

Seabird Island Band
Consolidated Financial Statements
March 31, 2023

Seabird Island Band

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For the year ended March 31, 2023

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Management's Responsibility

To the Members of Seabird Island Band:

The accompanying consolidated financial statements of Seabird Island Band 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 Seabird Island Band 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 First Nation's external auditors.

MNP LLP is appointed by the Council 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.

July 5, 2023

<u>Original signed by Nigel Selvadurai</u>	Director of Finance	<u>Original signed by Jason Campbell</u>	CAO
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To the Members of Seabird Island Band:

Opinion

We have audited the consolidated financial statements of Seabird Island Band (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated operating 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, 2023, and the results of its consolidated operations, its consolidated remeasurement gains and losses, 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 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 5, 2023

MNP LLP

Chartered Professional Accountants

Seabird Island Band
Consolidated Statement of Financial Position
As at March 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents <i>(Note 4)</i>	39,795,988	29,009,494
Accounts receivable <i>(Note 5)</i>	4,650,585	4,502,120
Portfolio investments <i>(Note 6)</i>	1,994,963	2,510,793
Inventory for resale	172,736	201,174
Funds held in trust <i>(Note 7)</i>	35,726	35,524
Investment in Nation business entities <i>(Note 8)</i>	11,294,853	6,508,499
Total of financial assets	57,944,851	42,767,604
Liabilities		
Accounts payable and accruals	3,089,520	2,894,186
Deferred revenue <i>(Note 9)</i>	939,231	6,173,143
Long-term debt <i>(Note 10)</i>	15,201,561	15,699,491
Capital lease obligations	4,026	5,612
Total of financial liabilities	19,234,338	24,772,432
Net financial assets	38,710,513	17,995,172
Contingencies <i>(Note 11)</i>		
Commitments <i>(Note 12)</i>		
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	36,042,368	36,249,637
Inventories held for use	18,046	37,277
Prepaid expenses	147,736	127,878
Total non-financial assets	36,208,150	36,414,792
Accumulated surplus <i>(Note 13)</i>	74,918,663	54,409,964
Accumulated surplus is comprised of:		
Accumulated surplus	74,933,237	54,409,964
Accumulated remeasurement losses	(14,574)	-
	74,918,663	54,409,964

Approved on behalf of the Council

Original signed by James Harris	Chief	Original signed by Willow Walker	Councillor
Original signed by Ashley Bobb	Councillor	Original signed by Alexis Grace	Councillor
Original signed by Paul Andrew	Councillor	Original signed by Sally-May Hope	Councillor
Original signed by Chaundine Fisher	Councillor	Original signed by Rodney Peters	Councillor
Original signed by Marcia Peters	Councillor		

The accompanying notes are an integral part of these financial statements

Seabird Island Band
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

	<i>2023 Budget</i>	<i>2023</i>	<i>2022</i>
Revenue			
Indigenous Services Canada	12,088,744	19,476,514	14,337,307
Economic activity and other income	6,637,529	12,121,310	6,672,304
First Nation Health Authority	5,473,895	6,549,832	5,476,773
Other federal funding	181,603	6,161,148	467,534
Province of British Columbia	3,903,434	4,050,065	4,793,403
First Nation Education Steering Committee	978,000	2,699,491	1,486,337
Rental income	1,005,757	1,502,816	1,370,577
Sto:lo Nation	574,420	602,990	599,052
Earnings from investments in Nation business entities	500,000	5,090,920	2,275,326
Canada Mortgage and Housing Corporation	299,157	298,353	299,181
Investment income	420,007	1,048,968	461,642
	32,062,546	59,602,407	38,239,436
Program expenses			
Administration	4,879,259	809,694	2,151,749
Capital Projects	-	1,981,995	314,693
Economic Development	-	1,112,164	347,567
Education	9,460,449	9,366,352	9,307,317
Health and Social Development	17,334,579	17,760,841	16,142,497
Housing	1,144,601	1,531,708	923,867
Public Works	965,911	2,892,405	1,502,846
Lands and Government Affairs	2,117,034	1,724,880	1,094,564
Reserves and Other	-	1,899,095	1,460,636
Total expenditures	35,901,833	39,079,134	33,245,736
Annual surplus (deficit)	(3,839,287)	20,523,273	4,993,700
Accumulated surplus, beginning of year	54,409,964	54,409,964	49,416,264
Accumulated surplus, end of year (Note 13)	50,570,677	74,933,237	54,409,964

Seabird Island Band
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2023

	2023	2022
Accumulated remeasurement gains, beginning of year	-	-
Unrealized losses attributable to:		
Portfolio investments	(34,472)	-
Amounts reclassified to the statement of operations:		
Portfolio investments	19,898	-
Accumulated remeasurement losses, end of year	(14,574)	-

Seabird Island Band
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2023

	<i>2023 Budget</i>	<i>2023</i>	<i>2022</i>
Annual surplus (deficit)	(3,839,287)	20,523,273	4,993,700
Purchases of tangible capital assets	-	(1,350,117)	(13,056,504)
Amortization of tangible capital assets	-	1,557,386	1,427,196
	-	207,269	(11,629,308)
Acquisition of prepaid expenses	-	(147,735)	(127,878)
Use of prepaid expenses	-	127,878	135,460
Use of inventories held for use	-	19,230	9,129
Change in remeasurement losses for the year	-	(14,574)	-
	-	(15,201)	16,711
Increase (decrease) in net assets	(3,839,287)	20,715,341	(6,618,897)
Net financial assets, beginning of year	17,995,172	17,995,172	24,614,069
Net financial assets, end of year	14,155,885	38,710,513	17,995,172

The accompanying notes are an integral part of these financial statements

Seabird Island Band
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	20,523,273	4,993,700
Non-cash items		
Amortization	1,557,386	1,427,196
Earnings from investment in Nation business entities	(5,090,920)	(2,275,326)
Change in remeasurement losses for the year	(14,574)	-
	16,975,165	4,145,570
Changes in working capital accounts		
Accounts receivable	(148,465)	(1,144,673)
Inventory for resale	28,438	(60,561)
Funds held in trust	202	53
Accounts payable and accruals	194,932	(55,164)
Deferred revenue	(5,233,912)	6,173,143
Inventory held for use	19,228	9,129
Prepaid expenses	(19,857)	7,582
	11,815,731	9,075,079
Financing activities		
Advances of long-term debt	118,275	10,012,000
Repayment of long-term debt	(616,205)	(457,494)
Repayment of capital lease obligations	(1,586)	(6,198)
	(499,516)	9,548,308
Capital activities		
Purchases of tangible capital assets	(1,350,117)	(13,056,504)
Investing activities		
Investment in Nation partnerships and business entities	-	(30,072)
Repayment of advances in investment in Nation business entities	304,566	1,643,403
Change in portfolio investments	515,830	22,824
	820,396	1,636,155
Increase in cash resources	10,786,494	7,203,038
Cash resources, beginning of year	29,009,494	21,806,456
Cash resources, end of year	39,795,988	29,009,494
Supplementary cash flow information		
Interest paid	171,216	150,218

The accompanying notes are an integral part of these financial statements

1. Operations

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

2. Significant accounting policies

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

Reporting entity - Consolidated consolidated

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 Seabird Island Band are excluded from the First Nation reporting entity.

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

- Seabird Education Society, Lalme; lwesawtexw
- Seabird Island Holdings Ltd.
- Seabird Island Forestry Company Ltd.
- Seabird Island Forestry Limited Partnership

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.

Seabird Island Band 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 consolidated 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:

- Stqó:ya Construction Ltd.
- Stqó:ya Construction Limited Partnership
- Sqewqél Development Limited Liability Partnership
- Sqéwqel Gas Bar Limited Liability Partnership
- Sqéwqel Development Corporation

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 of held for use.

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 consolidated 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 consolidated financial position, accumulated surplus.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less.

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 cash bonds and equities.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the, first-in, first-out method. Cost of inventories of items that are segregated for specific projects is assigned by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Funds held in Ottawa Trust Fund

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

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	Years
Automobile equipment	straight-line	10-25 years
Band housing	straight-line	30 years
Infrastructure	straight-line	20-45 years
Buildings	straight-line	20-45 years
Other equipment	straight-line	5-10 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.

The First 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 prices for similar items. Any impairment is included in surplus for the year.

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

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 such sources as resource based revenues, 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.

Investments

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

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 collectibility 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.

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

Segments

The First Nation conducts its business through nine reportable segments: Administration, Capital Projects, Economic Development, Education, Health and Social Development, Housing, Public Works, Lands and Government Affairs and Reserve and Other. 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.

Retirement benefits

The First Nation has a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. There are no prior service costs. Contributions are discretionary, and are based on the percentage of participants' contributions, up to a maximum. The First Nation follows the policy of funding retirement plan contributions as accrued. The First Nation contributions totalled \$530,320 (2022 - \$474,676). There have been no changes to the plan in the current year.

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.

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.

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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 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.

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

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.

4. Cash and cash equivalents

	2023	2022
Externally restricted		
CMHC operating reserve	543,296	652,927
CMHC replacement reserve	1,499,830	732,623
	2,043,126	1,385,550
Internally restricted		
Replacement and operating reserves (Note 15)	12,519,844	12,091,797
Unrestricted		
Operating funds	25,233,018	15,532,147
	39,795,988	29,009,494

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

4. Cash and cash equivalents *(Continued from previous page)*

Replacement Reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the First Nation established a replacement reserve, funded by an annual allocation of \$89,811 (2022- \$89,811), to ensure replacement of buildings financed by CMHC. The reserve was fully funded at March 31, 2023.

During the year a supplemental assistance subsidy was provided by CMHC for \$694,500. At March 31, 2023, \$694,500 of the supplemental assistance subsidy has been set aside to fund the replacement reserve.

In accordance with terms of the agreement, 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.

Operating Reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") 1997 On-Reserve Program requirements, the First Nation established an operating reserve retained by the First Nation resulting from annual surplus after the payment of all costs and expenses including allocation to the replacement reserve. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as otherwise mutually agreed to by the First Nation and CMHC.

These funds may only be used for the ongoing operating costs of the housing projects committed under the 1997 On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. At March 31, 2023 this reserve was fully funded.

5. Accounts receivable

	2023	2022
Funding and trade receivables	5,156,311	5,009,147
Interest receivable	34,604	34,604
Dental and medical office receivable	19,006	17,705
Member loans receivable	11,232	11,232
Allowance for doubtful accounts	(570,568)	(570,568)
	4,650,585	4,502,120

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

6. Portfolio investments

	2023	2022
Measured at cost:		
Boughton Law Corporation Trust Fund	-	400,000
BC First Nations Gaming Revenue Sharing LP	100	100
BC First Nations Gaming Sharing General Partner Ltd.	10	10
	110	400,110
Measured at fair value:		
Municipal Finance Authority - Short Term Bond	1,952	1,919
Municipal Finance Authority - Money Market	402,893	391,030
Investors Group Portfolio	208	393,960
RBC Dominion Securities Portfolio	1,589,800	1,323,774
	1,994,853	2,110,683
	1,994,963	2,510,793

7. Funds held in trust

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

	2023	2022
Capital Trust		
Balance, beginning and end of year	32,847	32,847
Revenue Trust		
Balance, beginning of year	2,677	2,730
Interest and distributions	3,375	2,986
	6,052	5,716
Less: Transfers to Nation	3,173	3,039
Balance, end of year	2,879	2,677
	35,726	35,524

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

8. Investments in First 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</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
Seabird Island Forestry Company Ltd. - 100%	1	-	-	1
Stqó:ya Construction Ltd. - 50%	55	-	-	55
Sqéwqel Development Corporation - 100%	1	-	-	1
	57	-	-	57
First Nation Business Partnerships – Modified Equity:				
Stqó:ya Construction LP - 51.00%	50	(10,055)	4,437,974	4,427,969
Seabird Island Forestry LP - 99.99%	1	-	-	1
Sqéwqel Development Corporation LLP - 99.99%	100	442,441	5,922,261	6,364,802
Sqéwqel Gas Bar LLP - 99.99%	100	(14,799)	516,723	502,024
	251	417,587	10,876,958	11,294,796
	308	417,587	10,876,958	11,294,853
				2022
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
Seabird Island Forestry Company Ltd. - 100%	1	-	-	1
Stqó:ya Construction Ltd. - 50%	55	-	-	55
Sqéwqel Development Corporation - 100%	1	-	-	1
	57	-	-	57
First Nation Business Partnerships – Modified Equity:				
Stqó:ya Construction LP - 49.99%	50	(10,055)	2,520,090	2,510,085
Seabird Island Forestry LP - 99.99%	1	-	-	1
Sqéwqel Development Corporation LLP - 99.99%	100	747,007	2,826,095	3,573,202
Sqéwqel Gas Bar LLP - 99.99%	100	(14,799)	439,853	425,154
	251	722,153	5,786,038	6,508,442
	308	722,153	5,786,038	6,508,499

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

8. Investments in First Nation partnerships and business entities *(Continued from previous page)*

Financial information for the investments in First Nation business entities is as follows:

	Seabird Island Forestry Construction Ltd.	Seabird Island Forestry Construction LP	Stqó:ya Construction Ltd.	Sqéwqel Development Corporation	2023	2022
Balance Sheet						
Assets	1	1	585	1	588	588
Liabilities	-	-	500	-	500	500
Equity (Deficit)	1	1	85	1	88	88
Total Liabilities and Equity	1	1	585	1	588	588
Income Statement						
Revenue	-	-	154	-	154	154
Expenses	-	-	-	-	-	-
Net Income	-	-	154	-	154	154

	Stqó:ya Construction LP	Sqéwqel Development Corporation LLP	Sqéwqel Gas Bar LLP	2023	2022
Balance Sheet					
Assets	15,270,285	7,389,497	2,069,740	24,729,522	14,220,180
Liabilities	6,504,971	1,464,326	1,535,540	9,504,837	5,929,774
Equity	8,765,314	5,925,171	534,200	15,224,685	8,290,406
Total Liabilities and Equity	15,270,285	7,389,497	2,069,740	24,729,522	14,220,180
Income Statement					
Revenue	42,167,896	4,873,672	5,482,758	52,524,326	32,734,261
Expenses	38,406,971	1,777,196	5,405,880	45,590,047	30,060,441
Net Income (Loss)	3,760,925	3,096,476	76,878	6,934,279	2,673,820

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 Funding	4,797,189	-	4,797,189	-
First Nations Health Authority Funding	349,108	-	349,108	-
First Nation Education Steering Committee Funding	518,609	-	518,609	-
Fraser Health Authority	-	611,649	-	611,649
Other Funding	508,237	-	508,237	-
Province of British Columbia	-	327,582	-	327,582
	6,173,143	939,231	6,173,143	939,231

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

10. Long-term debt

	2023	2022
Project #13 - All Nations Trust Company mortgage, blended monthly payments of \$1,766 at 0.69% per annum, maturing January 1, 2025.	38,597	59,446
Project #14 - All Nations Trust Company mortgage, blended monthly payments of \$2,932 at 1.86% per annum, maturing February 1, 2029.	197,025	228,243
Project #15 - All Nations Trust Company mortgage, blended monthly payments of \$2,728 at 2.14% per annum, maturing March 1, 2034.	320,802	346,408
Project #16 - All Nations Trust Company mortgage, blended monthly payments of \$2,912 at 2.14% per annum, maturing March 1, 2034.	342,400	369,730
Project #17 - All Nations Trust Company mortgage, blended monthly payments of \$5,491 at 1.48% per annum, maturing January 1, 2037.	824,100	877,331
Project #18 - All Nations Trust Company mortgage, blended monthly payments of \$2,541 at 2.68% per annum, maturing October 1, 2038.	388,566	408,420
Project #19 - All Nations Trust Company mortgage, blended monthly payments of \$2,492 at 2.21% per annum, maturing February 1, 2039.	401,269	422,100
Project #20 - All Nations Trust Company mortgage, blended monthly payments of \$2,202 at 0.70% per annum, maturing September 1, 2040.	435,191	458,489
Project #21 - All Nations Trust Company mortgage, blended monthly payments of \$4,929 at 2.06% per annum, maturing November 1, 2042.	778,448	813,853
Project #22 - All Nations Trust Company mortgage, blended monthly payments of \$4,430 at 0.98% per annum, maturing April 1, 2045.	1,027,302	1,070,067
Bank of Montreal, blended monthly payments of \$3,614 at 2.79% per annum, maturing June 30, 2025.	717,787	740,780
Bank of Montreal, blended monthly payments of \$12,951 at 2.16% per annum, maturing May 31, 2023.	2,830,135	2,923,309
Prospera Credit Union, blended monthly payments of \$4,133 at 3.12% per annum, maturing January 14, 2024.	836,653	859,917
Prospera Credit Union, blended monthly payments of \$29,105 at 3.00% per annum, maturing January 1, 2027.	5,952,374	6,121,398
Wells Fargo Bank, blended monthly payments of \$2,120 at 2.90% per annum, maturing November 4, 2027.	110,912	-
	15,201,561	15,699,491

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

10. 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:

2024	650,965
2025	662,096
2026	659,374
2027	674,629
2028	681,764

Security for the Prospera loans consist of:

- an agreement providing a mortgage of \$6,150,000 over 1755 Agassiz-Rosedale No. 9 Highway, Agassiz, BC
- an agreement providing a mortgage of \$862,000 over 7820 Industrial Way, Agassiz, BC
- a general security agreement over all present and after-acquired capital assets
- assignment of all rents and/or leases of the 1755 Agassiz-Rosedale property
- assignment of all rents and/or leases of the 7820 Industrial Way property

The terms of the Prospera Credit Union loans require that a certain measurable covenant is met. As at March 31, 2023, the First Nation is in compliance with the covenant.

11. Contingencies

As at March 31, 2023, the First Nation is contingently liable in respect of guaranteed individual Band member mortgages with various financial institutions totalling \$3,264,903 (2022 - \$1,800,772).

Bank of Montreal (BMO) has authorized up to \$7,050,000 (2022 - \$7,050,000) of residential mortgage loans to members of Seabird Island Band. Under this agreement, the First Nation is to provide guarantees on all Band member mortgages. The total amounts guaranteed under this agreement are included above.

In addition, the First Nation has guaranteed the debts of Sqéwqel Gas Bar LLP of approximately \$968,136 (2022 - \$957,898).

In addition, the First Nation is a guaranteed the debts of Stqo:ya Construction LP of approximately \$700,000 (2022 - \$700,000).

12. Commitments

The First Nation is committed to the lease of various office equipment. The terms of the leases call for monthly payments, with the next three years of repayment estimated as follows:

2024	1,464
2025	1,464
2026	1,098

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

13. Accumulated operating surplus

Accumulated operating surplus consists of the following:

	2023	2022
Equity in Tangible Capital Assets	20,836,781	20,544,534
Internally Restricted Equity (Note 15)	12,519,844	12,091,797
Operating Surplus	28,620,802	13,844,060
Accumulated remeasurement loss	(14,574)	-
Equity in Ottawa Trust Funds	35,726	35,524
Equity in CMHC Replacement and Operating Reserves	2,043,126	1,385,550
Equity in Nation business entities	10,876,958	6,508,499
	74,918,663	54,409,964

14. Budget information

The disclosed budget information has been approved by the Chief and Council of the Seabird Island Band at the Chief and Council meeting held on March 15, 2022. The budget information is unaudited and is projected based on operating expenses to be incurred during the year on a program by program basis.

15. Internally restricted equity

	2023	2022
Funded reserves consist of the following:		
Seabird Island Futures Reserve	2,781,756	2,556,725
Murphy Land	36,357	36,358
Admin Transfers Reserve	1,000,000	1,000,000
Student Loan Reserve	305,477	327,359
Post Secondary Reserve	1,059,525	1,059,525
Replacement Reserve - Matured Phase 3 - 5	405,112	464,460
Health Program Reserve	1,230,846	1,220,846
Bear Bus Reserve	100,000	100,000
Maintenance Reserve	27,046	24,686
Contingency Reserve	748,778	654,502
Chief and Council Discretionary Reserve	1,146,137	921,106
Capital Replacement Fund Reserve	2,326,245	2,406,649
School Maintenance Reserve	1,200,000	1,200,000
Committed Funds Reserve	46,965	30,781
Recovery Home Reserve	105,600	88,800
	12,519,844	12,091,797

16. Segments

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

Administration

Includes general operations, IT support and financial management of the First Nation along with an arm related to discretionary revenue, property taxation and governance activities.

Capital Projects

Includes revenue and expenses related to capital projects and capital project flow through funding administered on behalf of Indigenous Services Canada.

Economic Development

Includes activities related to the growth of the revenue producing projects within the First Nation, land management along with an arm of rights and resource management.

Education

Includes revenue and expenses related to primary, secondary and post secondary education of the members of the First Nation, and operations relating to First Nation operated school and Seabird College.

Health and Social Development

Includes revenue and expenses relating to the activities related to a wide range of health services including dental, doctor, family and children services within the First Nation and social assistance programs.

Housing

Includes property management related to the mortgaged homes owned by the First Nation and the administration of social housing programs.

Public Works

Includes revenue and expenses related to ongoing community maintenance.

Lands and Government Affairs

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

Reserves and Other

Includes revenue and expenses related to the tangible capital assets and restricted reserves and other activities not related to another segment.

17. 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.

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

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 First Nation is exposed to interest rate price risk with respect to its term deposits which are at fixed rates of interest.

The First Nation is exposed to interest rate price risk with respect to mortgages included in long term debt which have fixed rates of interest.

Seabird Island Band
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2023

	<i>Automobile Equipment</i>	<i>Housing</i>	<i>Infrastructure</i>	<i>Buildings</i>	<i>Other equipment</i>	<i>2023</i>	<i>2022</i>
Cost							
Balance, beginning of year	3,309,541	13,219,869	10,785	33,424,764	3,962,172	53,927,131	40,870,627
Acquisition of tangible capital assets	505,411	-	-	613,761	230,945	1,350,117	13,056,504
Balance, end of year	3,814,952	13,219,869	10,785	34,038,525	4,193,117	55,277,248	53,927,131
Accumulated amortization							
Balance, beginning of year	1,959,026	4,771,623	10,785	8,480,055	2,456,005	17,677,494	16,250,298
Annual amortization	216,242	371,488	-	728,835	240,821	1,557,386	1,427,196
Balance, end of year	2,175,268	5,143,111	10,785	9,208,890	2,696,826	19,234,880	17,677,494
Net book value of tangible capital assets	1,639,684	8,076,758	-	24,829,635	1,496,291	36,042,368	36,249,637
2022 Net book value of tangible capital assets	1,350,515	8,448,246	-	24,944,709	1,506,167	36,249,637	