

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION
Financial Statements
March 31, 2022

KWIKWASUT’INUXW HAXWA’MIS FIRST NATION

Financial Statements

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Year Ended March 31, 2022

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MANAGEMENT REPORT

March 31, 2022

The Council of Kwikwasut'inuxw Haxwa'mis First Nation has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of Kwikwasut'inuxw Haxwa'mis First Nation. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

Kwikwasut'inuxw Haxwa'mis First Nation's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly Kwikwasut'inuxw Haxwa'mis First Nation's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of Kwikwasut'inuxw Haxwa'mis First Nation as at March 31, 2022.



Chief Rick Johnson
June 5, 2024



INDEPENDENT AUDITORS' REPORT

To the Chief and Council and the Members of the Kwikwasut'inuxw Haxwa'mis First Nation

Qualified Opinion

We have audited the accompanying financial statements of the Kwikwasut'inuxw Haxwa'mis First Nation (the "Nation"), which comprise the statement of financial position as at March 31, 2022, the statement of operations and changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2022, and its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As described in Note 1(b) and Note 4 of the financial statements, the investments in T'Se'Kame' Forestry Limited Partnership, T'Se'Kame' Forestry Ltd., Echo Bay Development Ltd., Musgamagw Dzawada'enuxw Fisheries Group LP and Musgamagw Dzawada'enuxw Fisheries Group GP Ltd. are accounted for on the modified equity basis. These investments are reported at \$919,050 on the statement of financial position of the Nation as at March 31, 2022.

We are unable to obtain sufficient appropriate audit evidence over the carrying amount of all of the above described investments and the share of the net income for the year attributable to the Nation from these investments as their financial statements are not available as at the date of this audit report.

We are unable to obtain the necessary documents to verify that the investment in Echo Bay Development Ltd., purchased during the year ended March 31, 2021 was accurately recorded. Consequently, we were unable to determine whether any adjustments to the investment balance or reported income from government business enterprises may be required.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the 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 of our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 intends for the Nation to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Nation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the users taken on the basis of these 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 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 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 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 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 Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Chan Nawrood Boatis Inc

Chartered Professional Accountants
Campbell River, BC

June 5, 2024

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Statement of Financial Position

March 31, 2022

2022

2021

FINANCIAL ASSETS

Cash	\$ 1,132,080	\$ 2,147,283
Trust Funds Held by Federal Government (Note 2)	16,209	16,209
Accounts Receivable (Note 3)	810,435	933,174
Investments in Government Business Entities (Note 4)	919,050	919,050
Due from Related Parties (Note 5)	<u>1,302,613</u>	<u>1,302,613</u>
	<u>4,180,387</u>	<u>5,318,329</u>

LIABILITIES

Accounts Payable (Note 6)	329,047	308,982
Deferred Revenue (Note 7)	2,708,005	2,608,243
Long Term Debt (Note 8)	<u>1,195,427</u>	<u>1,251,974</u>
	<u>4,232,479</u>	<u>4,169,199</u>

NET FINANCIAL ASSETS (DEBT)

<u>(52,092)</u>	<u>1,149,130</u>
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NON-FINANCIAL ASSETS

Prepaid Expenses	34,525	34,525
Tangible Capital Assets (Note 9)	<u>14,138,601</u>	<u>11,482,531</u>
	<u>14,173,126</u>	<u>11,517,056</u>

ACCUMULATED SURPLUS (Note 10)

<u>\$ 14,121,034</u>	<u>\$ 12,666,186</u>
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Contingent Liabilities (Note 11)

Approved by:


Chief


Councillor


Councillor

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Statement of Operations

Year Ended March 31, 2022

	2022		2021
	Actual	Budget	
	<small>(Note 15)</small>		
Revenues			
Government of Canada	\$ 766,135	\$ -	\$ 13,675
Indigenous Services Canada (ISC)	2,673,372	922,696	1,450,875
Province of British Columbia	362,500	100,000	647,421
First Nation Health Authority (FNHA)	891,466	571,212	1,538,063
BC First Nations Gaming Revenue Sharing LP	318,022	-	559,715
Interfor	76,000	-	75,968
Rental Income	60,000	-	60,000
Interest Income	7,661	-	11,182
Income from Government Business Enterprises	-	-	37,433
Other Revenue	<u>549,066</u>	<u>71,948</u>	<u>349,315</u>
	<u>5,704,222</u>	<u>1,665,856</u>	<u>4,743,647</u>
Expenditures (Note 12)			
Core Government	3,554,450	1,759,508	3,161,257
Community Support & Development	312,272	189,583	299,186
Resource Management & Development	<u>382,652</u>	<u>-</u>	<u>393,653</u>
	<u>4,249,374</u>	<u>1,949,091</u>	<u>3,854,096</u>
Annual Surplus (Deficit)	<u>\$ 1,454,848</u>	<u>\$ (283,235)</u>	<u>\$ 889,551</u>

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Statement of Accumulated Surplus

Year Ended March 31, 2022

	<u>2022</u>		<u>2021</u>
	<u>Actual</u>	<u>Budget</u> <small>(Note 15)</small>	
Accumulated Surplus - Beginning of Year	\$ 12,666,186	\$ -	\$ 11,776,635
Annual Surplus	<u>1,454,848</u>	<u>-</u>	<u>889,551</u>
Accumulated Surplus - End of Year	<u>\$ 14,121,034</u>	<u>\$ -</u>	<u>\$ 12,666,186</u>

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Statement of Changes in Net Financial Assets

Year Ended March 31, 2022

2022

2021

Annual Surplus	\$ 1,454,848	\$ 889,551
Tangible Capital Assets Purchased	(3,234,806)	(1,352,242)
Amortization of Tangible Capital Assets	578,736	639,048
	<u>(2,656,070)</u>	<u>(713,194)</u>
Acquisition of Prepaid Assets	-	109,899
Increase (Decrease) in Net Financial Assets	(1,201,222)	286,256
Net Financial Assets - Beginning of Year	1,149,130	862,874
Net Financial Assets (Debt) - End of Year	<u>\$ (52,092)</u>	<u>\$ 1,149,130</u>

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Statement of Cash Flows

Year Ended March 31, 2022

2022

2021

Cash Flows From Operating Activities:

Cash Received from Governments and Other Sources	\$ 5,926,723	\$ 5,419,821
Cash Paid to Suppliers and Employees	<u>(3,650,573)</u>	<u>(4,011,846)</u>
	<u>2,276,150</u>	<u>1,407,975</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt	-	600,000
Repayment of Long Term Debt	<u>(56,547)</u>	<u>(42,768)</u>
	<u>(56,547)</u>	<u>557,232</u>

Cash Flows From Investing Activities:

Advances to Related Parties	-	(1,222,923)
Purchase of Long-Term Investments	<u>-</u>	<u>(498,657)</u>
	<u>-</u>	<u>(1,721,580)</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(3,234,806)</u>	<u>(1,352,242)</u>
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Increase (Decrease) in Cash and Cash Equivalents	(1,015,203)	(1,108,615)
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Cash and Cash Equivalents - Beginning of Year	<u>2,147,283</u>	<u>3,255,898</u>
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Cash and Cash Equivalents - End of Year	<u>\$ 1,132,080</u>	<u>\$ 2,147,283</u>
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KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies:

a) Basis of Accounting:

These financial statements (the "financial statements") have been prepared in accordance with Canadian Public Sector Accounting Standards.

b) Basis of Presentation:

The financial statements include the accounts of the Kwikwasut'inuxw Haxwa'mis First Nation (the "Nation") government administration and operations.

For those entities which the Nation holds an interest in, but which are not consolidated into the operations of the Nation, they are either accounted for as a portfolio investment or government business enterprise. Government business enterprises are accounted for under the modified equity method of accounting. Only the Nation's investment in the business enterprises and the enterprises' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises that are different from those of the Nation, except that any other comprehensive income of the business enterprise is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

Investments in the following enterprises are accounted for by the modified equity method and, as such, the accounting policies of these enterprises are not adjusted to conform with those of the Nation:

T'Se'Kame' Forestry Ltd. (100%)
T'Se'Kame' Forestry Limited Partnership (99.99%)
Musgamagw Dzawada'enuxw Fisheries Group GP Ltd. (33.33%)
Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership (33.33%)
Echo Bay Development Ltd. (100%)

Investments in entities that are not controlled or influenced by the Nation are accounted for as portfolio investments using the cost method. Under this method, investments are recorded at cost, less any provision for other than temporary impairment. Portfolio investments include the Nation's interest in BC First Nations Gaming Revenue Sharing Limited Partnership.

c) 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 provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets and prepaid expenses. Intangible assets, and items inherited by right of the Crown, are not recognized in the financial statements.

d) Cash:

Cash includes balances held with banks and cash on hand.

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued):

e) Tangible Capital Assets:

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Tangible Capital Assets held for use are measured and amortized as described in the applicable accounting policies. The Nation performs impairment testing on these assets whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when service potential from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in earnings for the year. Prices for similar items are used to measure fair value of Tangible Capital Assets.

Amortization is provided for using the following rates and methods:

Buildings	4%	declining balance
Furniture and Fixtures	20%	declining balance
Infrastructure	10%	declining balance
Computers Equipment	30%	declining balance
General Equipment	20%	declining balance
Vehicles	30%	declining balance

f) Basis of Accounting for Revenue and Expenses:

Restricted transfers from other governments are initially deferred to the extent that they contain a stipulation that gives rise to a liability. Amounts deferred are recognized as revenue in the period the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions are recorded in the year the contribution becomes receivable under the terms of the applicable funding agreement. Contributions that are specifically designated to fund expenses of a future period, or that are restricted and unspent at the end of a period, are deferred and recognized in the period in which the related expenses are incurred.

Rents, leases, contributions from non-government agreements, other fees, and interest are recognized as revenue in the period earned, when collection is reasonable assured.

Sales of goods and services are recognized as revenue in the period the good or service is provided to the recipient, and collection is reasonably assured.

Other economic activities represent activities of partnerships controlled by the Nation. Revenues from economic activities consist of sales of goods and services, government transfers, management fees, and lease revenue. Expenses are recognized as they are incurred and measurable as a result of goods and services being received and/or the creation of a legal obligation to pay.

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Notes to the Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued):

g) Measurement Uncertainty:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of tangible capital assets, recoverability of investments and advances, accrued liabilities and the possibility of contingent liabilities. Actual results could differ from these estimates.

h) Liability for Contaminated Sites:

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, the First Nation 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, 2021. At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The 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.

i) Segment Disclosures:

A segment is defined as a distinguishable activity or group of activities of the Nation, for which it is appropriate to separately report financial information to achieve the objectives of the standard. the Nation has provided definitions used in Note 17 as well as presented financial information in segment format in Schedule 1.

2. Trust Funds Held by Federal Government:

	<u>2022</u>	<u>2021</u>
Ottawa Trust	\$ <u>16,209</u>	\$ <u>16,209</u>

Trust Funds Held by the Federal Government 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*.

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Notes to the Financial Statements

March 31, 2022

3. Accounts Receivable:

	<u>2022</u>	<u>2021</u>
First Nations Health Authority	\$ 84,600	\$ 2,715
Indigenous Services Canada (ISC)	217,553	83,581
Natural Resources Canada (NRCAN)	-	659,727
Namgis First Nation	-	72,092
Province of British Columbia	340,000	-
Tenants	61,225	45,600
Other	107,057	69,459
	<u>\$ 810,435</u>	<u>\$ 933,174</u>

4. Investments in Government Business Entities:

The Nation has investments in the following business entities:

	<u>2022</u>	<u>2021</u>
Investments in Government Business Entities		
T'Se'Kame' Forestry Ltd.	\$ (976)	\$ (976)
T'Se'Kame' Forestry Limited Partnership	199,765	199,765
Musgamagw Dzawada'enuxw Fisheries Group GP Ltd.	100	100
Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership	221,394	221,394
Echo Bay Development Ltd.	498,657	498,657
	<u>918,940</u>	<u>918,940</u>

Portfolio Investments

BC First Nations Gaming Revenue Sharing LP	110	110
	<u>\$ 919,050</u>	<u>\$ 919,050</u>

5. Due from (to) Related Parties:

	<u>2022</u>	<u>2021</u>
T'Se'Kame' Forestry Ltd.	\$ (1)	\$ (1)
T'Se'Kame' Forestry LP	101,371	101,371
Musgamagw Dzawada'enuxw Fisheries Group GP Ltd.	(100)	(100)
Echo Bay Development Ltd.	1,201,343	1,201,343
	<u>\$ 1,302,613</u>	<u>\$ 1,302,613</u>

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Notes to the Financial Statements

March 31, 2022

6. Accounts Payable:

	<u>2022</u>	<u>2021</u>
Trade	\$ 323,377	\$ 300,676
Salaries and Benefits Payable	<u>5,670</u>	<u>8,306</u>
	<u>\$ 329,047</u>	<u>\$ 308,982</u>

Pension Plan

The Nation provides a defined contribution plan for eligible members of its staff. Member's contributions are matched by the Nation, whose contributions are directed to the members' contribution account. Employees may contribute 5% of their gross pay with the organization making a matching contribution to the plan. During the year, the Nation contributed \$18,999 (2021 - \$8,181) for retirement benefits included in Wages and Benefits payable.

7. Deferred Revenue:

	<u>2021</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2022</u>
Province of BC	\$ 508,268	\$ 1,101,495	\$ 786,495	\$ 823,268
First Nations Health Authority	36,093	855,373	891,466	-
Natural Resources Canada	1,925,059	423,995	1,190,130	1,158,924
Indigenous Services Canada	<u>138,823</u>	<u>3,262,566</u>	<u>2,675,576</u>	<u>725,813</u>
	<u>\$ 2,608,243</u>	<u>\$ 5,643,429</u>	<u>\$ 5,543,667</u>	<u>\$ 2,708,005</u>

8. Long Term Debt:

	<u>2022</u>	<u>2021</u>
Peace Hills Trust:		
Repayable at \$1,220 per month including interest at 3.5% per year; secured by guarantee of ISC; renewal date of July 1, 2026.	\$ 170,719	\$ 178,581
Peace Hills Trust:		
Repayable at \$1,237 per month including interest at 4.25% per year; secured by guarantee of ISC; renewal date of January 1, 2025.	187,332	194,460
Peace Hills Trust:		
Repayable at \$1,726 per month including interest at 3.95% per year; secured by guarantee of ISC; renewal date of April 1, 2023.	281,462	295,958
Peace Hills Trust:		
Repayable at \$4,766 per month including interest at 5.00% per year; secured by guarantee of T'Se'Kame' Forestry Ltd.; renewal date of July 1, 2025.	<u>555,914</u>	<u>582,975</u>
	<u>\$ 1,195,427</u>	<u>\$ 1,251,974</u>

Interest paid on long term debt for the year ended March 31, 2022 totals \$50,468 (2021 - \$45,560).

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Notes to the Financial Statements

March 31, 2022

8. Long Term Debt (continued):

Principal payments due within each of the next five years and beyond are estimated to be as follows:

2023	\$ 55,447
2024	57,987
2025	60,646
2026	63,428
2027 and beyond	957,919

9. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amortization	Disposals	Closing	2022	2021
Land	\$ 1,085,576	\$ -	\$ -	\$ 1,085,576	\$ -	\$ -	\$ -	\$ -	\$ 1,085,576	\$ 1,085,576
Buildings	8,943,820	-	-	8,943,820	2,919,898	240,957	-	3,160,855	5,782,965	6,023,922
Furniture and Fixtures	75,887	-	-	75,887	74,947	188	-	75,135	752	940
Infrastructure	6,826,167	-	-	6,826,167	4,909,917	191,625	-	5,101,542	1,724,625	1,916,250
Computer Equipment	62,460	-	-	62,460	52,830	2,889	-	55,719	6,741	9,630
General Equipment	2,312,965	-	-	2,312,965	1,681,851	126,223	-	1,808,074	504,891	631,114
Vehicles	93,770	-	-	93,770	37,589	16,854	-	54,443	39,327	56,181
Work in Progress	1,758,918	3,234,806	-	4,993,724	-	-	-	-	4,993,724	1,758,918
	<u>\$ 21,159,563</u>	<u>\$ 3,234,806</u>	<u>\$ -</u>	<u>\$ 24,394,369</u>	<u>\$ 9,677,032</u>	<u>\$ 578,736</u>	<u>\$ -</u>	<u>\$ 10,255,768</u>	<u>\$ 14,138,601</u>	<u>\$ 11,482,531</u>

Included in Work in Progress are:

- \$2,958,787 relating to the construction of a Health and Administrative building. The project is not complete as at March 31, 2022. No amortization has been taken on the asset.
- \$1,503,536 relating to a Hybrid Solar Plant. The project is not complete as at March 31, 2022. No amortization has been taken on the asset.
- \$531,401 relating to the construction of six new houses. The houses are not complete as at March 31, 2022. No amortization has been taken on the asset.

10. Accumulated Surplus:

	2022	2021
Restricted		
Trust Fund	16,209	16,209
Unrestricted		
Operating Fund	13,425,073	12,096,844
Enterprise Fund	553,133	553,133
	<u>13,978,206</u>	<u>12,649,977</u>
	<u>\$ 13,994,415</u>	<u>\$ 12,666,186</u>

11. Contingent Liabilities:

Indigenous Services Canada and the First Nations Health Authority may recover certain program surpluses subsequent to discussion and negotiation with the Nation. The ultimate outcome of these negotiations is not determinable at present. Consequently, no provision for potential recoverable surpluses, if any, are reflected in these financial statements.

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Notes to the Financial Statements

March 31, 2022

12. Schedule of Expenses by Object:

	<u>2022</u>	<u>2021</u>
Amortization of Tangible Capital Assets	\$ 578,736	\$ 639,048
Bad Debt	36,131	-
Bank Charges	16,581	9,456
Basic Needs	240,918	230,377
Contract Fees	449,290	352,916
Council Travel	88,427	71,854
Cultural Enrichment	13,468	33,178
Donations	-	155,000
Education	195,767	194,638
Fuel	322,416	247,523
Guidance and Counselling	-	23,904
Healthy Families	370,863	249,230
Home and Community Care	-	152,181
Honoraria	135,437	127,922
Insurance	42,247	39,172
Interest on Mortgages	50,468	45,560
Materials and Supplies	206,256	154,609
Miscellaneous	4,211	9,702
Office	56,174	124,436
Other Expenses	16,549	26,093
Professional Fees	492,719	193,549
Programs Costs	176,604	186,731
Real Estate Rental	26,000	25,000
Rental Equipment	-	37,671
Repairs and Maintenance	75,300	36,453
Salaries and Benefits	429,833	339,223
Travel	139,895	98,136
Workshops and Meetings Costs	48,997	7,196
Telecommunications	36,087	43,338
	<u>\$ 4,249,374</u>	<u>\$ 3,854,096</u>

KWIKWASUT'INUXW HAXWA'MIS FIRST NATION

Notes to the Financial Statements

March 31, 2022

13. Economic Dependence:

The Nation receives a significant portion of its revenues from ISC as a result of agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations as it currently is, is dependant upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

14. Financial Instruments:

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

Credit Concentration:

Financial instruments that potentially subject the Nation to concentrations of credit risk consist primarily of accounts receivable. Funding from government agencies to the Nation represents 79% (2021 - 88%) of the net accounts receivable balance. Due to the source of funding, the Nation believes there is no unusual exposure associated with the collection of these receivables.

15. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates prepared by the Nation and have not been audited. Where budgeted amounts are not provided, a budget had not been completed.

16. Subsequent Event:

On June 1, 2022, the Nation paid \$150,000 on behalf of Echo Bay Ltd. for the purchase of a lease on a parcel of land on Gilford Island, District Lot 1804, Range 1.

On June 9, 2022, the Nation paid a total of \$560,000 on behalf of Echo Bay Development Ltd. for the purchase of two parcels of land on Gilford Island.

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Notes to the Financial Statements

March 31, 2022

17. Segment Disclosure:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

Core Government:

Core Government contains activities that are needed to manage and administer the Nation's organization.

Community Support & Development:

Community Support & Development contains all activities that relate to the operations and development of activities that support the continuing development of the community.

Resource Management & Development:

Resource Management & Development contains activities that are involved in the development of the community and the development and operation of economic opportunities.

Business Enterprise:

Business Enterprise consists of the Nation's share of earnings from investments in its business interest, including T'Se'Kame' Forestry Ltd., T'Se'Kame' Forestry Limited Partnership, Musgamagw Dzawada'enuxw Fisheries Group GP Ltd., Musgamagw Dzawada'enuxw Fisheries Group Limited Partnership and Echo Bay Developments Ltd.

Trust Fund:

The Trust Fund consists of amounts earned on funds held in Ottawa.

For each segment separately reported, the segment revenue and expense represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are presented in Schedule 1 attached.

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Schedule 1 - Segment Disclosure

March 31, 2022

	Core Government	Community Support & Development	Resource Management & Development	Business Enterprises	Trust Fund	Total
Revenue						
ISC	\$ 2,256,316	\$ 294,453	\$ -	\$ -	\$ -	\$ 2,550,769
Federal	-	-	-	-	-	-
Provincial	-	-	337,500	-	-	337,500
Other	1,091,693	1,508,152	101,000	-	-	2,700,845
	3,348,009	1,802,605	438,500	-	-	5,589,114
Less: Interprogram Charges	(11,511)	-	-	-	-	(11,511)
	3,336,498	1,802,605	438,500	-	-	5,577,603
Expenses						
Salaries and Benefits	365,820	37,014	-	-	-	402,834
Amortization	578,736	-	-	-	-	578,736
Other	4,681,720	1,449,749	382,652	-	-	6,514,121
	5,626,276	1,486,763	382,652	-	-	7,495,691
Less: Interprogram Charges	(11,511)	-	-	-	-	(11,511)
Less: Capital Purchases	(2,060,315)	(1,174,491)	-	-	-	(3,234,806)
	3,554,450	312,272	382,652	-	-	4,249,374
Annual Surplus (Deficit)	\$ (217,952)	\$ 1,490,333	\$ 55,848	\$ -	\$ -	\$ 1,328,229

March 31, 2021

	Core Government	Community Support & Development	Resource Management & Development	Business Enterprises	Trust Fund	Total
Revenue						
ISC	\$ 1,164,928	\$ 285,947	\$ -	\$ -	\$ -	\$ 1,450,875
Federal	-	13,675	-	-	-	13,675
Provincial	155,000	150,000	342,421	-	-	647,421
Other	2,022,155	629,715	75,968	37,433	874	2,766,145
	3,342,083	1,079,337	418,389	37,433	874	4,878,116
Less: Interprogram Charges	(134,469)	-	-	-	-	(134,469)
	3,207,614	1,079,337	418,389	37,433	874	4,743,647
Expenses						
Salaries and Benefits	314,114	25,314	-	-	-	339,428
Amortization	639,048	-	-	-	-	639,048
Other	3,371,981	596,697	393,653	-	-	4,362,331
	4,325,143	622,011	393,653	-	-	5,340,807
Less: Interprogram Charges	(134,469)	-	-	-	-	(134,469)
Less: Capital Purchases	(1,029,417)	(322,825)	-	-	-	(1,352,242)
	3,161,257	299,186	393,653	-	-	3,854,096
Annual Surplus (Deficit)	\$ 46,357	\$ 780,151	\$ 24,736	\$ 37,433	\$ 874	\$ 889,551