

**Mamalilikulla First Nation**  
**Consolidated Financial Statements**  
*March 31, 2022*

# Mamalilikulla First Nation

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*For the year ended March 31, 2022*

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## Management's Responsibility

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To the Members of Mamalilikulla First Nation:

The accompanying consolidated financial statements of Mamalilikulla First Nation 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 Mamalilikulla First Nation 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 members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to both the Chief and Council and management to discuss their audit findings.

July 22, 2022

Signed by: Sonia Roberts

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Band Administrator

# Independent Auditor's Report

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To the Members of Mamalilikulla First Nation:

## Opinion

We have audited the financial statements of Mamalilikulla First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, the consolidated statements of operations and accumulated surplus, change 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and the results of its consolidated operations 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 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nanaimo, British Columbia

July 22, 2022

Chartered Professional Accountants

**Mamalilikulla First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2022*

	<b>2022</b>	<i>2021 Restated (Note 18)</i>
<b>Financial assets</b>		
Cash and cash equivalents	<b>4,922,650</b>	2,422,681
Accounts receivable (Note 4)	<b>58,471</b>	123,871
Restricted cash (Note 5)	<b>33,873</b>	33,873
Funds held in trust (Note 6)	<b>83,276</b>	81,570
Advances to related parties (Note 7)	<b>91,803</b>	74,526
Investments in First Nation business enterprises (Note 8)	<b>3,293,489</b>	1,660,511
Investments in First Nation business partnerships (Note 8)	<b>4,777,683</b>	4,541,151
<b>Total financial assets</b>	<b>13,261,245</b>	8,938,183
<b>Liabilities</b>		
Accounts payable and accruals	<b>32,551</b>	47,775
Deferred revenue (Note 9)	<b>357,969</b>	125,969
Advances from related parties (Note 10)	<b>2,085,597</b>	663,568
Long-term debt (Note 11)	<b>78,331</b>	78,331
<b>Total financial liabilities</b>	<b>2,554,448</b>	915,643
<b>Net financial assets</b>	<b>10,706,797</b>	8,022,540
<b>Contingent liabilities</b> (Note 12)		
<b>Contingent asset</b> (Note 13)		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	<b>4,305,852</b>	4,216,302
Prepaid expenses	<b>17,998</b>	5,998
<b>Total non-financial assets</b>	<b>4,323,850</b>	4,222,300
<b>Accumulated surplus</b> (Note 16), (Note 18)	<b>15,030,647</b>	12,244,840

**Approved on behalf of the Chief and Council**

Signed by : John Powell

**Chief  
Councillor**

Signed by : Edna Puglas

**Councillor**

**Mamalilikulla First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2022*

	<i>Schedules</i>	<b>2022 Budget (Note 17)</b>	<b>2022</b>	<b>2021 Restated (Note 18)</b>
<b>Revenue</b>				
Indigenous Services Canada		563,229	1,907,289	839,721
Other revenue		284,937	411,111	532,294
Gaming revenue		337,874	337,874	593,665
Province of British Columbia		137,425	235,057	280,815
First Nation Health Authority		84,559	88,500	114,765
Canada Mortgage and Housing Corporation		-	-	554
Earnings from investments in First Nation business enterprises (Note 8)		-	1,624,053	241,165
Earnings from investments in First Nation business partnerships (Note 8)		487,195	720,599	552,234
Cost recoveries		-	30,948	83,213
Interest income		19,000	30,250	16,128
Contribution of tangible capital asset		-	-	400,000
		<b>1,914,219</b>	<b>5,385,681</b>	<b>3,654,554</b>
<b>Expenses</b>				
Band Government	3	1,209,047	1,532,236	1,257,241
Economic Development	4	504,729	1,068,956	1,176,560
Social Housing	5	-	4,182	15,902
		<b>1,713,776</b>	<b>2,605,374</b>	<b>2,449,703</b>
<b>Surplus before other income</b>		<b>200,443</b>	<b>2,780,307</b>	<b>1,204,851</b>
<b>Other income</b>				
Gain on sale of tangible capital assets		-	5,500	-
<b>Annual surplus</b>		<b>200,443</b>	<b>2,785,807</b>	<b>1,204,851</b>
<b>Accumulated surplus, beginning of year</b>		<b>12,244,840</b>	<b>12,244,840</b>	<b>11,039,989</b>
<b>Accumulated surplus, end of year</b>		<b>12,445,283</b>	<b>15,030,647</b>	<b>12,244,840</b>

The accompanying notes are an integral part of these financial statements

**Mamalilikulla First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2022*

	<b>2022 Budget (Note 17)</b>	<b>2022</b>	<b>2021 Restated (Note 18)</b>
<b>Annual surplus</b>	<b>200,443</b>	<b>2,785,807</b>	1,204,851
Purchases of tangible capital assets	-	<b>(195,694)</b>	(2,916,209)
Amortization of tangible capital assets	-	<b>104,644</b>	95,983
Gain on sale of tangible capital assets	-	<b>(5,500)</b>	-
Proceeds of disposal of tangible capital assets	-	<b>7,000</b>	-
Contribution of tangible capital asset	-	-	(400,000)
Decrease (increase) in prepaid expenses	-	<b>(12,000)</b>	173,750
<b>Increase (decrease) in net financial assets</b>	<b>200,443</b>	<b>2,684,257</b>	(1,841,625)
<b>Net financial assets, beginning of year</b>	<b>8,022,540</b>	<b>8,022,540</b>	9,864,165
<b>Net financial assets, end of year</b>	<b>8,222,983</b>	<b>10,706,797</b>	8,022,540



**Mamalilikulla First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2022*

	<b>2022</b>	<i>2021 Restated (Note 18)</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	<b>2,785,807</b>	1,204,851
Non-cash items		
Amortization	<b>104,644</b>	95,983
Gain on disposal of tangible capital assets	<b>(5,500)</b>	-
Earnings from investments in First Nation business partnerships	<b>(720,599)</b>	(552,234)
Earnings from investments in First Nation business enterprises	<b>(1,624,053)</b>	(241,165)
Contribution of tangible capital asset	<b>-</b>	(400,000)
	<b>540,299</b>	107,435
Changes in working capital accounts		
Accounts receivable	<b>65,400</b>	35,186
Accounts payable and accruals	<b>(15,223)</b>	(3,242)
Prepaid expenses	<b>(12,000)</b>	173,750
Deferred revenue	<b>232,000</b>	-
	<b>810,476</b>	313,129
<b>Financing activities</b>		
Repayment of long-term debt	<b>-</b>	(58,151)
<b>Capital activities</b>		
Purchases of tangible capital assets	<b>(195,694)</b>	(2,916,209)
Proceeds of disposal of tangible capital assets	<b>7,000</b>	-
	<b>(188,694)</b>	(2,916,209)
<b>Investing activities</b>		
Increase in funds held in trust	<b>(1,706)</b>	(1,910)
Advances from related parties	<b>1,395,826</b>	480,736
Distributions from First Nation business partnerships	<b>484,067</b>	968,186
	<b>1,878,187</b>	1,447,012
<b>Increase (decrease) in cash and cash equivalents</b>	<b>2,499,969</b>	(1,214,219)
<b>Cash and cash equivalents, beginning of year</b>	<b>2,422,681</b>	3,636,900
<b>Cash and cash equivalents, end of year</b>	<b>4,922,650</b>	2,422,681

**1. Operations**

Mamalilikulla First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Mamalilikulla First Nation 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.

***Impact on Operations of COVID-19 (coronavirus)***

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The impact the COVID-19 outbreak on the First Nation resulted in office closures, delays in construction projects, and an increase in pandemic funding. Additional impacts on the First Nation are undeterminable at this point as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**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***

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business enterprises and First Nation business partnerships.

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

- Social Housing

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.

Mamalilikulla First Nation business enterprises, owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Mamalilikulla First Nation business partnerships, jointly owned and controlled by the First Nation's Chief and 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:

- Nanwakolas Carbon Credit Limited Partnership (23% ownership)
- Nanwakolas Forestry Limited Partnership (18% ownership)
- Nanwakolas Offset Limited Partnership (26% ownership)
- Nanwakolas Timber Limited Partnership (21% ownership)
- Nanwakolas Business Corporation (17% ownership)
- Gwabalís Fisheries Society (25% ownership)
- Mamalilikulla Economic Development Corporation (Wholly owned)
- Mamalilikulla Economic Development Limited Partnership (Wholly owned)

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

***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.

***Cash and cash equivalents***

Cash and cash equivalents includes 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.

***Tangible capital assets***

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

All intangible assets and items inherited by the right of the First Nation, such as reserve land, forests, water and mineral resources, are not recognized in the First Nation's consolidated financial statements.

***Amortization***

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives. Assets under construction are not amortized until completion.

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Buildings	declining balance	5 %
Automotive equipment	declining balance	30 %
Equipment	declining balance	20 %
Boats	declining balance	15 %
Social Housing	declining balance	5 %
Docks	declining balance	5 %

***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.

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. Impairment losses are recognized when asset's service potential is reduced. Impairment is measured as the amount by which the assets' 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.

The First Nation 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.

***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.

***Net financial assets***

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

**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, 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, 2022.

At each financial reporting date, the First 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 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. As at March 31, 2022, no liability for contaminated sites exists.

***Funds held in trust***

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

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

***Revenue recognition***

i) *Government Funding*

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.

ii) *First Nation Capital and Revenue Trust Funds*

The First Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

iii) *Own source and other revenue*

Own source and other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

iv) *Investment income*

Investment income is recognized by the First Nation when investment income is earned.

***Segments***

The First Nation conducts its business through a number of reportable segments as described in Note 15. 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.

**Mamalilikulla First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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

***Measurement uncertainty (Use of estimates)***

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 expenditures during the reporting period.

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

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

**3. Recent accounting pronouncement**

***PS 3280 Asset Retirement Obligations (New)***

In August 2018, new PS 3280 Asset Retirement Obligations was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new PS 3280 establishes standards on how to account for and report a liability for asset retirement obligations (ARO). As asset retirement obligations associated with landfills are included in the scope of new PS 3280, PS 3270 Solid Waste Landfill Closure and Post-Closure Liability will be withdrawn.

The main features of this standard are as follows:

- An ARO represents a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner.
- When an asset is no longer in productive use, the associated asset retirement costs are expensed.
- Measurement of the ARO liability should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use.
- The best method to estimate the liability is often a present value technique.

This standard was to be effective for fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted. The Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

**4. Accounts receivable**

	<b>2022</b>	<i>2021 Restated (Note 18)</i>
Province of British Columbia	-	20,000
Indigenous Services Canada	<b>44,556</b>	63,488
'Namgis First Nation	<b>13,915</b>	24,130
Centre for Indigenous Environmental Resources	-	15,000
First Nation Education Steering Committee	-	1,253
	<b>58,471</b>	123,871

**Mamalilikulla First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**5. Restricted cash**

	<b>2022</b>	<b>2021</b>
Social Housing Replacement Reserve	<b>26,117</b>	26,117
Social Housing Operating Reserve	<b>7,756</b>	7,756
	<b>33,873</b>	33,873

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited in the amount of nil (2021 - \$667) annually. 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.

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), excess revenues over expenditures for the Post 1996 phases 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.

At year end, these reserves are no longer required as the loan due to CMHC has been fully repaid.

**6. Funds held in trust**

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

	<b>2022</b>	<b>2021</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	<b>30,122</b>	30,122
<b>Revenue Trust</b>		
Balance, beginning of year	<b>51,448</b>	49,538
Interest	<b>1,706</b>	1,910
Balance, end of year	<b>53,154</b>	51,448
	<b>83,276</b>	81,570

**Ottawa Trust Funds**

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*.

**7. Advances to related parties**

Advances to related parties are unsecured, non-interest bearing and due on demand. These entities are related by virtue of common control or joint control by the First Nation.

	<b>2022</b>	<b>2021</b>
DMT Fisheries Society	<b>91,803</b>	74,526

**Mamalilikulla First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**8. Investments in First Nation business entities**

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contributions (draws)</i>	<i>Other adjustments</i>	<i>2022 Total investment</i>
<b>First Nation Business Enterprises:</b>						
Mamalilikulla Economic Development Corporation - 100%	346,579	1,310	14,979	-	-	362,868
Mamalilikulla Economic Development LP - 100%	1,313,932	7,615	1,609,074	-	-	2,930,621
	1,660,511	8,925	1,624,053	-	-	3,293,489
<b>First Nation Business Partnerships:</b>						
Nanwakolas Carbon Credit LP - 23%	15,378	-	(2,480)	-	-	12,898
Nanwakolas Forestry LP - 18%	99	-	(99)	-	-	-
Nanwakolas Offset LP - 26%	192,439	-	571,915	(484,067)	-	280,287
Nanwakolas Timber LP - 21%	3,299,686	-	194,664	-	-	3,494,350
Nanwakolas Business Corporation - 17%	1	-	-	-	-	1
Gwabalais Fisheries Society - 25%	1,033,548	-	(43,401)	-	-	990,147
	4,541,151	-	720,599	(484,067)	-	4,777,683
	6,201,662	8,925	2,344,652	(484,067)	-	8,071,172

**Mamalilikulla First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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

2021

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contributions (draws)</i>	<i>Other adjustments</i>	<i>Total investment</i>
<b>First Nation Business Enterprises:</b>						
Mamalilikulla Economic Development Corporation - 100%	342,939	-	3,522	-	118	346,579
Mamalilikulla Economic Development LP - 100%	1,076,289	-	237,643	-	-	1,313,932
	1,419,228	-	241,165	-	118	1,660,511
<b>First Nation Business Partnerships:</b>						
Nanwakolas Carbon Credit LP - 23%	16,237	-	(859)	-	-	15,378
Nanwakolas Forestry LP - 18%	865	-	(766)	-	-	99
Nanwakolas Offset LP - 26%	741,058	-	419,567	(968,186)	-	192,439
Nanwakolas Timber LP - 21%	3,146,299	-	153,387	-	-	3,299,686
Nanwakolas Business Corporation - 17%	1	-	-	-	-	1
Gwabalais Fisheries Society - 25%	1,052,643	-	(19,095)	-	-	1,033,548
	4,957,103	-	552,234	(968,186)	-	4,541,151
	6,376,331	-	793,399	(968,186)	118	6,201,662

The First Nation's investment in Mamalilikulla Economic Development Corporation was established for the purposes of running the economic activities of various business endeavours for the First Nation through the Limited Partnerships. It owns investments in Mamalilikulla Forestry Corporation and Mamalilikulla Fisheries Corporation.

Mamalilikulla Economic Development Limited Partnership was established for the purposes of running the economic activities of various business endeavours for the First Nation. It owns investments in Mamalilikulla Forestry Limited Partnership and Mamalilikulla Fisheries Limited Partnership.

The year-end for the First Nation business enterprises is December 31, 2021. There were significant logging transactions between December 31, 2021 and March 31, 2022 and therefore the December 31, 2021 figures were adjusted to include logging on the Village Island TSL.

Nanwakolas Forestry Limited Partnership was dissolved during the year.



**Mamalilikulla First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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

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

The below information is unaudited for the following entities:

	<i>Nanwakolas Carbon Credit Limited Partnership</i>	<i>Nanwakolas Offset Limited Partnership</i>	<i>Nanwakolas Timber Limited Partnership</i>	<i>Nanwakolas Business Corporation</i>
	<i>As at March 31, 2022 (Unaudited)</i>	<i>As at March 31, 2022 (Unaudited)</i>	<i>As at March 31, 2022 (Unaudited)</i>	<i>As at March 31, 2022 (Unaudited)</i>
<b>Assets</b>				
Cash	59,469	2,459,751	7,768,137	6
Accounts receivable	315	615	3,145	-
Inventory	-	72,821	-	-
Due from related parties	3,110	400	4,269,308	-
Other	-	-	89,220	-
Investment	-	-	5,406,509	30
Due from related parties	-	-	-	-
<b>Total assets</b>	<b>62,894</b>	<b>2,533,587</b>	<b>17,536,319</b>	<b>36</b>
<b>Liabilities</b>				
Accounts payable and accruals	6,864	-	42,676	-
Due to related parties	-	1,459,642	579,956	30
Other	-	-	-	-
<b>Total liabilities</b>	<b>6,864</b>	<b>1,459,642</b>	<b>622,632</b>	<b>30</b>
<b>Retained earnings</b>	<b>56,030</b>	<b>1,073,945</b>	<b>16,913,687</b>	<b>6</b>
<b>Total revenue</b>	<b>-</b>	<b>2,341,625</b>	<b>1,014,561</b>	<b>-</b>
<b>Total expenses</b>	<b>10,791</b>	<b>157,076</b>	<b>71,789</b>	<b>-</b>
<b>Net income (loss)</b>	<b>(10,791)</b>	<b>2,184,549</b>	<b>942,772</b>	<b>-</b>

**Mamalilikulla First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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

	<i>Gwabalís Fisheries Society</i>	<i>Mamalilikulla Economic Development Corporation</i>	<i>Mamalilikulla Economic Development Limited Partnership</i>
	<i>As at March 31, 2022 (Unaudited)</i>	<i>As at December 31, 2021 (Adjusted) (Unaudited)</i>	<i>As at December 31, 2021 (Adjusted) (Unaudited)</i>
<b>Assets</b>			
Cash	256,969	1	-
Accounts receivable	14,867	-	-
Inventory	-	-	-
Due from related parties	3,749,060	-	1
Other	184	-	-
Investment	-	25,725	2,969,049
Due from related parties	-	338,087	-
<b>Total assets</b>	<b>4,021,080</b>	<b>363,813</b>	<b>2,969,050</b>
<b>Liabilities</b>			
Accounts payable and accruals	60,491	827	2,750
Due to related parties	-	341,765	17,615
Other	-	117	-
<b>Total liabilities</b>	<b>60,491</b>	<b>342,709</b>	<b>20,365</b>
<b>Retained earnings</b>	<b>3,960,589</b>	<b>21,104</b>	<b>2,948,685</b>
<b>Total revenue</b>	<b>66,697</b>	<b>16,397</b>	<b>1,629,217</b>
<b>Total expenses</b>	<b>240,300</b>	<b>1,418</b>	<b>3,889</b>
<b>Net income (loss)</b>	<b>(173,603)</b>	<b>14,979</b>	<b>1,625,328</b>

**9. Deferred revenue**

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

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Recognized in the year</i>	<i>Balance, end of year</i>
First Nations Health Authority	125,969	-	-	125,969
Province of British Columbia	-	120,000	-	120,000
Environment Funders Canada	-	112,000	-	112,000
	<b>125,969</b>	<b>232,000</b>	<b>-</b>	<b>357,969</b>

**Mamalilikulla First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**10. Advances from related parties**

Advances from related parties are unsecured, non-interest bearing and due on demand. These entities are related by virtue of common control or joint control by the First Nation.

	2022	2021
Mamalilikulla Forestry Corporation	779,820	282,486
Mamalilikulla Forestry Limited Partnership	1,305,777	381,082
	<b>2,085,597</b>	<b>663,568</b>

**11. Long-term debt**

	2022	2021
Government of Canada, repayable when the specific claim is settled, interest free	78,331	78,331

**12. Contingent liabilities**

As at March 31, 2022, there existed outstanding claims against the First Nation. These claims have been referred to legal counsel. It is not possible to determine the First Nation's potential liability, if any, with respect to these matters.

**13. Contingent asset**

The First Nation filed a legal claim before the Specific Claims Tribunal of Canada in relation to the wrongful severance of certain reserve interests by the Federal Government. As of March 31, 2022, the parties have reached an agreement that settlement will occur. The Nation has estimated the undiscounted settlement amount to be \$1,400,000.

**14. Contribution to endowment fund**

During the year, the First Nation made an irrevocable contribution to an endowment fund managed by Coast Funds of \$35,165 (2021 - \$500,000). This contribution was to match contributions from private funders made when Coast Funds was created in 2007.

The balance in the endowment fund at March 31, 2022 is \$1,035,165 (2021 - \$1,000,000), which consists of \$535,165 contributed by the First Nation, and \$500,000 contributed by private funders. Coast Funds will disburse the income of the fund from time to time to the First Nation for eligible projects as defined in the funding approval policy of Coast Funds. Fees and expenses for administering the fund will be charged against income and will not exceed 1% of the aggregate funds comprising the fund at the start of each calendar year. No distributions were received from Coast Funds during the year.

**15. Segments**

The First Nation 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:

Band Government:

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

Economic Development:

Includes revenue and expenses related to the development of economic opportunities to members, as well as the activities related to the growth of revenue producing projects with the First Nation.

Housing:

Includes revenue and expenses related to band owned and social housing of the members of the First Nation.

**Mamalilikulla First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**16. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2022</b>	<i>2021 Restated (Note 18)</i>
Equity in Ottawa Trust Funds	<b>83,276</b>	81,570
Equity in operating fund	<b>2,570,347</b>	1,708,306
Equity in tangible capital assets	<b>4,305,852</b>	4,216,302
Investment in First Nation business entities	<b>8,071,172</b>	6,201,662
Replacement and operating reserves	<b>-</b>	37,000
	<b>15,030,647</b>	12,244,840

**17. Budget information**

Budgets were not prepared for all segments and all departments in 2022. As such, the budget figures in the consolidated financial statements are not presented for the same scope of activities as the actual results.

The disclosed budget information was approved by the Chief and Council of Mamalilikulla First Nation on March 25, 2021.

Chief and Council has not budgeted for the following segment: Social Housing

	<b>2022</b>
Budget approved by Chief and Council	<b>4,260,276</b>
Less: equity included in budget	<b>(4,029,833)</b>
Less: internal transfers	<b>(30,000)</b>
Budgeted annual surplus per Statement of Operations and Accumulated Surplus	<b>200,443</b>

**18. Correction of an error**

During the year, the First Nation determined that the account receivable at March 31, 2021 related to BC Parks funding was in the amount of \$20,000 instead of \$200,000 as originally recorded. For the year ended March 31, 2021 the impact of this correction has resulted in a decrease in the following accounts by \$180,000: accounts receivable, Province of British Columbia revenue, annual surplus and accumulated surplus.

**Mamalilikulla First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2022*

	<i>Buildings</i>	<i>Automotive equipment</i>	<i>Equipment</i>	<i>Boats</i>	<i>Social Housing</i>	<i>Docks</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	601,958	65,021	53,088	393,520	227,335	442,024	1,782,946
Acquisition of tangible capital assets	-	55,694	-	-	-	-	55,694
Disposal of tangible capital assets	-	(15,000)	-	-	-	-	(15,000)
Balance, end of year	601,958	105,715	53,088	393,520	227,335	442,024	1,823,640
<b>Accumulated amortization</b>							
Balance, beginning of year	51,736	41,246	33,835	112,454	143,694	33,101	416,066
Annual amortization	27,511	15,037	3,851	42,160	4,182	11,903	104,644
Accumulated amortization on disposals	-	(13,500)	-	-	-	-	(13,500)
Balance, end of year	79,247	42,783	37,686	154,614	147,876	45,004	507,210
<b>Net book value of tangible capital assets</b>	<b>522,711</b>	<b>62,932</b>	<b>15,402</b>	<b>238,906</b>	<b>79,459</b>	<b>397,020</b>	<b>1,316,430</b>
2021 Net book value of tangible capital assets	550,222	23,775	19,253	281,066	83,641	408,923	1,368,901

**Mamalilikulla First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2022*

	<i>Subtotal</i>	<i>Land</i>	<i>Construction- in-progress</i>	<i>2022</i>	<i>2021</i>
<b>Cost</b>					
Balance, beginning of year	1,782,946	2,849,422	-	4,632,368	1,316,159
Acquisition of tangible capital assets	55,694	-	140,000	195,694	3,316,209
Disposal of tangible capital assets	(15,000)	-	-	(15,000)	-
Balance, end of year	1,823,640	2,849,422	140,000	4,813,062	4,632,368
<b>Accumulated amortization</b>					
Balance, beginning of year	416,066	-	-	416,066	320,083
Annual amortization	104,644	-	-	104,644	95,983
Accumulated amortization on disposals	(13,500)	-	-	(13,500)	-
Balance, end of year	507,210	-	-	507,210	416,066
<b>Net book value of tangible capital assets</b>	<b>1,316,430</b>	<b>2,849,422</b>	<b>140,000</b>	<b>4,305,852</b>	<b>4,216,302</b>
2021 Net book value of tangible capital assets	1,368,901	2,849,422	-	4,216,302	

**Mamalilikulla First Nation**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2022*

	<b>2022 Budget (Note 17)</b>	<b>2022</b>	<b>2021</b>
<b>Consolidated expenses by object</b>			
Administration	10,953	20,236	2,395
Amortization	-	104,644	95,983
Bank charges and interest	3,625	2,943	3,756
Consulting	30,000	-	-
Contracted services	100,499	343,216	231,275
Contribution to endowment fund (Note 14)	-	35,165	500,000
Cultural and community	112,856	190,446	142,881
Distribution to members	75,600	191,020	73,600
Floathouse	-	27,030	-
Food and crisis security	-	131,234	158,135
Honouraria	40,250	63,120	41,975
Insurance	36,628	46,027	29,616
Language (recovery)	-	-	(500)
Living allowance	129,582	131,566	113,908
Materials and supplies	85,338	108,065	106,416
Meeting expenses	12,000	20,278	7,268
Miscellaneous	18,820	3,292	7,227
Office expense	71,782	105,799	47,705
Professional fees	84,920	275,808	143,924
Property tax	-	13,076	2,692
Rent	19,200	13,043	19,678
Repairs and maintenance	19,040	65,796	128,644
Salaries and benefits	475,576	369,185	458,136
Surveying and licenses	1,050	6,673	7,816
Training	197,270	63,501	5,234
Travel	84,030	135,263	50,940
Tuition	89,097	120,847	59,137
Utilities and telephone	15,660	18,101	11,862
	<b>1,713,776</b>	<b>2,605,374</b>	<b>2,449,703</b>

**Mamalilikulla First Nation**  
**Band Government**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2022*

	<b>2022</b> <i>Budget</i> <i>(Note 17)</i>	<b>2022</b>	<i>2021</i> <i>Restated</i> <i>(Note 18)</i>
<b>Revenue</b>			
Indigenous Services Canada	543,382	1,692,167	762,874
Gaming revenue	337,874	337,874	593,665
Other revenue	58,572	127,243	118,746
First Nation Health Authority	84,559	79,800	76,103
Province of British Columbia	-	-	20,000
Cost recoveries	-	30,948	83,213
	<b>1,024,387</b>	<b>2,268,032</b>	1,654,601
<b>Expenses</b>			
Administration	7,687	16,384	2,395
Bank charges and interest	3,625	2,943	3,502
Consulting	30,000	-	-
Contracted services	19,000	33,034	133,977
Cultural and community	112,856	188,142	131,281
Food and crisis security	-	125,134	147,462
Honouraria	40,250	60,260	41,975
Insurance	36,628	34,758	22,656
Language (recovery)	-	-	(500)
Living allowance	129,582	128,566	95,908
Materials and supplies	33,900	43,592	72,189
Meeting expenses	2,400	1,698	1,942
Miscellaneous	13,120	300	-
Office expense	67,546	99,157	43,474
Professional fees	84,920	256,165	46,907
Rent	12,000	12,100	12,420
Repairs and maintenance	1,820	48,799	112,792
Salaries and benefits	263,606	228,014	289,240
Training	196,270	55,427	5,434
Travel	49,080	58,815	23,186
Tuition	89,097	120,847	59,137
Utilities and telephone	15,660	18,101	11,864
	<b>1,209,047</b>	<b>1,532,236</b>	1,257,241
<b>Annual surplus (deficit)</b>	<b>(184,660)</b>	<b>735,796</b>	397,360



**Mamalilikulla First Nation**  
**Economic Development**  
**Schedule 4 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2022*

	<b>2022 Budget (Note 17)</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>			
Other revenue	226,365	283,868	411,110
Province of British Columbia	137,425	235,057	260,815
Indigenous Services Canada	19,847	215,122	76,847
First Nation Health Authority revenue	-	8,700	38,662
Earnings from investments in First Nation business enterprises (Note 8)	-	1,624,053	241,165
Earnings from investments in First Nation business partnerships (Note 8)	487,195	720,599	552,234
Interest income	19,000	30,250	16,128
Contribution of tangible capital asset	-	-	400,000
	<b>889,832</b>	<b>3,117,649</b>	<b>1,996,961</b>
<b>Expenses</b>			
Administration	3,266	3,852	-
Amortization	-	100,462	91,580
Contracted services	81,499	310,182	97,298
Contribution to endowment fund (Note 14)	-	35,165	500,000
Cultural and community	-	2,304	11,600
Distribution to members	75,600	191,020	73,600
Floathouse	-	27,030	-
Food and crisis security	-	6,100	10,673
Honouraria	-	2,860	-
Insurance	-	11,269	2,504
Living allowance	-	3,000	18,000
Materials and supplies	51,438	64,474	34,227
Meeting expenses	9,600	18,580	5,326
Miscellaneous	5,700	2,992	7,227
Office expense	4,236	6,641	4,231
Professional fees	-	19,643	90,227
Property tax	-	13,076	2,692
Rent	7,200	943	7,258
Repairs and maintenance	17,220	16,997	15,851
Salaries and benefits	211,970	141,171	168,896
Surveying and licenses	1,050	6,673	7,816
Training (recovery)	1,000	8,074	(200)
Travel	34,950	76,448	27,754
	<b>504,729</b>	<b>1,068,956</b>	<b>1,176,560</b>
<b>Surplus before other income</b>	<b>385,103</b>	<b>2,048,693</b>	<b>820,401</b>
<b>Other income</b>			
Gain on disposal of tangible capital assets	-	5,500	-
<b>Annual surplus</b>	<b>385,103</b>	<b>2,054,193</b>	<b>820,401</b>

**Mamalilikulla First Nation**  
**Social Housing**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2022*

	<b>2022 Budget (Note 17)</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>			
Rental income	-	-	2,438
Canada Mortgage and Housing Corporation	-	-	554
	-	-	2,992
<b>Expenses</b>			
Amortization	-	<b>4,182</b>	4,402
Bank charges and interest	-	-	254
Insurance	-	-	4,456
Professional fees	-	-	6,790
	-	<b>4,182</b>	15,902
<b>Annual deficit</b>	-	<b>(4,182)</b>	(12,910)