545,227 |
| 2022 Net book value of tangible capital assets | 4,845,227 | 2,700,000 | 7,545,227 | |

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

| | Administration | Capital | Education and Employment | Health | Non-Profit Housing | Lands and Maintenance | Ottawa Trust | Social Development | 2023 |
|---|-------------------|---------------------|--------------------------|-------------------|--------------------|-----------------------|-----------------|--------------------|-------------------|
| Revenue | | | | | | | | | |
| Indigenous Services Canada | \$ 297,358 | \$ - | \$ 948,078 | \$ - | \$ 955,770 | \$ - | \$ 520,870 | \$ 2,722,076 | |
| Other government | - | - | 52,716 | 698,597 | 146,164 | 27,800 | - | - | 925,277 |
| Economic activities and other income | 2,099,294 | - | 366,942 | 86,297 | 100,298 | 131,367 | 1,362 | 15,000 | 2,800,560 |
| | 2,396,652 | - | 1,367,736 | 784,894 | 246,462 | 1,114,937 | 1,362 | 535,870 | 6,447,913 |
| Expenses | | | | | | | | | |
| Amortization | - | 251,818 | - | - | - | - | - | - | 251,818 |
| Operating expenses | 1,013,074 | - | 26,003 | 106,839 | 29,050 | 215,517 | - | 11,372 | 1,401,856 |
| Salaries, wages and benefits | 731,363 | - | 100,779 | 436,308 | - | 233,214 | - | 5,042 | 1,506,706 |
| Program and services expenses | 246,480 | - | 878,330 | 242,878 | 58,626 | 816,513 | - | 416,660 | 2,659,486 |
| | 1,990,916 | 251,818 | 1,005,112 | 786,025 | 87,675 | 1,265,244 | - | 433,074 | 5,819,864 |
| Surplus (deficit) before transfers | 405,736 | (251,818) | 362,625 | (1,131) | 158,786 | (150,307) | 1,362 | 102,796 | 628,049 |
| Transfers between programs | (11,831) | - | - | - | 11,831 | - | - | - | - |
| Annual surplus (deficit) | \$ 393,905 | \$ (251,818) | \$ 362,625 | \$ (1,131) | \$ 170,617 | \$ (150,307) | \$ 1,362 | \$ 102,796 | \$ 628,049 |

| | Administration | Capital | Education and Employment | Health | Non-Profit Housing | Lands and Maintenance | Ottawa Trust | Social Development | 2022 |
|---|---------------------|---------------------|--------------------------|---------------------|--------------------|-----------------------|----------------|--------------------|-------------------|
| Revenue | | | | | | | | | |
| Indigenous Services Canada | \$ 264,311 | \$ - | \$ 696,674 | \$ - | \$ 281,464 | \$ 2,030,543 | \$ - | \$ 556,616 | \$ 3,829,608 |
| Other government | 201,227 | - | - | 767,555 | 31,510 | - | - | - | 1,000,292 |
| Economic activities and other income (loss) | 1,781,259 | (29,835) | 201,256 | 20,000 | 57,803 | 69,392 | 1,177 | 21,000 | 2,122,053 |
| | 2,246,797 | (29,835) | 897,930 | 787,555 | 370,777 | 2,099,935 | 1,177 | 577,616 | 6,951,952 |
| Expenses | | | | | | | | | |
| Amortization | - | 170,151 | - | - | - | - | - | - | 170,151 |
| Operating expenses | 940,341 | - | 6,742 | 160,174 | 29,904 | 158,581 | - | 21,208 | 1,316,950 |
| Salaries, wages and benefits | 617,283 | - | 163,656 | 435,870 | - | 308,791 | - | 28,754 | 1,554,354 |
| Program and services expenses | 891,614 | - | 591,704 | 371,531 | 6,862 | 923,750 | - | 398,700 | 3,184,161 |
| | 2,449,238 | 170,151 | 762,102 | 967,575 | 36,766 | 1,391,122 | - | 448,662 | 6,225,616 |
| Surplus (deficit) before transfers | (202,441) | (199,986) | 135,828 | (180,020) | 334,011 | 708,813 | 1,177 | 128,954 | 726,336 |
| Transfers between programs | 97,782 | - | - | - | 15,584 | (112,322) | (1,044) | - | - |
| Annual surplus (deficit) | \$ (104,659) | \$ (199,986) | \$ 135,828 | \$ (180,020) | \$ 349,595 | \$ 596,490 | \$ 133 | \$ 128,954 | \$ 726,336 |