

MOWACHAHT/MUCHALAHT FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2023

MOWACHAHT/MUCHALAHT FIRST NATION
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Year Ended March 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Mowachaht/Muchalaht First Nation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Mowachaht/Muchalaht First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Council of Chiefs is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Council and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Council of Chiefs prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Morine & Schindler CPAs LLP, in accordance with Canadian generally accepted auditing standards.

Council of Chiefs -MMFN,

Gold River, BC
March 26, 2024

Morine & Schindler

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Mowachaht/Muchalaht First Nation

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mowachaht/Muchalaht First Nation (the Nation), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2023, and the consolidated results of its operations and 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 Nation in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 11, 2023.

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 PSAS, 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 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 Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Nation's financial reporting process.

(continues)

Independent Auditor's Report to the To the Members of Mowachaht/Muchalaht First Nation *(continued)*

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The logo consists of the company name "Moir & Schuler" written in a blue, cursive, handwritten-style font.

CHARTERED PROFESSIONAL ACCOUNTANTS

Nanaimo, British Columbia
March 26, 2024

MOWACHAHT/MUCHALAHT FIRST NATION
Consolidated Statement of Financial Position
March 31, 2023

	Total 2023	Total 2022	<i>Restated - note 12</i>
ASSETS			
Cash	\$ 12,513,512	\$ 5,262,145	
Restricted cash (Note 3)	236,005	229,412	
Accounts receivable	367,115	787,698	
Rent receivable	60,626	223,683	
CMHCt receivable	5,796	5,752	
Goods and services tax recoverable	36,476	-	
Due from related parties (Note 8)	2,289,938	665	
Assets held in trust (Note 4)	462,080	5,693,314	
Investment in Government Business Entities (Note 6)	<u>8,025,943</u>	<u>6,152,169</u>	
	<u>23,997,491</u>	<u>18,354,838</u>	
LIABILITIES			
Accounts payable	354,360	293,860	
Interest payable	1,060	1,072	
Goods and services tax payable	-	7,406	
Wages payable	16,108	147,638	
Employee deductions payable	76,678	18,629	
Deferred income	-	1,824,453	
Due to related parties (Note 8)	1,589	1,595	
Long term debt (Note 7)	<u>2,560,179</u>	<u>691,820</u>	
	<u>3,009,974</u>	<u>2,986,473</u>	
NET FINANCIAL ASSETS	<u>20,987,517</u>	<u>15,368,365</u>	
NON-FINANCIAL ASSETS			
Prepaid expenses	-	36,204	
Tangible capital assets (Note 5)	<u>11,359,499</u>	<u>11,083,676</u>	
	<u>11,359,499</u>	<u>11,119,880</u>	
ACCUMULATED SURPLUS	<u>\$ 32,347,013</u>	<u>\$ 26,488,248</u>	

on behalf of the council of chiefs

Chief

Chief

MOWACHAHT/MUCHALAHT FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2023

	2023	2022
REVENUES		
Nuu-chah-nulth Tribal Council	\$ 2,892,233	\$ 3,369,939
Province of BC	2,787,864	421,357
Government of Canada	354,385	292,024
Fisheries and Oceans Canada	64,666	188,634
First Nations Health Authority	357,880	125,181
CMHC	169,331	69,027
FNESC	59,212	38,429
VIHA	-	30,000
BC First Nations Gaming	407,385	234,262
Other income and recoveries	3,565,851	2,573,587
Equity Income from Government Business Entities	2,173,774	2,949,355
Rental income	178,237	227,790
Interest income	417,816	125,753
RRF Allocation	18,150	18,150
Administration fees	22,831	201,575
Nuu-chah-nulth Tribal Council prior year deferred	762,315	-
	<u>14,231,930</u>	<u>10,865,063</u>
EXPENSES		
Segment - General Administration (<i>Schedule 2</i>)	2,941,485	1,244,375
Segment - Public Works (<i>Schedule 3</i>)	1,303,721	1,001,296
Segment - Housing (<i>Schedule 4</i>)	573,473	541,836
Segment - Health and Social Development (<i>Schedule 5</i>)	1,414,338	1,374,265
Segment - Education (<i>Schedule 6</i>)	500,131	399,310
Segment - Culture and Community Development (<i>Schedule 7</i>)	73,610	296,471
Segment - Economic Development (<i>Schedule 8</i>)	219,298	462,943
Segment - Intergovernmental Issues (<i>Schedule 9</i>)	2,209	158,292
Segment - Resource Management and Development (<i>Schedule 10</i>)	1,344,898	1,252,078
	<u>8,373,163</u>	<u>6,730,866</u>
ANNUAL SURPLUS	<u>5,858,767</u>	<u>4,134,197</u>
	-	-
	-	-
ANNUAL SURPLUS	<u><u>\$ 5,858,767</u></u>	<u><u>\$ 4,134,197</u></u>

MOWACHAHT/MUCHALAHT FIRST NATION
Consolidated Statement of Changes in Accumulated Surplus
Year Ended March 31, 2023

	2023	2022
ACCUMULATED SURPLUS - BEGINNING OF YEAR		
As previously reported	26,488,246	21,451,327
Prior period adjustments (<i>Note 12</i>)	-	902,724
As restated	26,488,246	22,354,051
ANNUAL SURPLUS		
	5,858,767	4,134,197
ACCUMULATED SURPLUS - END OF YEAR	\$ 32,347,013	\$ 26,488,248

MOWACHAHT/MUCHALAHT FIRST NATION
Consolidated Statement of Changes in Net Financial Assets
Year Ended March 31, 2023

	2023	2022
ANNUAL SURPLUS	\$ 5,858,767	\$ 4,134,197
Amortization of tangible capital assets	598,213	667,144
Purchase of tangible capital assets	(874,036)	(630,753)
Decrease in prepaid expenses	36,208	131,096
	(239,615)	167,487
INCREASE IN NET FINANCIAL ASSETS	5,619,152	4,301,684
NET FINANCIAL ASSETS - BEGINNING OF YEAR	15,368,365	11,066,681
NET FINANCIAL ASSETS - END OF YEAR	\$ 20,987,517	\$ 15,368,365

MOWACHAHT/MUCHALAHT FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 5,858,767	\$ 4,134,197
Items not affecting cash:		
Amortization of tangible capital assets	598,213	667,144
Equity Income from Government Business Entities	<u>(2,173,774)</u>	<u>(2,949,355)</u>
	<u>4,283,206</u>	<u>1,851,986</u>
Changes in non-cash working capital:		
Accounts receivable	420,583	295,323
Rent receivable	163,057	(34,156)
CMHCt receivable	(44)	97,789
Assets held in trust	5,231,234	(186,905)
Accounts payable	60,500	(41,163)
Deferred income	(1,824,453)	(151,525)
Prepaid expenses	36,204	131,096
Goods and services tax payable	(43,882)	60,044
Interest payable	(12)	-
Wages payable	(131,530)	(23,880)
Employee deductions payable	<u>58,049</u>	<u>(4,308)</u>
	<u>3,969,706</u>	<u>142,315</u>
Cash flow from operating activities	<u>8,252,912</u>	<u>1,994,301</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(874,036)	(630,753)
Recovery from Nation Business Entities	<u>300,000</u>	<u>100,000</u>
Cash flow used by investing activities	<u>(574,036)</u>	<u>(530,753)</u>
FINANCING ACTIVITIES		
Advances from related parties	(2,289,279)	(666)
Proceeds from long term financing	1,930,000	-
Repayment of long term debt	<u>(61,637)</u>	<u>(56,170)</u>
Cash flow used by financing activities	<u>(420,916)</u>	<u>(56,836)</u>
INCREASE IN CASH FLOW	<u>7,257,960</u>	<u>1,406,712</u>
Cash - beginning of year	<u>5,491,557</u>	<u>4,084,845</u>
CASH - END OF YEAR	<u>\$ 12,749,517</u>	<u>\$ 5,491,557</u>
CASH CONSISTS OF:		
Cash	\$ 12,513,512	\$ 5,262,145
Restricted cash	<u>236,005</u>	<u>229,412</u>
	<u>\$ 12,749,517</u>	<u>\$ 5,491,557</u>

MOWACHAHT/MUCHALAHT FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

1. OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

Basis of consolidation

The consolidated financial statements include the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation Business Entities. As a result, figures as at March 31, 2023 or for the years then ended include the operating fund, social housing fund and the capital fund. All inter-entity balances have been eliminated, however, in the respective schedules transactions between departments have not been eliminated in order to present the results of operations for each specific department

Mowachaht Muchalaht First Nation business entities owned or controlled by the Nation's Council but not dependent on the 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 Nation. Thus, the 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:

	Ownership %	Year end
447839 BC Ltd.	100.00	March 31, 2023
1008653 BC Ltd.	100.00	March 31, 2023
1129958 BC Ltd.	100.00	March 31, 2023
1198759 BC Ltd.	100.00	March 31, 2023
Matchlee General Partner Ltd.	100.00	December 31, 2022
Matchlee Limited Partnership	99.90	December 31, 2022
1210250 BC Ltd.	100.00	March 31, 2023
1210288 BC Ltd.	100.00	March 31, 2023
1210318 BC Ltd.	100.00	March 31, 2023
Nis'maas Master GP Ltd	100.00	March 31, 2023

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents include 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.

Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

Measurement uncertainty

(continues)

MOWACHAHT/MUCHALAHT FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Net Financial Assets (Net Debt)

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

Segments

The Nation conducts its business through a number of reportable segments as described in Note 10. These operating segments are established by senior management to facilitate the achievement of the 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.

Funds Held in Trust

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position and consist of:

Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and

Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Asset Classification

Assets are classified as 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.

Liability for Contaminated Site

(continues)

MOWACHAHT/MUCHALAHT FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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, 2023.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revision required to the amount previously recognized is accounted for in the period revisions are made. The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2023, no liability for contaminated site exists.

Tangible Capital Assets

Tangible Capital Assets are stated at cost or deemed cost less accumulated amortization. Tangible Capital Assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Community Infrastructure Systems	40 years	straight-line method
Community Buildings	40 years	straight-line method
Vehicles, Vessels and Equipment	10 years	straight-line method

The Nation regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible Capital Assets acquired during the year but not placed into use are not amortized until they are placed into use.

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

Housing units are amortized at an annual amount equal to the principal reduction in related debt as per the Nation's agreement with CMHC.

The Nation performs impairment testing on tangible capital assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized when an asset's service potential is reduced and they are charged to surplus in the year.

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MOWACHAHT/MUCHALAHT FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Nation recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Government transfers

The 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.

First Nation Capital and Revenue Trust Funds

The 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.

Canada Mortgage and Housing Corporation ("CMHC")

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Housing rental income

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Own source and other revenue

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

Investment income

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

MOWACHAHT/MUCHALAHT FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

3. RESTRICTED CASH

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited by an amount 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. At year end, these reserves were fully funded. Also included are accounts related to the CMHC operating reserve which are deposited in an interest bearing account.

4. FUNDS HELD IN TRUST

	2023	2022
<u>Section heading</u>		
Ottawa Trust Funds - Capital	\$ 260,213	\$ 260,213
Ottawa Trust Funds - Revenue	201,867	5,277,086
Ottawa Trust Funds - Receivable	-	156,015
	\$ 462,080	\$ 5,693,314

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.

5. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2022	2023		
	Balance	Additions	Disposals	Balance
Community Infrastructure Systems	\$ 7,892,663	\$ -	\$ -	\$ 7,892,663
Community Buildings	7,154,800	-	-	7,154,800
Housing	3,513,956	-	-	3,513,956
Construction in Progress	454,994	286,556	-	741,550
Vehicles, Vessels and Equipment	1,357,468	587,480	-	1,944,948
	\$ 20,373,881	\$ 874,036	\$ -	\$ 21,247,917

<u>Accumulated Amortization</u>	2022	2023		
	Balance	Amortization	Accumulated Amortization on Disposals	Balance
Community Infrastructure Systems	\$ 3,835,742	\$ 197,317	\$ -	\$ 4,033,059
Community Buildings	3,178,131	178,870	-	3,357,001
Housing	1,758,989	56,905	-	1,815,894
Construction in Progress	-	-	-	-
Vehicles, Vessels and Equipment	517,343	165,121	-	682,464
	\$ 9,290,205	\$ 598,213	\$ -	\$ 9,888,418

<u>Net book value</u>	2023	2022
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MOWACHAHT/MUCHALAHT FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

5. TANGIBLE CAPITAL ASSETS <i>(continued)</i>			
Community Infrastructure Systems	\$ 3,859,604	\$ 4,056,921	
Community Buildings	3,797,799	3,976,669	
Housing	1,698,062	1,754,967	
Construction in Progress	741,550	454,994	
Vehicles, Vessels and Equipment	<u>1,262,484</u>	840,125	
	 <u>\$ 11,359,499</u>	 <u>\$ 11,083,676</u>	

6. LONG TERM INVESTMENTS

	2023	2022
<u>Investment in Government Business Entities</u>		
Investment - Shares in Corp Entities	\$ 128	\$ 128
Investment - Matchlee LP	<u>8,016,733</u>	6,144,134
Investment - Matchlee GP Ltd	<u>9,082</u>	7,907
	 <u>\$ 8,025,943</u>	 \$ 6,152,169

Summary financial information for Government Business Entities

December 31, 2022

Total Assets	\$ 8,910,385	\$ 10,583
Total Liabilities	883,069	1,500
Total Equity	8,027,316	9,083
Total Revenue	12,360,554	2,175
Total Expenses	10,185,780	1,000
Net Income	<u>2,174,774</u>	1,175

7. LONG TERM DEBT

	2023	2022
All Nations trust Company loan bearing interest at 1.84% compounded monthly, repayable in monthly blended payments of \$1,199. The loan matures on September 1, 2027 and is secured by a ministerial guarantee.	\$ 62,281	\$ 75,185
All Nations Trust Company loan bearing interest at 1.83% compounded monthly, repayable in monthly blended payments of \$4,573. The loan matures on December 1, 2034 and is secured by a ministerial guarantee.	<u>572,633</u>	616,635
RBC Business Loan loan bearing interest at prime plus .25% compounded semi-annually and is due on demand. The loan is secured by a general security agreement, guarantees by affiliated entities and assignment of revenues.	<u>1,925,265</u>	-
	 <u>\$ 2,560,179</u>	 \$ 691,820

(continues)

MOWACHAHT/MUCHALAHT FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

7. LONG TERM DEBT (*continued*)

Principal repayment terms are approximately:

2024	\$ 1,983,390
2025	59,199
2026	60,293
2027	61,407
2028	55,528
Thereafter	<u>340,362</u>
	 <u>\$ 2,560,179</u>

8. DUE TO/FROM RELATED PARTIES

	2023	2022
Due from related parties		
Due to (from) 44839 BC Ltd	\$ 530	\$ 530
Due to (from) 1008653 BC Ltd	<u>129</u>	-
Due to (from) 1198759 BC Ltd	-	45
Due to (from) 1210250 BC Ltd	-	45
Due to (from) 1210288 BC Ltd	-	45
Due to (from) Nis'Maas Master GP Ltd	<u>2,289,279</u>	-
	 <u>\$ 2,289,938</u>	 \$ 665
	2023	2022
Due to related parties		
Due to Matchlee Limited Partnership	\$ 1,589	\$ 1,589
Due to (from) 1008653 BC Ltd	-	1
Due to (from) 1129958 BC Ltd	-	5
	 <u>\$ 1,589</u>	 \$ 1,595

Advances to/from a related organization are non-interest bearing and have no set repayment terms.

9. ECONOMIC DEPENDENCE

The Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC - through Nuu-chah-nulth Tribal Council) as a result of Treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

MOWACHAHT/MUCHALAHT FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

10. SEGMENTS

The 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:

General Administration:

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

Education:

Includes revenue and expenses related to primary, secondary and post secondary education of the members of the Nation.

Public Works:

Includes revenue and expenditures related to capital projects.

Health and Social Development:

Includes revenue and expenditures related to the social assistance and health services to the members of the Nation.

Housing:

Includes revenue and expenses related to on reserve housing of the members of the Nation.

Resource Management and Development:

Includes revenue and expenses related to conservation and stewardship of the Nation's land and resources.

Economic Development

Includes revenue and expenses related to economic opportunities of the Nation.

Intergovernmental Issues

Includes revenue and expenses related to negotiation and litigation between the Nation and other levels of government outside of the treaty process.

Culture and Community Development

Includes revenue and expenses related to development of cultural and interpersonal aspects of the Nation.

11. BUDGET INFORMATION

No budget was prepared for the current period.

12. PRIOR PERIOD ADJUSTMENT

Prior year figures were adjusted to agree net book value of Housing Units to amounts reported to CMHC. Accumulated amortization was decreased and Accumulated surplus was increased by \$902,724.

MOWACHAHT/MUCHALAHT FIRST NATION

Consolidated Expenses by Object

(Schedule 1)

Year Ended March 31, 2023

	2023	2022
Advertising and promotion	\$ 14,089	\$ 17,233
Amortization	598,213	667,144
Bad debts	61,675	36,575
Social Development	467,192	412,543
Business taxes, licenses and memberships	81,630	78,453
Honoraria	90,987	46,210
RRF Allocation	18,150	18,150
Student Allowances	40,229	19,054
Equipment rentals	35,940	-
Insurance	179,740	166,829
Interest and bank charges	11,934	11,552
Interest on long term debt	22,895	13,092
Administration fees	17,500	201,575
Security and Janitor	36,444	-
Meetings and Workshops	63,975	128,226
Funeral Support	36,496	40,060
Office	153,217	9,922
Consulting and Professional fees	810,919	269,339
Rental	1,713	53,900
Repairs and maintenance	400,920	97,822
Salaries and wages	3,008,297	2,520,989
Equipment costs	381,108	93,564
Sub-contracts	543,916	781,055
Materials and Supplies	396,498	251,061
Telephone	84,809	53,588
Training	63,656	5,102
Travel	392,536	313,379
Traditional and Cultural Events and Supplies	14,139	-
Utilities and property tax	160,657	171,775
Vehicle and vessel costs	183,686	252,676
	<hr/> \$ 8,373,160	<hr/> \$ 6,730,868

MOWACHAHT/MUCHALAHT FIRST NATION

Segment - General Administration

(Schedule 2)

Year Ended March 31, 2023

	2023	2022
REVENUES		
Nuu-chah-nulth Tribal Council	\$ 1,093,405	\$ 768,699
Interest income	224,654	17,285
Other income and recoveries	168,989	41,000
Administration fees	22,831	189,950
Province of BC	151,985	-
Government of Canada	279,011	-
Nuu-chah-nulth Tribal Council prior year deferred	<u>56,370</u>	<u>-</u>
	1,997,245	1,016,934
EXPENSES		
Advertising and promotion	13,721	1,726
Bad debts	60,000	2,419
Insurance	165,027	13,940
Interest and bank charges	11,706	11,454
Business taxes, licenses and memberships	47,718	1,282
Office	32,502	3,243
Consulting and Professional fees	471,950	63,636
Training	10,674	1,462
Equipment costs	90,387	20,611
Salaries and wages	1,553,882	832,931
Honoraria	77,987	36,500
Sub-contracts	32,361	68,154
Materials and Supplies	62,293	64,969
Travel	133,021	80,546
Meetings and Workshops	6,543	6,919
Telephone	66,418	34,583
Rental	533	-
Repairs and maintenance	7,980	-
Security and Janitor	24,640	-
Traditional and Cultural Events and Supplies	3,200	-
Utilities and property tax	10,613	-
Vehicle and vessel costs	12,543	-
Funeral Support	35,496	-
Interest on long term debt	<u>10,290</u>	<u>-</u>
	2,941,485	1,244,375
ANNUAL SURPLUS	(944,240)	(227,441)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	70,169
TRANSFERS		
Transfers between departments	5,416,632	157,272
Transfer to acquire capital assets	<u>(31,299)</u>	<u>-</u>
	5,385,333	157,272
ACCUMULATED SURPLUS, END OF YEAR	\$ 4,441,093	\$ -

MOWACHAHT/MUCHALAHT FIRST NATION

Segment - Public Works

(Schedule 3)

Year Ended March 31, 2023

	2023	2022
REVENUES		
Nuu-chah-nulth Tribal Council	\$ 319,700	\$ 741,025
Rental income	-	103,950
Government of Canada	24,532	-
Province of BC	-	1,294
Nuu-chah-nulth Tribal Council prior year deferred	<u>140,201</u>	-
	484,433	846,269
EXPENSES		
Amortization	541,307	548,750
Consulting and Professional fees	3,968	-
Training	297	596
Insurance	3,960	39,610
Repairs and maintenance	99,017	-
Equipment costs	50,068	11,792
Salaries and wages	125,815	296,237
Sub-contracts	58,886	-
Materials and Supplies	143,217	-
Travel	14,920	2,356
Utilities and property tax	141,908	69,192
Telephone	2,756	7,341
Vehicle and vessel costs	28,633	25,422
Business taxes, licenses and memberships	5,631	-
Office	61,829	-
Equipment rentals	16,930	-
Security and Janitor	3,989	-
Rental	<u>590</u>	-
	1,303,721	1,001,296
ANNUAL SURPLUS	(819,288)	(155,027)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	9,328,710	9,308,931
TRANSFERS		
Transfers between departments	-	237,030
Transfer to acquire capital assets	<u>836,461</u>	-
Transfer depreciation	-	<u>(62,224)</u>
	836,461	174,806
ACCUMULATED SURPLUS, END OF YEAR	\$ 9,345,883	\$ 9,328,710

MOWACHAHT/MUCHALAHT FIRST NATION

Segment - Housing
Year Ended March 31, 2023

(Schedule 4)

	2023	2022
REVENUES		
Nuu-chah-nulth Tribal Council	\$ 100,610	\$ 167,650
CMHC	169,331	69,027
Rental income	178,237	123,840
Interest income	7,765	1,563
RRF Allocation	18,150	18,150
Administration fees	-	11,625
Other income and recoveries	1,230	-
	475,323	391,855
EXPENSES		
Bad debts	-	34,156
Amortization	56,905	118,394
Insurance	2,005	67,822
Interest and bank charges	228	98
Interest on long term debt	12,605	13,092
Consulting and Professional fees	-	25,023
Administration fees	15,000	11,625
Training	454	74
Repairs and maintenance	185,287	65,095
Equipment costs	58,307	1,618
Salaries and wages	109,284	108,155
Sub-contracts	34,791	1,481
Materials and Supplies	37,564	15,606
Travel	2,888	1,475
Meetings and Workshops	-	216
Utilities and property tax	1,376	42,902
Telephone	-	496
RRF Allocation	18,150	18,150
Vehicle and vessel costs	12,052	16,358
Honoraria	3,000	-
Office	10,395	-
Business taxes, licenses and memberships	13,182	-
	573,473	541,836
ANNUAL SURPLUS	(98,150)	(149,981)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,336,766	1,256,463
TRANSFERS		
Transfers between departments	-	168,062
Transfer depreciation	-	62,224
	-	230,286
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,238,616	\$ 1,336,768

MOWACHAHT/MUCHALAHT FIRST NATION

Segment - Health and Social Development

(Schedule 5)

Year Ended March 31, 2023

	2023	2022
REVENUES		
Nuu-chah-nulth Tribal Council	\$ 1,030,786	\$ 1,089,113
Province of BC	77,049	60,000
First Nations Health Authority	357,880	115,181
Other income and recoveries	138,200	22,255
VIHA	-	30,000
Nuu-chah-nulth Tribal Council prior year deferred	<u>220,624</u>	-
	1,824,539	1,316,549
EXPENSES		
Funeral Support	1,000	40,060
Telephone	-	1,299
Utilities and property tax	599	49,333
Meetings and Workshops	53,131	109,601
Travel	198,369	117,590
Materials and Supplies	97,593	67,586
Sub-contracts	305,518	196,388
Social Development	467,192	412,543
Honoraria	8,100	7,935
Salaries and wages	211,601	303,374
Administration fees	-	39,360
Office	17,973	2,796
Training	1,202	-
Rental	-	26,400
Equipment costs	50,215	-
Security and Janitor	196	-
Traditional and Cultural Events and Supplies	<u>1,649</u>	-
	1,414,338	1,374,265
ANNUAL SURPLUS	410,201	(57,716)
ACCUMULATED SURPLUS, BEGINING OF YEAR	91,860	270,324
TRANSFERS		
Transfers between departments	-	(120,750)
ACCUMULATED SURPLUS, END OF YEAR	\$ 502,061	\$ 91,858

MOWACHAHT/MUCHALAHT FIRST NATION

Segment - Education
Year Ended March 31, 2023

(Schedule 6)

	2023	2022
REVENUES		
Nuu-chah-nulth Tribal Council	\$ 300,543	\$ 285,250
FNESC	59,212	38,429
Other income and recoveries	57,047	73,593
Province of BC	<u>251,900</u>	-
	668,702	397,272
EXPENSES		
Administration fees	-	43,840
Office	22,139	603
Training	2,222	2,969
Rental	-	27,500
Equipment costs	13,869	2,047
Salaries and wages	375,773	264,102
Honoraria	-	1,775
Student Allowances	14,429	19,054
Sub-contracts	19,620	17,087
Materials and Supplies	27,202	14,040
Travel	11,752	1,952
Meetings and Workshops	1,357	669
Telephone	2,090	3,672
Security and Janitor	7,620	-
Consulting and Professional fees	1,500	-
Business taxes, licenses and memberships	<u>558</u>	-
	500,131	399,310
ANNUAL SURPLUS	168,571	(2,038)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	91,779	93,816
ACCUMULATED SURPLUS, END OF YEAR	\$ 260,350	\$ 91,778

MOWACHAHT/MUCHALAHT FIRST NATION
Segment - Culture and Community Development **(Schedule 7)**
Year Ended March 31, 2023

	2023	2022
REVENUES		
Fisheries and Oceans Canada	\$ 64,666	\$ 148,634
First Nations Health Authority	-	10,000
Other income and recoveries	-	32,082
Province of BC	<u>30,000</u>	-
	94,666	190,716
EXPENSES		
Advertising and promotion	-	2,200
Insurance	-	595
Consulting and Professional fees	-	1,995
Repairs and maintenance	-	233
Equipment costs	670	500
Salaries and wages	49,661	112,379
Sub-contracts	3,165	42,675
Materials and Supplies	7,737	27,704
Travel	11,715	98,473
Meetings and Workshops	-	8,259
Telephone	-	1,458
Traditional and Cultural Events and Supplies	662	-
	73,610	296,471
ANNUAL SURPLUS	21,056	(105,755)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	14,301
TRANSFERS		
Transfers between departments	-	91,455
ACCUMULATED SURPLUS, END OF YEAR	\$ 21,056	\$ 1

MOWACHAHT/MUCHALAHT FIRST NATION
Segment - Economic Development
(Schedule 8)
Year Ended March 31, 2023

	2023	2022
REVENUES		
Province of BC	\$ 96,840	\$ 24,416
BC First Nations Gaming	407,385	234,262
Other income and recoveries	79,840	666,305
Equity Income from Government Business Entities	2,173,774	2,949,355
Nuu-chah-nulth Tribal Council	40,083	-
Nuu-chah-nulth Tribal Council prior year deferred	<u>345,120</u>	<u>-</u>
	3,143,042	3,874,338
EXPENSES		
Consulting and Professional fees	-	18,538
Administration fees	-	50,000
Repairs and maintenance	70,071	29,131
Salaries and wages	-	239,457
Sub-contracts	36,670	13,106
Materials and Supplies	-	32,165
Travel	-	3,872
Utilities and property tax	2,986	3,571
Vehicle and vessel costs	2,299	61,839
Business taxes, licenses and memberships	-	75
Equipment costs	96,639	7,133
Insurance	-	4,022
Telephone	-	34
Equipment rentals	2,005	-
Traditional and Cultural Events and Supplies	<u>8,628</u>	<u>-</u>
	219,298	462,943
ANNUAL SURPLUS		
ACCUMULATED SURPLUS, BEGINNING OF YEAR		3,411,395
	8,189,889	5,623,848
TRANSFERS		
Transfers between departments	-	(845,354)
Transfer to acquire capital assets	<u>(516,235)</u>	<u>-</u>
	(516,235)	(845,354)
ACCUMULATED SURPLUS, END OF YEAR	\$ 10,597,398	\$ 8,189,889

MOWACHAHT/MUCHALAHT FIRST NATION

Segment - Intergovernmental Issues

(Schedule 9)

Year Ended March 31, 2023

	2023	2022
REVENUES	\$ 786	\$ 1,621,110
EXPENSES		
Office	-	1,980
Consulting and Professional fees	2,209	90,367
Equipment costs	-	11,944
Salaries and wages	-	48,205
Sub-contracts	-	4,310
Telephone	-	1,486
	2,209	158,292
ANNUAL SURPLUS	(1,423)	1,462,818
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,582,211	3,208
TRANSFERS		
Transfers between departments	-	116,186
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,580,788	\$ 1,582,212

MOWACHAHT/MUCHALAHT FIRST NATION
Segment - Resource Management and Development **(Schedule 10)**
Year Ended March 31, 2023

	2023	2022
REVENUES		
Nuu-chah-nulth Tribal Council	\$ 7,105	\$ 318,202
Province of BC	2,180,089	335,647
Government of Canada	50,842	292,024
Fisheries and Oceans Canada	-	40,000
Other income and recoveries	3,119,759	117,241
Interest income	185,397	106,905
	5,543,192	1,210,019
EXPENSES		
Advertising and promotion	368	13,306
Insurance	8,748	40,840
Business taxes, licenses and memberships	14,541	77,096
Office	8,378	1,300
Consulting and Professional fees	331,293	69,780
Administration fees	2,500	56,750
Repairs and maintenance	38,565	3,362
Equipment costs	20,954	37,919
Salaries and wages	582,283	316,148
Sub-contracts	52,905	437,855
Materials and Supplies	20,891	28,991
Travel	19,872	7,115
Meetings and Workshops	2,945	2,563
Utilities and property tax	3,175	6,777
Telephone	13,545	3,219
Vehicle and vessel costs	128,159	149,057
Honoraria	1,900	-
Equipment rentals	17,004	-
Training	48,807	-
Bad debts	1,675	-
Rental	590	-
Student Allowances	25,800	-
	1,344,898	1,252,078
ANNUAL SURPLUS	4,198,294	(42,059)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,867,030	5,712,991
TRANSFERS		
Transfers between departments	(5,416,632)	196,099
Transfer to acquire capital assets	(288,927)	-
	(5,705,559)	196,099
ACCUMULATED SURPLUS, END OF YEAR	\$ 4,359,765	\$ 5,867,031