

Xaxli'p
Consolidated Financial Statements
March 31, 2024

Xaxli'p Contents

For the year ended March 31, 2024

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Independent Auditor's Report

To the Members of Xaxli'p:

Qualified Opinion

We have audited the consolidated financial statements of Xaxli'p, which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules 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 Xaxli'p as at March 31, 2024, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The consolidated financial statements do not include complete budgeted information. The exclusion of such information is a departure from Canadian public sector accounting standards as a comparison of budgeted to actual results is a significant measurement of performance.

We are independent of Xaxli'p 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 Xaxli'p'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 Xaxli'p or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Xaxli'p's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 Xaxli'p'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 Xaxli'p'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 Xaxli'p 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 Xaxli'p 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.

Kelowna, British Columbia

July 30, 2024

MNP LLP

Chartered Professional Accountants

Xaxli'p
Consolidated Statement of Financial Position
As at March 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents	12,045,629	8,123,063
Restricted cash (Note 4)	85,283	172,054
Funds held in trust (Note 5)	197,845	188,605
Investments (Note 7)	398,227	376,100
Accounts receivable (Note 6)	576,141	3,871,667
Investment in Nation business entities (Note 8)	3,271,621	2,182,686
	16,574,746	14,914,175
Financial liabilities		
Accounts payable and accruals	714,308	320,127
Advances from related Nation entities & department (Note 9)	344,958	-
Long-term debt (Note 10)	778,977	601,795
Deferred revenue (Note 11)	427,114	2,829,502
	2,265,357	3,751,424
Net financial assets	14,309,389	11,162,751
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	7,631,361	5,129,024
Prepaid expenses	134,576	66,460
Total non-financial assets	7,765,937	5,195,484
Accumulated surplus (Note 13)	22,075,326	16,358,235

Approved on behalf of the Chief and Council

 	<p>Chief</p> <p>Councillor</p>	 	<p>Councillor</p> <p>Councillor</p>
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The accompanying notes are an integral part of these consolidated financial statements

Xaxli'p

Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2024

	2024 Budget	2024	2023
Revenue			
Indigenous Services Canada (Note 14)	-	9,529,297	4,425,052
First Nations Health Authority	-	1,304,790	1,390,610
Canada Mortgage and Housing Corporation	-	374,319	237,046
Province of BC	-	175,919	433,906
Other revenue	-	688,913	377,039
B.C. First Nation Gaming revenue	-	580,481	727,600
Xaxli'p Community Forest Corporation	-	538,418	683,210
Rental income	-	244,520	281,103
Aboriginal Skills and Employment Training Strategy	-	199,265	39,822
Interest income	-	168,411	48,896
First Nations Education Steering Committee	-	153,165	221,540
Gain on disposal of capital assets	-	51,378	-
Healing Our Broken Spirit revenue	-	50,000	-
Drinking water settlement revenue	-	-	500,000
Earnings (loss) from investment in Nation business entities	-	734,966	(435,293)
Work opportunity program	-	-	5,000
	-	14,793,842	8,935,531
Program expenses			
Administration	-	2,158,833	1,616,702
Public Works	-	475,086	473,966
Housing	-	664,243	600,873
Health	-	1,427,122	1,172,386
Community and Member Services	-	405,818	93,265
Education	-	1,345,541	1,121,186
Resources	-	913,640	612,896
Economic Development	-	146,158	69,896
Ministry of Transportation and Infrastructure - Slide Stabilization Project	-	1,397	2,873
Social Development Services	-	1,315,940	1,183,347
St'at'imc Trust	-	222,973	155,006
	-	9,076,751	7,102,396
Annual surplus	-	5,717,091	1,833,135
Accumulated surplus, beginning of year	-	16,358,235	14,525,100
Accumulated surplus, end of year	-	22,075,326	16,358,235

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

Xaxli'p

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

	<i>2024 Budget</i>	<i>2024</i>	<i>2023</i>
Annual surplus	-	5,717,091	1,833,135
Purchases of tangible capital assets	-	(2,931,386)	(79,460)
Amortization of tangible capital assets	-	358,426	299,786
Disposal of tangible capital assets	-	70,623	-
Acquisition of prepaid expenses	-	(68,116)	(64,152)
Increase in net financial assets	-	3,146,638	1,989,309
Net financial assets, beginning of year	-	11,162,751	9,173,442
Net financial assets, end of year	-	14,309,389	11,162,751

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

Xaxli'p
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Surplus	5,717,091	1,833,135
Non-cash items		
Amortization	358,426	299,786
Increase in funds held in trust	(9,240)	(8,358)
Unrealized losses (gains) on portfolio investments	(13,617)	21,088
Loss from investment in Nation business	(734,966)	435,293
	5,317,694	2,580,944
Changes in working capital accounts		
Accounts receivable	3,295,526	(3,028,794)
Prepaid expenses	(68,116)	(64,152)
Accounts payable and accruals	394,181	(52,702)
Deferred revenue	(2,402,388)	2,145,111
	6,536,897	1,580,407
Financing activities		
Advances of long-term debt	350,000	-
Repayment of long-term debt	(172,818)	(177,482)
Repayment of Advances from related Nation entities & department	(5,042)	-
	172,140	(177,482)
Capital activities		
Purchases of tangible capital assets	(2,931,386)	(79,460)
Disposal of tangible capital assets	70,623	-
Investing activities		
Invested in portfolio investments	(8,510)	(7,817)
Advances to Xaxli'p business entity	(3,969)	(175,432)
Decrease in restricted cash	86,771	16,773
	74,292	(166,476)
Increase in cash and cash equivalents	3,922,566	1,156,989
Cash and cash equivalents, beginning of year	8,123,063	6,966,074
Cash and cash equivalents, end of year	12,045,629	8,123,063

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

Xaxli'p
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

1. Operations

Xaxli'p is located in the province of British Columbia, and provides various services to its members. Xaxli'p includes the members, government and all related entities that are accountable to Xaxli'p and are either owned or controlled by Xaxli'p.

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 Xaxli'p reporting entity, except for government business entities, which are not dependent on Xaxli'p for their continuing operations.

Xaxli'p has consolidated the assets, liabilities, revenue and expenses of the following entities:

- Tmicw Land Holdings Ltd.
- Xaxli'p Community Forest Corporation
- Fountain Valley Services Society

All inter-entity balances have been eliminated on consolidation.

Xaxli'p business entities, owned or controlled by Xaxli'p's Council but not dependent on Xaxli'p 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 Xaxli'p. Thus, Xaxli'p'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:

- Xaxli'p 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 and prepaid expenses.

Cash and cash equivalents

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

Xaxli'p
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2024

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

Tangible capital assets

Tangible capital assets are initially recorded at cost. 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 Xaxli'p'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, Xaxli'p 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 declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Rate</i>
Buildings	4 %
Infrastructure	6 %
Automotive Equipment	30 %
Office Equipment	20 %

Portfolio investments

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Xaxli'p members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

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

Long-lived assets

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

Xaxli'p 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. Impairment losses are recognized when the asset's service potential is reduced. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in surplus for the year. Prices for similar items are used to measure fair value of long-lived assets.

Xaxli'p does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

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

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that Xaxli'p is responsible for.

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

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

Net financial assets

Xaxli'p's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of Xaxli'p 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 annual surplus.

Revenue recognition

Government Transfers

Xaxli'p 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, Xaxli'p recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Funds held in Ottawa Trust Fund

Revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is earned.

Rental income

Rental revenue is recorded in the period in which 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.

Other

Other revenues are recognized when performance is completed, amounts are measurable, and collectibility is reasonably assured.

Investment income is recognized in the period in which it is earned.

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

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, Xaxli'p is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2024.

At each financial reporting date, Xaxli'p reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. Xaxli'p 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. As at March 31, 2024, no liability for contaminated sites exists.

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 Xaxli'p to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2024. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

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

At each financial reporting date, Xaxli'p reviews the carrying amount of the liability. Xaxli'p 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.

Xaxli'p 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.

Financial instruments

Xaxli'p recognizes its financial instruments when Xaxli'p becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

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

Xaxli'p 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. Xaxli'p has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations; however, interest income on externally restricted financial assets is recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. 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 surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Xaxli'p
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2024

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

Financial instruments *(Continued from previous page)*

All financial assets are tested annually for impairment. Management considers recent collection experience for accounts receivable, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. 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.

Segments

Xaxli'p conducts its business through a number of reportable segments as described in Note 14. These operating segments are established by senior management to facilitate the achievement of Xaxli'p'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 as disclosed in Note 2.

3. Change in accounting policy

Revenue

Effective April 1, 2023, the First Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 *Revenue*. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions", as described in Note 2.

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

4. Restricted cash

Restricted cash is comprised of the following:

	2024	2023
CMHC replacement reserve	65,560	138,470
CMHC operating reserve	19,723	33,584
	85,283	172,054

Replacement reserves

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited annually in the amount of \$18,500 (2023 - \$19,000). 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 may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year-end, these reserves were underfunded by \$283,277 (2023 - \$272,389).

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

4. **Restricted cash** (Continued from previous page)

Operating reserves

Under the terms of the agreements with CMHC, excess federal assistance payments may be retained in an Operating 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 may otherwise be approved by CMHC from time to time. For the Post 1996 phases, the funds may be used to offset future deficits. Withdrawals are credits to interest first and then principal. At year-end, the operating reserve was underfunded by \$361,546 (2023 - \$372,545).

5. **Funds held in trust**

Funds held in trust consists of the Capital and Revenue Trust accounts held in the Ottawa Trust. The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Capital and revenue trust monies are transferred to Xaxli'p on the authorization of the Minister of Indigenous Services Canada, with the consent of Xaxli'p's Council.

	2024	2023
Capital Trust		
Balance, beginning of year	18,690	18,690
Revenue Trust		
Balance, beginning of year	169,915	161,558
Interest	9,240	8,357
Balance, end of year	179,155	169,915
Combined total	197,845	188,605

6. **Accounts receivable**

	2024	2023
Accounts receivable	636,441	3,593,972
CMHC subsidy assistance receivable	3,767	135,783
Rent receivable	534,833	530,391
	1,175,041	4,260,146
Less: Allowance for doubtful accounts	598,900	388,479
	576,141	3,871,667

7. **Portfolio investments**

	2024	2023
Measured at fair value:		
Marketable securities, RBC select very conservative portfolio balanced fund (cost - \$364,945)	398,227	376,100

Xaxli'p

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

8. Investment in Xaxli'p business entity

Xaxli'p has investments in the following entities:

	<i>Investment balance, beginning of year</i>	<i>Advances</i>	<i>Share of earnings (loss)</i>	<i>2024 Investment balance, end of year</i>
Wholly-owned Businesses:				
Xaxli'p Development Corporation	2,182,686	353,969	734,966	3,271,621

	<i>Investment balance, beginning of year</i>	<i>Advances</i>	<i>Share of earnings (loss)</i>	<i>2023 Investment balance, end of year</i>
Wholly-owned Businesses:				
Xaxli'p Development Corporation	2,442,547	175,432	(435,293)	2,182,686

Xaxli'p
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2024

8. **Investment in Xaxli'p business entity** *(Continued from previous page)*

Summary unaudited financial information for Xaxli'p business enterprise, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>Xaxli'p Development Corporation As at March 31, 2024</i>
Assets	
Cash	1,246,459
Accounts receivable	603,477
Prepaid expenses	12,381
Equipment	997,859
Total assets	2,860,176
Liabilities	
Accounts payable and accruals	180,811
Government remittances payable	4,564
Due to Xaxli'p	2,567,197
Current portion of long-term debt	56,554
Long-term debt	26,188
Deferred revenue	2,088
Total liabilities	2,837,402
	22,774
Total revenue	1,771,096
Total expenses	1,036,130
	734,966

9. **Advances from related entities & departments**

During the year, a mortgage of \$350,000 was extended for the purchase of a short-term rental property. Tmicw Land Holdings, a component of Xaxli'p, holds the land and building but the mortgage payments are being made by Xaxli'p Development Corporation in the amount of \$2,442 per month. The advance bears no interest and has no fixed terms of repayment.

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

10. Long-term debt

	2024	2023
RBC demand loan for purchase of modular trailers, bearing interest at 3.59% per annum, repayable in blended monthly payments of \$787, unsecured and matures August 2027.	109,592	111,858
All Nations Trust Company ("ANTCO") Post 1996 Phase 1 loan matured and repaid during the year.	-	28,003
ANTCO Phase 3 loan bearing interest at 1.73% per annum, repayable in blended monthly payments of \$2,739, matures January 2025 and is secured by the guarantee of Xaxli'p and the Government of Canada.	27,160	59,252
ANTCO Phase 4 loan bearing interest at 3.29% per annum, repayable in blended monthly payments of \$3,178, matures August 2032 and is secured by the guarantee of Xaxli'p and the Government of Canada.	300,209	330,680
RBC term loan to pay down operating line of credit and replenish own source funds for renovations, matured and repaid during the year.	-	72,002
RBC Loan for 773 Russell Street property, bearing interest at 5.68% per annum, repayable in blended monthly payments of \$2,442, unsecured and matures August 2042. Loan payments are made by Xaxli'p Development Corporation on behalf of Xaxli'p.	342,016	-
	778,977	601,795

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

2025	76,429
2026	50,706
2027	52,199
2028	53,749
2029	55,359

Interest on long-term debt amounted to \$22,310 (2023 - \$23,167).

11. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	2023 Deferred Revenue	Current Year Funding Received	Current Year Revenue Recognized	2024 Deferred Revenue
Indigenous Services Canada	2,613,009	260,000	2,613,009	260,000
Other governments	216,493	167,112	216,491	167,114
	2,829,502	427,112	2,829,500	427,114

Xaxli'p

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

12. Contingent liabilities

The financial results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.

Xaxli'p is subject to funding reviews according to their agreements with federal government agencies. It is possible that adjustments could be made based on the results of these reviews by the federal government agencies. Recoveries are recorded in the year of adjustment.

Xaxli'p may be contingently liable with respect to Ministerial guarantee for "On Reserve Housing Loans" to the Royal Bank of Canada in the amount of \$117,543, the Canadian Imperial Bank of Commerce in the amount of \$82,597, and Interior Savings Credit Union in the amount of \$67,734. These loan guarantees are in addition to CMHC mortgages.

13. Accumulated surplus

Accumulated surplus consists of the following:

	2024	2023
CMHC replacement reserve	287,513	351,142
CMHC operating reserve	381,270	406,130
Funds held in trust	197,844	188,604
Equity in investment in business entity	3,271,621	2,182,686
Equity in tangible capital assets	6,842,384	4,527,229
Unrestricted	11,094,694	8,702,444
	22,075,326	16,358,235

14. Indigenous Services Canada funding reconciliation

	2024	2023
Direct Funding		
ISC revenue per confirmation	6,916,291	6,571,925
ISC funding deferred	-	(2,119,675)
ISC recoveries	-	(27,198)
Recognition of prior year deferrals	2,613,006	-
	9,529,297	4,425,052

Xaxli'p
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2024

15. Segments

Xaxli'p receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses, and surplus or deficits are organized by the following segments:

Administration

Includes general operations, support, and financial management of Xaxli'p.

Public Works

Includes revenue and expenditures related to capital projects.

Housing

Includes revenue and expenses related to band-owned and social housing programs of Xaxli'p.

Health

Includes revenue and expenses related to the health services to the members of Xaxli'p.

Community and Member Services

Includes revenue and expenses related to the social assistance and other services to the members of Xaxli'p.

Education

Includes revenue and expenses related to primary, secondary, and post-secondary education of the members of Xaxli'p.

Resources

Includes revenue and expenses related to stewardship of Xaxli'p's land and resources.

Economic Development

Includes revenue and expenses related to economic endeavours of Xaxli'p.

Ministry of Transportation and Infrastructure - Slide Stabilization Project

Includes revenue and expenses related to the long-term contract with the Ministry of Transportation and Infrastructure.

Social Development

Includes revenue and expenses related to family support to the members of Xaxli'p.

St'at'imc Trust

Includes revenue and expenses related to funds received from the St'at'imc Trust.

16. Budget information

Canadian public sector accounting standards require the disclosure of budget information for comparison to Xaxli'p's actual revenue and expenses. Budget information was not prepared for the full scope of activities performed by Xaxli'p for the year ended March 31, 2024.

Xaxli'p

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

17. Economic dependence

Xaxli'p receives a significant portion of its revenue from the Government of Canada. The funding for First Nation programs are administered by the Department of Indigenous Services Canada under the terms and conditions of the *Indian Act*. The ability of Xaxli'p to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

18. Comparative figures

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

19. Financial Instruments

Xaxli'p, as part of its operations, carries a number of financial instruments. It is management's opinion that Xaxli'p 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. 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. In seeking to minimize the risks from interest rate fluctuations, Xaxli'p manages exposure through negotiation of certain long-term debt at fixed rates. Xaxli'p is exposed to interest rate risk primarily relating to the following financial assets and liabilities. The table summarizes the carrying amounts of financial instruments exposed to interest rate risk by the earlier of the contractual maturity dates.

Financial instruments exposed to interest rate risk:

		2024	2023
	<i>Floating rate</i>	<i>Total</i>	<i>Total</i>
Financial assets at fair value			
Marketable securities/portfolio investments	398,227	398,227	376,100
Financial assets measured at cost			
Cash and cash equivalents	12,045,629	12,045,629	8,123,063
Restricted cash	85,283	85,283	172,054
	12,529,139	12,529,139	8,671,217

Financial liabilities measured at amortized cost

Debt – long-term	778,977	778,977	601,795
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19. **Financial Instruments** *(Continued from previous page)*

Interest rate risk *(Continued from previous page)*
Interest rate risk sensitivity analysis

A 1% change in interest rates relating to cash and cash equivalents, restricted cash, and long-term debt held at variable rates could increase interest surplus by approximately \$113,569. Xaxli'p uses simulation modelling to simulate the effect of a change in the market rate of interest. The interest rate sensitivity information was prepared based on management's assumption that interest rates will fluctuate evenly among all financial instruments with variable rates.

Liquidity Risk

Liquidity risk is the risk that Xaxli'p will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. Xaxli'p enters into transactions to borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing Xaxli'p's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt are disclosed in Note 10.

Xaxli'p manages the liquidity risk resulting from its accounts payable and long-term debt by ensuring cash balances are available to meet short-term cash requirements.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of Xaxli'p's financial instruments best represents the maximum exposure to credit risk.

Risk management

Xaxli'p manages its credit risk by performing regular credit assessments of its customers and providing allowances for potentially uncollectible accounts receivable.

A credit concentration exists related to accounts receivable because substantially all of its accounts receivable are from government agencies. However, Xaxli'p believes that there is minimal risk associated with the collection of these amounts.

Xaxli'p

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

	Land	Buildings	Infrastructure	Office equipment	Automotive equipment	2024	2023
Cost							
Balance, beginning of year	829,319	8,608,305	2,361,000	734,007	1,507,938	14,040,569	13,961,109
Acquisition of tangible capital assets	519,454	2,213,561	110,659	17,439	70,273	2,931,386	79,460
Disposal of tangible capital assets	-	-	-	-	(156,607)	(156,607)	-
Balance, end of year	1,348,773	10,821,866	2,471,659	751,446	1,421,604	16,815,348	14,040,569
Accumulated amortization							
Balance, beginning of year	-	5,192,082	1,805,415	677,653	1,236,395	8,911,545	8,611,759
Annual amortization	-	225,191	39,975	26,396	66,864	358,426	299,786
Accumulated amortization on disposals	-	-	-	-	(85,984)	(85,984)	-
Balance, end of year	-	5,417,273	1,845,390	704,049	1,217,275	9,183,987	8,911,545
Net book value of tangible capital assets	1,348,773	5,404,593	626,269	47,397	204,329	7,631,361	5,129,024
2023 Net book value of tangible capital assets	829,319	3,416,223	555,585	75,199	252,698	5,129,024	

Xaxli'p

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

	Administration	Public Works	Housing	Health	Community and Member Services	Education	Resources	Economic Development	MoTI - Slide Stabilization Project	Social Development Services	Stat'inc Trust	2024
Revenue												
Indigenous Services Canada	1,531,740	718,925	1,452,233	80,000	-	3,743,639	-	168,445	-	1,834,314	-	9,529,296
FNHA	-	-	-	1,304,790	-	-	-	-	-	-	-	1,304,790
BCFN Gaming	580,481	-	-	-	-	-	-	-	-	-	-	580,481
Other	160,147	998	30,000	230,126	58,725	5,122	203,795	-	-	-	-	688,913
HOBS	-	-	-	50,000	-	-	-	-	-	-	-	50,000
Interest income	159,290	-	2,338	6,783	-	-	-	-	-	-	-	168,411
Drinking water settlement	-	-	-	-	-	-	-	-	-	-	-	-
Work opportunity program	-	-	-	-	-	-	-	-	-	-	-	-
Rental	-	-	-	-	-	-	-	-	-	-	-	-
ASET	-	2,415	242,105	-	-	-	-	-	-	-	-	244,520
FNESC	-	-	-	-	133,195	66,070	-	-	-	-	-	199,265
Province of BC	70,000	-	-	-	-	153,165	-	-	-	-	-	153,165
Loss on investment in Nation business entities	734,966	-	-	-	-	-	105,919	-	-	-	-	175,919
CWMC	-	-	374,320	-	-	-	-	-	-	-	-	734,966
Gain on disposal of tangible capital assets	26,556	-	-	24,822	-	-	-	-	-	-	-	374,320
Xaxli'p Community Forest Corporation	-	-	-	-	-	-	538,418	-	-	-	-	51,378
	3,236,625	722,339	2,100,996	1,671,699	191,920	3,967,996	309,714	168,445	-	1,834,314	-	538,418
												14,793,842
Expenses												
Amortization	286,413	-	34,745	16,506	-	-	13,380	7,383	-	-	-	358,427
Bad debts	210,421	-	-	-	-	-	-	-	-	-	-	210,421
Bank charges and interest	41,874	-	3,178	3,166	-	-	6,615	4,228	-	-	-	59,061
Contracted services	-	60,323	-	-	-	-	74,788	-	-	-	-	135,111
Fuel	-	2,002	-	7,800	-	2,270	-	-	-	-	-	12,072
Honoraria	167,762	-	400	3,649	-	850	43,540	-	-	2,303	-	218,504
Insurance	61,949	94,154	119,439	5,175	-	2,709	3,433	-	-	-	-	286,859
Interest on long-term debt	-	-	11,472	-	-	-	-	-	-	-	-	11,472
Miscellaneous	24,499	860	-	7,638	-	-	49,086	(4,711)	1,132	14,052	-	92,556
National child benefit - projects	-	-	-	-	-	-	-	-	-	40,320	-	40,320
Equipment lease	27,595	-	-	14,611	-	-	-	-	-	-	-	42,206
Postage	1,578	189	-	-	-	113	-	-	-	-	-	1,850
Professional fees	180,541	405	9,108	79,787	-	69,343	37,145	6,181	-	764	-	383,274
Program expense	140,233	9,987	46,521	393,293	103,688	45,532	169,907	51,000	-	48,716	199,584	1,209,461
Rent	-	-	-	176	-	-	15,463	-	-	-	-	15,639
Repairs and maintenance	76,133	91,696	371,138	28,428	-	2,616	7,910	456	-	1,382	-	579,759
Salaries and benefits	535,587	141,085	64,720	534,123	-	234,379	438,510	78,821	-	108,604	-	2,135,829
Social assistance	(600)	-	-	3,179	935	-	-	-	-	1,075,225	-	1,076,739
Student expenses	-	-	-	-	-	386,544	-	-	-	-	-	386,544
Supplies	231,133	18,718	265	63,734	299,136	150,460	26,403	-	-	14,672	-	804,521
Telephone	22,065	5,123	500	14,990	-	2,265	-	1,190	-	675	-	46,808
Training	12,989	9,171	2,338	9,110	2,049	20,109	2,225	-	-	452	23,389	81,832
Travel	58,788	(1,512)	419	205,055	-	19,843	25,235	1,610	265	7,747	-	317,460
Tuition costs	-	-	-	-	-	359,301	-	-	-	-	-	359,301
Utilities	5,327	42,915	-	4,303	-	646	-	-	-	-	-	53,191
Elders fees	71,656	-	-	-	-	-	-	-	-	-	-	71,656
Advertising	2,880	-	-	-	-	-	-	-	-	-	-	-
Program expense	-	-	-	32,399	10	46,561	-	-	-	28	-	83,878
	2,158,833	475,086	664,243	1,427,122	405,818	1,345,541	913,640	146,158	1,397	1,315,940	222,973	9,076,751
Surplus (deficit) before transfers	1,077,792	247,253	1,436,753	244,577	(213,898)	2,622,455	(603,926)	22,287	(1,397)	518,374	(222,973)	5,717,091
Transfers between programs	-	-	-	-	-	-	-	-	-	-	-	-
Annual surplus (deficit)	1,077,791	247,252	1,436,752	244,576	(213,899)	2,622,454	(603,927)	22,286	(1,398)	518,373	(222,973)	5,717,091

Schedule 2 - Segmented Information

For the year ended March 31, 2023

	Administration	Public Works	Housing	Health	Community and Member Services	Education	Resources	Economic Development	MotI- Slide Stabilization Project	Social Development Services	Stat'inc Trust	2023
Revenue												
Indigenous Services Canada	648,630	481,303	324,066	-	123,903	1,564,162	-	51,977	-	1,231,011	-	4,425,052
FNHA	-	-	-	1,390,610	-	-	-	-	-	-	-	1,390,610
BCFN Gaming	727,600	-	-	-	-	-	-	-	-	-	-	727,600
Other	136,441	810	-	139,516	38,622	46,047	15,603	-	-	-	-	377,039
Interest income	44,642	-	1,304	2,950	-	-	-	-	-	-	-	48,896
Drinking water settlement	500,000	-	-	-	-	-	-	-	-	-	-	500,000
Work opportunity program	5,000	-	-	-	-	-	-	-	-	-	-	5,000
Rental	-	4,590	272,613	-	-	-	-	3,900	-	-	-	281,103
ASET	-	-	-	-	-	39,822	-	-	-	-	-	39,822
FNESC	-	-	-	-	-	221,540	-	-	-	-	-	221,540
Province of BC	220,312	-	-	-	-	213,594	-	-	-	-	-	433,906
Loss on investment in Nation business entities	(435,293)	-	-	-	-	-	-	-	-	-	-	(435,293)
CMHC	-	-	237,046	-	-	-	-	-	-	-	-	237,046
Xaxli'p Community Forest Corporation	-	-	-	-	-	-	683,210	-	-	-	-	683,210
	1,847,333	486,704	835,029	1,533,076	162,525	2,085,165	698,813	55,877	-	1,231,011	-	8,935,531
Expenses												
Amortization	216,066	-	36,192	32,555	-	-	13,239	1,733	-	-	-	299,785
Bad debts	(250)	912	-	-	-	-	-	-	-	-	-	662
Bank charges and interest	47,528	-	4,334	2,310	-	-	4,807	142	-	-	-	59,121
Contracted services	-	19,224	-	-	-	-	-	-	-	-	-	19,224
Fuel	429	124	986	10,760	-	500	100	-	-	-	-	12,899
Honoraria	137,233	-	271	993	10,625	3,200	18,518	-	-	6,371	2,300	179,511
Insurance	92,215	15,638	65,461	5,436	-	(165)	3,492	1,052	-	-	-	183,129
Interest on long-term debt	-	-	10,973	-	-	-	-	-	-	-	-	10,973
Miscellaneous	28,342	332	-	4,347	-	-	42,283	3,437	-	17,088	-	95,829
National child benefit - projects	-	-	-	-	-	-	-	-	-	66,378	-	66,378
Equipment lease	-	2,695	-	3,463	-	-	-	-	-	-	-	30,349
Postage	24,191	-	-	-	-	-	-	-	-	-	-	1,675
Professional fees	1,675	-	-	-	-	-	-	-	-	-	-	1,675
Program expense	270,708	5,514	9,058	76,525	-	65,456	53,853	13,128	-	182	-	494,424
Program expense	79,009	1,124	11,000	144,076	22,160	148,969	43,029	2,360	-	66,068	91,237	609,032
Rent	2,665	-	-	670	-	1,150	10,898	-	-	-	-	15,383
Repairs and maintenance	113,920	180,052	364,010	9,037	-	364	4,782	-	-	32,386	-	704,551
Salaries and benefits	402,559	164,119	95,449	533,399	-	189,374	367,364	47,391	-	97,300	-	1,896,955
Social assistance	5,660	-	-	8,727	25,943	(7,321)	-	-	-	893,008	-	926,017
Student expenses	-	-	-	-	-	280,907	-	-	-	-	-	280,907
Supplies	51,288	41,301	704	127,296	8,139	90,494	43,371	53	-	356	-	363,002
Telephone	19,179	3,392	520	9,935	-	4,106	-	600	-	280	-	38,012
Training	4,415	7,153	1,660	18,186	11,551	81,979	3,759	-	2,188	24	54,908	185,823
Travel	49,528	(3,838)	255	137,504	2,358	20,439	2,777	-	685	3,906	6,561	220,175
Tuition costs	-	-	-	-	-	212,094	-	-	-	-	-	212,094
Utilities	19,863	36,224	-	7,763	-	985	-	-	-	-	-	64,835
Elders fees	44,772	-	-	-	-	-	-	-	-	-	-	44,772
Advertising	5,707	-	-	39,404	12,489	28,655	624	-	-	-	-	86,879
	1,616,702	473,966	600,873	1,172,386	93,265	1,121,186	612,896	69,896	2,873	1,183,347	155,006	7,102,396
Surplus (deficit) before transfers	230,631	12,738	234,156	360,690	69,260	963,979	85,917	(14,019)	(2,873)	47,664	(155,006)	1,833,135
Transfers between programs	-	-	-	-	-	-	-	-	-	-	-	-
Annual surplus (deficit)	230,631	12,738	234,156	360,690	69,260	963,979	85,917	(14,019)	(2,873)	47,664	(155,006)	1,833,135