

**Mamalilikulla First Nation
Consolidated Financial Statements**

March 31, 2024

Mamalilikulla First Nation Contents

For the year ended March 31, 2024

| | Page |
|---|----------|
| Independent Auditor's Report | |
| Consolidated Financial Statements | |
| Consolidated Statement of Financial Position..... | 1 |
| Consolidated Statement of Operations and Accumulated Surplus..... | 2 |
| Consolidated Statement of Change in Net Financial Assets..... | 3 |
| Consolidated Statement of Cash Flows..... | 4 |
| Notes to the Consolidated Financial Statements..... | 5 |
| Schedules | |
| Schedule 1 - Consolidated Schedule of Tangible Capital Assets..... | 16 |
| Schedule 2 - Schedule of Consolidated Expenses by Object..... | 18 |
| Schedule 3 - Schedule of Revenue and Expenses - Band Government..... | 20 |
| Schedule 4 - Schedule of Revenue and Expenses - Economic Development..... | 21 |
| Schedule 5 - Schedule of Revenue and Expenses - Housing..... | 22 |

Independent Auditor's Report

To the Members of Mamalilikulla First Nation:

Opinion

We have audited the consolidated financial statements of Mamalilikulla First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2024, 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, 2024, 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 24, 2024

MNP LLP

Chartered Professional Accountants

MNP
LLP

Mamalilikulla First Nation
Consolidated Statement of Financial Position
As at March 31, 2024

| | 2024 | 2023 |
|--|-------------------|------------|
| Financial assets | | |
| Cash and cash equivalents | 1,946,754 | 2,399,297 |
| Guaranteed investment certificates (Note 4) | 3,650,773 | 3,030,719 |
| Accounts receivable (Note 5) | 576,331 | 199,493 |
| Funds held in trust (Note 6) | 91,675 | 87,694 |
| Advances to related party (Note 7) | 106,235 | 99,941 |
| Investments in First Nation business enterprises (Note 8) | 4,433,373 | 3,802,647 |
| Investments in First Nation business partnerships (Note 8) | 4,405,056 | 4,124,520 |
| Total financial assets | 15,210,197 | 13,744,311 |
| Liabilities | | |
| Accounts payable and accruals | 52,220 | 41,697 |
| Advances from related parties (Note 9) | 2,073,915 | 2,080,592 |
| Deferred revenue (Note 10) | 227,635 | 221,776 |
| Total liabilities | 2,353,770 | 2,344,065 |
| Net financial assets | 12,856,427 | 11,400,246 |
| Contingent liabilities (Note 11) | | |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 5,109,298 | 4,636,786 |
| Prepaid expenses | 5,998 | 155,998 |
| Total non-financial assets | 5,115,296 | 4,792,784 |
| Accumulated surplus (Note 14) | 17,971,723 | 16,193,030 |

Approved on behalf of the Chief and Council

Signed by : John Powell

**Chief
Councillor**

Signed by : Brad Puglas

Councillor

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

| | <i>Schedules</i> | <i>2024 Budget (Note 15)</i> | <i>2024</i> | <i>2023</i> |
|---|------------------|--------------------------------------|-------------------|-------------|
| Revenue | | | | |
| Other revenue | | 373,260 | 1,866,804 | 457,529 |
| Indigenous Services Canada | | 729,909 | 987,348 | 2,176,558 |
| Gaming revenue | | 593,665 | 731,700 | 794,297 |
| Province of British Columbia | | 69,295 | 476,471 | 279,110 |
| First Nation Health Authority | | 98,809 | 68,598 | 100,848 |
| Earnings from investments in First Nation business partnerships | | 484,067 | 1,143,974 | 725,087 |
| Earnings from investments in First Nation business enterprises | | 91,771 | 625,886 | 505,024 |
| Interest income | | 20,959 | 189,622 | 48,020 |
| Indigenous Protected and Conserved Areas | | - | 147,058 | 193,478 |
| Contribution of tangible capital asset | | - | 37,970 | 110,000 |
| | | 2,461,735 | 6,275,431 | 5,389,951 |
| Expenses | | | | |
| Band Government | 3 | 1,964,671 | 2,730,419 | 1,973,205 |
| Economic Development | 4 | 932,412 | 1,737,586 | 1,260,244 |
| Housing | 5 | - | 18,406 | 3,973 |
| | | 2,897,083 | 4,486,411 | 3,237,422 |
| Surplus (deficit) before other items | | (435,348) | 1,789,020 | 2,152,529 |
| Other items | | | | |
| Loss on disposal of tangible capital assets | | - | (10,327) | - |
| Annual surplus (deficit) | | (435,348) | 1,778,693 | 2,152,529 |
| Accumulated surplus, beginning of year | | 16,193,030 | 16,193,030 | 14,040,501 |
| Accumulated surplus, end of year | | 15,757,682 | 17,971,723 | 16,193,030 |

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

| | 2024 <i>Budget</i> <i>(Note 15)</i> | 2024 | 2023 |
|--|--|-----------------------|------------|
| Annual surplus (deficit) | (435,348) | 1,778,693 | 2,152,529 |
| Purchases of tangible capital assets | - | (755,653) | (517,460) |
| Amortization of tangible capital assets | - | 264,814 | 186,526 |
| Loss on sale of tangible capital assets | - | 10,327 | - |
| Proceeds of disposal of tangible capital assets | - | 8,000 | - |
| Increase in prepaid expenses | - | - | (138,000) |
| Use of prepaid expenses | - | 150,000 | - |
| Increase (decrease) in net financial assets | (435,348) | 1,456,181 | 1,683,595 |
| Net financial assets, beginning of year | 11,400,246 | 11,400,246 | 9,716,651 |
| Net financial assets, end of year | 10,964,898 | 12,856,427 | 11,400,246 |

Mamalilikulla First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

| | 2024 | 2023 |
|---|------------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Annual surplus | 1,778,693 | 2,152,529 |
| Non-cash items | | |
| Amortization | 264,814 | 186,526 |
| Loss on disposal of tangible capital assets | 10,327 | - |
| Earnings from investments in First Nation business partnerships | (1,143,974) | (725,087) |
| Earnings from investments in First Nation business enterprises | (625,886) | (505,024) |
| | 283,974 | 1,108,944 |
| Changes in working capital accounts | | |
| Accounts receivable | (376,838) | (141,022) |
| Prepaid expenses | 150,000 | (138,000) |
| Accounts payable and accruals | 10,523 | 9,146 |
| Deferred revenue | (5,859) | (136,193) |
| | 61,800 | 702,875 |
| Financing activities | | |
| Repayment of long-term debt | - | (78,331) |
| Capital activities | | |
| Purchases of tangible capital assets | (755,653) | (517,460) |
| Proceeds of disposal of tangible capital assets | 8,000 | - |
| | (747,653) | (517,460) |
| Investing activities | | |
| Purchase of guaranteed investment certificates | (3,650,773) | (3,030,719) |
| Redemption of guaranteed investment certificates | 3,030,719 | 1,019,000 |
| Increase in funds held in trust | (3,981) | (4,418) |
| Advances to related parties | (6,093) | (16,718) |
| Distributions from First Nation business partnerships | 863,438 | 387,545 |
| | 233,310 | (1,645,310) |
| Decrease in cash and cash equivalents | (452,543) | (1,538,226) |
| Cash and cash equivalents, beginning of year | 2,399,297 | 3,937,523 |
| Cash and cash equivalents, end of year | 1,946,754 | 2,399,297 |

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

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.

2. Change in accounting policy

Revenue

Effective April 1, 2023, the Nation adopted the 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 the recommendations, the change was applied prospectively, and prior periods have not been restated.

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

3. 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

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 Offset Limited Partnership (26% ownership)
- Nanwakolas Timber Limited Partnership (21% ownership)
- Nanwakolas Business Corporation (17% ownership)
- Mamalilikulla Economic Development Corporation (Wholly owned)
- Mamalilikulla Economic Development Limited Partnership (Wholly owned)

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.

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

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

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.

| | Method | Rate |
|------------------------|-------------------|-------------|
| 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 % |
| Leasehold improvements | straight-line | 5 years |

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 annual surplus (deficit).

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

3. 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, 2024.

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, 2024, 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 13. 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, 2024

3. 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.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 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, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2024, the First Nation has not identified any asset retirement obligations, therefore no liability has been recorded.

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

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

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value.

The First Nation 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 consolidated statement of remeasurement gains and losses. The First Nation has not presented a consolidated 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 consolidated statement of operation. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, 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 consolidated 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 consolidated statement of remeasurement gains and losses.

4. Guaranteed investment certificates

| | 2024 | 2023 |
|---|------------------|------------------|
| Measured at cost | | |
| GIC 1, matures April 3, 2024, interest at 5.3% | 1,055,073 | - |
| GIC 2, matures July 22, 2024, interest at 5.7% | 1,043,700 | - |
| GIC 3, matures January 10, 2025, interest at 5.4% | 1,052,000 | - |
| GIC 4, matures October 3, 2024, interest at 6.0% | 500,000 | - |
| GIC - matured during the year | - | 1,030,719 |
| GIC - matured during the year | - | 1,000,000 |
| GIC - matured during the year | - | 1,000,000 |
| | 3,650,773 | 3,030,719 |

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

5. Accounts receivable

| | 2024 | 2023 |
|----------------------------------|----------------|---------|
| 'Namgis First Nation | 320,797 | - |
| Coast Claims | 130,000 | - |
| Province of British Columbia | 91,164 | 133,531 |
| Goods and Services Tax | 20,514 | 1,920 |
| First Nations Health Authority | 13,856 | 10,880 |
| Nanwakolas Council Society | - | 27,000 |
| BC Aboriginal Child Care Society | - | 15,000 |
| Indigenous Services Canada | - | 11,162 |
| | 576,331 | 199,493 |

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.

| | 2024 | 2023 |
|------------------------------------|---------------|--------|
| Capital Trust | | |
| Balance, beginning and end of year | 30,122 | 30,122 |
| Revenue Trust | | |
| Balance, beginning of year | 57,572 | 53,154 |
| Interest | 3,981 | 4,418 |
| Balance, end of year | 61,553 | 57,572 |
| | 91,675 | 87,694 |

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 party

Advances to related parties are unsecured, non-interest bearing and due on demand. This entity is related by virtue of joint control by the First Nation.

| | 2024 | 2023 |
|-----------------------|-------------|--------|
| DMT Fisheries Society | 106,235 | 99,941 |

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

8. Investments in First Nation business enterprises and partnerships

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>2024 Total investment</i> |
|---|------------------------|-------------------------|---------------------------------|------------------------------|------------------------------|
| First Nation Business Enterprises: | | | | | |
| Mamalilikulla Economic Development Corporation - 100% | 365,777 | 1,015 | 4,529 | - | 371,321 |
| Mamalilikulla Economic Development LP - 99% | 3,436,870 | 3,825 | 621,357 | - | 4,062,052 |
| | 3,802,647 | 4,840 | 625,886 | - | 4,433,373 |
| First Nation Business Partnerships: | | | | | |
| Nanwakolas Offset LP - 26% | 478,702 | - | 964,283 | (462,784) | 980,201 |
| Nanwakolas Timber LP - 21% | 3,645,816 | - | 179,691 | (400,654) | 3,424,853 |
| Nanwakolas Business Corporation - 17% | 1 | - | - | - | 1 |
| Gwabalis Fisheries Society - 25% | 1 | - | - | - | 1 |
| | 4,124,520 | - | 1,143,974 | (863,438) | 4,405,056 |
| | 7,927,167 | 4,840 | 1,769,860 | (863,438) | 8,838,429 |

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

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

| | | | | | 2023 |
|---|------------------------|-------------------------|---------------------------------|------------------------------|-------------------------|
| | <i>Investment cost</i> | <i>Loans / advances</i> | <i>Share of earnings (loss)</i> | <i>Contributions (draws)</i> | <i>Total Investment</i> |
| First Nation Business Enterprises: | | | | | |
| Mamalilikulla Economic Development Corporation - 100% | 362,868 | 937 | 1,972 | - | 365,777 |
| Mamalilikulla Economic Development LP - 99% | 2,930,621 | 3,197 | 503,052 | - | 3,436,870 |
| | 3,293,489 | 4,134 | 505,024 | - | 3,802,647 |
| First Nation Business Partnerships: | | | | | |
| Nanwakolas Carbon Credit LP - 23% | 12,898 | (559) | - | (12,339) | - |
| Nanwakolas Offset LP - 26% | 280,287 | - | 573,621 | (375,206) | 478,702 |
| Nanwakolas Timber LP - 21% | 3,494,350 | - | 151,466 | - | 3,645,816 |
| Nanwakolas Business Corporation - 17% | 1 | - | - | - | 1 |
| Gwabalis Fisheries Society - 25% | 1 | - | - | - | 1 |
| | 3,787,537 | (559) | 725,087 | (387,545) | 4,124,520 |
| | 7,081,026 | 3,575 | 1,230,111 | (387,545) | 7,927,167 |

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, 2023. No significant or unusual transactions occurred between December 31, 2023 and March 31, 2024, therefore the December 31, 2023 figures are included without adjustment.

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.

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

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

The below information is unaudited for the following entities:

| | <i>Nanwakolas Business Corporation</i> <i>As at March 31, 2024</i> <i>(Unaudited)</i> | <i>Nanwakolas Offset Limited Partnership</i> <i>As at March 31, 2024</i> <i>(Unaudited)</i> | <i>Nanwakolas Timber Limited Partnership</i> <i>As at March 31, 2024</i> <i>(Unaudited)</i> | <i>Mamalilikulla Economic Development Limited Partnership</i> <i>As at December 31, 2023</i> <i>(Unaudited)</i> | <i>Mamalilikulla Economic Development Corporation</i> <i>As at December 31, 2023</i> <i>(Unaudited)</i> |
|-------------------------------|---|---|---|---|---|
| Assets | | | | | |
| Cash | 6 | 2,630,981 | 6,424,711 | - | 1 |
| Accounts receivable | - | 1,220,719 | - | - | - |
| Inventory | - | 38,756 | - | - | - |
| Prepays | - | - | 17,630 | - | - |
| Deposits | - | - | 74,400 | - | - |
| Due from related parties | - | 510 | 5,092,877 | 1 | 338,087 |
| Investments | 20 | - | 5,406,509 | 4,112,839 | 36,939 |
| Total assets | 26 | 3,890,966 | 17,016,127 | 4,112,840 | 375,027 |
| Liabilities | | | | | |
| Accounts payable and accruals | - | 142,843 | 42,492 | 3,751 | 3,706 |
| Due to related parties | 20 | 4,035 | 396,524 | 24,638 | 343,717 |
| Total liabilities | 20 | 146,878 | 439,016 | 28,389 | 347,423 |
| Retained earnings | 6 | 3,744,088 | 16,577,111 | 4,084,451 | 27,604 |
| Total revenue | - | 4,052,444 | 1,103,257 | 632,309 | 6,276 |
| Total expenses | - | 369,161 | 232,997 | 4,676 | 1,747 |
| Net income | - | 3,683,283 | 870,260 | 627,633 | 4,529 |

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

9. 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.

| | 2024 | 2023 |
|--|------------------|-----------|
| Mamalilikulla Forestry Corporation | 776,237 | 778,040 |
| Mamalilikulla Forestry Limited Partnership | 1,297,678 | 1,302,552 |
| | 2,073,915 | 2,080,592 |

10. 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 | 42,557 | - | 22,145 | 20,412 |
| Environment Funders Canada | 53,250 | 64,514 | 36,510 | 81,254 |
| | 221,776 | 64,514 | 58,655 | 227,635 |

11. Contingent liabilities

As at March 31, 2024, 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.

12. Contribution to endowment fund

During the year, the First Nation made an irrevocable contribution to an endowment fund managed by Coast Funds of \$75,000 (2023 - \$75,000). 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, 2024 is \$1,185,165 (2023 - \$1,110,165), which consists of \$685,165 contributed by the First Nation, and \$500,000 contributed by private funders. This fund is not recorded as an asset of the First Nation. 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.

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

13. 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 housing of the members of the First Nation.

14. Accumulated surplus

Accumulated surplus consists of the following:

| | 2024 | 2023 |
|--|-------------------------|-------------------------|
| Equity in Ottawa Trust Funds | 91,675 | 87,694 |
| Equity in operating fund | 3,932,321 | 3,541,383 |
| Equity in tangible capital assets | 5,109,298 | 4,636,786 |
| Investment in First Nation business entities | 8,838,429 | 7,927,167 |
| | <hr/> 17,971,723 | <hr/> 16,193,030 |

15. Budget information

The disclosed budget information was approved by the Chief and Council of Mamalilikulla First Nation on January 29, 2023.

| | |
|---|---------------------|
| Budget annual surplus approved by Chief and Council | 12,646,632 |
| Less: accumulated surplus included in budget | (13,081,980) |
| Budgeted annual deficit per Statement of Operations and Accumulated Surplus | (435,348) |

16. Comparative figures

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

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

| | <i>Buildings</i> | <i>Automotive equipment</i> | <i>Equipment</i> | <i>Boats</i> | <i>Social Housing</i> | <i>Docks</i> | <i>Subtotal</i> |
|--|------------------|-----------------------------|------------------|----------------|-----------------------|----------------|------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 601,958 | 105,715 | 78,592 | 393,520 | 227,335 | 442,024 | 1,849,144 |
| Acquisition of tangible capital assets | - | - | - | 456,966 | 292,632 | - | 749,598 |
| Disposal of tangible capital assets | - | - | - | (27,422) | - | - | (27,422) |
| Balance, end of year | 601,958 | 105,715 | 78,592 | 823,064 | 519,967 | 442,024 | 2,571,320 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 105,382 | 61,663 | 43,317 | 190,450 | 151,849 | 56,814 | 609,475 |
| Annual amortization | 24,829 | 13,216 | 7,055 | 61,983 | 18,406 | 11,723 | 137,212 |
| Accumulated amortization on disposals | - | - | - | (9,095) | - | - | (9,095) |
| Balance, end of year | 130,211 | 74,879 | 50,372 | 243,338 | 170,255 | 68,537 | 737,592 |
| Net book value of tangible capital assets | 471,747 | 30,836 | 28,220 | 579,726 | 349,712 | 373,487 | 1,833,728 |
| 2023 Net book value of tangible capital assets | 496,576 | 44,052 | 35,275 | 203,070 | 75,486 | 385,210 | 1,241,692 |

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

| | <i>Subtotal</i> | <i>Land</i> | <i>Leasehold improvements</i> | 2024 | 2023 |
|--|------------------|------------------|-----------------------------------|------------------|------------------|
| Cost | | | | | |
| Balance, beginning of year | 1,849,144 | 2,849,422 | 631,956 | 5,330,522 | 4,813,062 |
| Acquisition of tangible capital assets | 749,598 | - | 6,055 | 755,653 | 517,460 |
| Disposal of tangible capital assets | (27,422) | - | - | (27,422) | - |
| Balance, end of year | 2,571,320 | 2,849,422 | 638,011 | 6,058,753 | 5,330,522 |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 609,475 | - | 84,261 | 693,736 | 507,210 |
| Annual amortization | 137,212 | - | 127,602 | 264,814 | 186,526 |
| Accumulated amortization on disposals | (9,095) | - | - | (9,095) | - |
| Balance, end of year | 737,592 | - | 211,863 | 949,455 | 693,736 |
| Net book value of tangible capital assets | 1,833,728 | 2,849,422 | 426,148 | 5,109,298 | 4,636,786 |
| 2023 Net book value of tangible capital assets | 1,241,692 | 2,849,422 | 547,695 | 4,636,786 | |

Mamalilikulla First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2024

| | 2024 <i>Budget</i> <i>(Note 15)</i> | 2024 | 2023 |
|--|--|------------------|------------------|
| Consolidated expenses by object | | | |
| Administration | 11,307 | 12,131 | 7,089 |
| Amortization | - | 264,814 | 186,526 |
| Bank charges and interest | 3,625 | 7,987 | 3,442 |
| Contracted services | 115,000 | 315,960 | 208,585 |
| Contribution to endowment fund | - | 75,000 | 75,000 |
| Cultural and community | 317,132 | 350,605 | 239,660 |
| Distribution to Band Members | 237,500 | 288,700 | 232,592 |
| Food and crisis security | - | 161,875 | 136,839 |
| Honouraria | 55,200 | 114,277 | 74,580 |
| Insurance | 56,274 | 56,671 | 53,278 |
| Living allowance | 173,079 | 204,966 | 221,934 |
| Materials and supplies | 227,263 | 91,371 | 104,944 |
| Meeting expenses | 23,850 | 41,867 | 37,071 |
| Miscellaneous | 1,326 | - | 1,154 |
| Office expense | 78,859 | 98,475 | 83,809 |
| Professional fees | 224,280 | 873,458 | 361,705 |
| Property tax | 9,463 | 10,952 | 9,450 |
| Rent | 82,719 | 122,002 | 85,909 |
| Repairs and maintenance | 95,480 | 100,596 | 210,797 |
| Salaries and benefits | 556,050 | 577,853 | 365,524 |
| Surveying and licenses | - | 4,152 | 11,169 |
| Training | 228,830 | 208,422 | 117,742 |
| Travel | 254,460 | 418,299 | 264,532 |
| Tuition | 128,634 | 58,180 | 116,122 |
| Utilities and telephone | 16,752 | 27,798 | 27,969 |
| | 2,897,083 | 4,486,411 | 3,237,422 |

Mamalilikulla First Nation
Band Government
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2024

| | 2024 Budget (Note 15) | 2024 | 2023 |
|---|--|------------------|-------------|
| Revenue | | | |
| Other revenue | 119,172 | 1,058,835 | 111,837 |
| Indigenous Services Canada | 708,863 | 903,136 | 2,155,909 |
| Gaming revenue | 593,665 | 731,700 | 794,297 |
| Province of British Columbia | - | 145,500 | - |
| First Nation Health Authority | 98,809 | 68,598 | 100,848 |
| | 1,520,509 | 2,907,769 | 3,162,891 |
| Expenses | | | |
| Administration | 10,607 | 5,000 | 1,050 |
| Bank charges and interest | 3,625 | 7,991 | 3,442 |
| Contracted services | 25,600 | 107,447 | 13,175 |
| Contribution to endowment fund | - | 75,000 | 75,000 |
| Cultural and community | 221,132 | 248,552 | 138,234 |
| Food and crisis security | - | 161,837 | 136,839 |
| Honouraria | 55,200 | 105,840 | 63,410 |
| Insurance | 50,539 | 47,772 | 38,760 |
| Living allowance | 173,079 | 204,966 | 221,934 |
| Materials and supplies | 187,500 | 30,177 | 60,467 |
| Meeting expenses | 3,600 | 3,985 | 1,793 |
| Office expense | 71,318 | 77,547 | 70,270 |
| Professional fees | 224,280 | 614,912 | 285,581 |
| Rent | 82,719 | 116,525 | 85,553 |
| Repairs and maintenance | 41,480 | 59,494 | 145,921 |
| Salaries and benefits | 366,816 | 368,728 | 247,207 |
| Training | 220,830 | 208,048 | 115,515 |
| Travel | 80,960 | 200,620 | 124,963 |
| Tuition | 128,634 | 58,180 | 116,122 |
| Utilities and telephone | 16,752 | 27,798 | 27,969 |
| | 1,964,671 | 2,730,419 | 1,973,205 |
| Surplus (deficit) before transfers | (444,162) | 177,350 | 1,189,686 |
| Transfers | - | (20,500) | (13,000) |
| Annual surplus (deficit) | (444,162) | 156,850 | 1,176,686 |

Mamalilikulla First Nation
Economic Development
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2024

| | 2024 Budget (Note 15) | 2024 | 2023 |
|--|--|------------------|-----------|
| Revenue | | | |
| Other revenue | 254,088 | 807,969 | 345,692 |
| Province of British Columbia | 69,295 | 330,971 | 279,110 |
| Indigenous Services Canada | 21,046 | 84,212 | 20,649 |
| Earnings from investments in First Nation business partnerships (Note 8) | 484,067 | 1,143,974 | 725,087 |
| Earnings from investments in First Nation business enterprises (Note 8) | 91,771 | 625,886 | 505,024 |
| Interest income | 20,959 | 189,622 | 48,020 |
| Indigenous Protected and Conserved Areas | - | 147,058 | 193,478 |
| BC Timber Sales | - | 37,970 | 110,000 |
| | 941,226 | 3,367,662 | 2,227,060 |
| Expenses | | | |
| Administration | 700 | 7,131 | 6,039 |
| Amortization | - | 246,409 | 182,554 |
| Contracted services | 89,400 | 208,513 | 195,409 |
| Cultural and community | 96,000 | 102,053 | 101,426 |
| Distribution to members | 237,500 | 288,700 | 232,592 |
| Food and crisis security | - | 38 | - |
| Honouraria | - | 8,437 | 11,170 |
| Insurance | 5,735 | 8,899 | 14,518 |
| Materials and supplies | 39,763 | 61,193 | 44,476 |
| Meeting expenses | 20,250 | 37,882 | 35,279 |
| Miscellaneous | 1,325 | - | 1,154 |
| Office expense | 7,542 | 20,925 | 13,540 |
| Professional fees | - | 258,546 | 76,124 |
| Property tax | 9,463 | 10,952 | 9,450 |
| Rent | - | 5,477 | 356 |
| Repairs and maintenance | 54,000 | 41,102 | 64,875 |
| Salaries and benefits | 189,234 | 209,124 | 118,317 |
| Surveying and licenses | - | 4,152 | 11,169 |
| Training | 8,000 | 374 | 2,227 |
| Travel | 173,500 | 217,679 | 139,569 |
| | 932,412 | 1,737,586 | 1,260,244 |
| Other items | | | |
| Loss on disposal of tangible capital assets | - | (10,327) | - |
| Surplus before transfers | 8,814 | 1,619,749 | 966,816 |
| Transfers | - | 20,500 | 13,000 |
| Annual surplus | 8,814 | 1,640,249 | 979,816 |

Mamalilikulla First Nation
Housing
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2024

| | 2024 <i>Budget</i> <i>(Note 15)</i> | 2024 | 2023 |
|-----------------------|--|-----------------|---------|
| Expenses | | | |
| Amortization | - | 18,406 | 3,973 |
| Annual deficit | - | (18,406) | (3,973) |