

EHATTESAHT/CHINEHKINT FIRST NATION
Financial Statements
March 31, 2022

MANAGEMENT REPORT

March 31, 2022

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

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

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

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



Darlene Smith, Band Manager
July 28, 2022



INDEPENDENT AUDITORS' REPORT

To the Chief and Council and the Members of Ehattesaht/Chinehkint First Nation,

Qualified Opinion

We have audited the financial statements of Ehattesaht/Chinehkint First Nation (the "Nation"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2022, and the results of its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Qualified Opinion

An audit has not been performed for all the Nation's affiliated entities. Accordingly, we were not able to determine if any adjustments might be required to the Investments in First Nation Affiliated Entities on the Statement of Financial Position and the related income from Government Business Entities presented on the Statement of Operations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to cease operations of the Nation, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

Chan Nawrood Boates Inc

Chartered Professional Accountants
Campbell River, BC

July 28, 2022

EHATTESAHT/CHINEHKINT FIRST NATION

Statement of Financial Position

March 31, 2022

2022

2021

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)	\$ 6,874,531	\$ 6,212,026
Trust Funds Held by Federal Government (Note 3)	92,250	89,359
Accounts Receivable (Note 4)	1,127,833	904,376
Due from Government and Government Organizations (Note 5)	595,617	569,036
Portfolio Investment (Note 6)	110	110
Investments in First Nation Affiliated Entities (Note 7)	6,919,636	7,473,319
Due from Related Entities (Note 8)	2,487,320	2,486,587
	<u>18,097,297</u>	<u>17,734,813</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 9)	341,299	326,371
Due to Government and Government Organizations (Note 10)	14,256	33,972
Deferred Revenue (Note 11)	534,002	399,530
Replacement Reserve (Note 12)	10,357	8,877
Operating Reserve (Note 12)	10,080	10,080
Long Term Debt (Note 13)	764,135	845,953
	<u>1,674,129</u>	<u>1,624,783</u>

NET FINANCIAL ASSETS

16,423,168 16,110,030

NON-FINANCIAL ASSETS

Prepaid Expenses	74,970	5,765
Tangible Capital Assets (Note 14)	2,944,484	3,064,599
	<u>3,019,454</u>	<u>3,070,364</u>

ACCUMULATED SURPLUS (Note 15)

\$ 19,442,622 \$ 19,180,394

Approved by:



Chief



Councillor

EHATTESAHT/CHINEHKINT FIRST NATION

Statement of Operations and Accumulated Surplus

Year Ended March 31, 2022

	2022		2021
	Actual	Budget (Note 17)	
Revenue			
Nuu-chah-nulth Tribal Council	\$ 2,662,210	\$ 1,649,421	\$ 2,683,062
Canadian Mortgage Housing Corporation	8,775	8,775	8,775
Province of British Columbia	549,146	410,576	659,171
Income from Government Business Entities	316,937	624,387	1,469,103
First Peoples Heritage	262,668	349,163	174,870
Rent	128,280	128,280	124,880
Road Use	500	-	75,484
Royalties	259,522	109,000	1,104,828
Fishing	-	-	35,400
Interest Income	33,284	23,935	31,688
Other	<u>592,860</u>	<u>67,142</u>	<u>485,989</u>
	<u>4,814,182</u>	<u>3,370,679</u>	<u>6,853,250</u>
Expenditures (Note 19)			
Core Government	2,433,942	1,732,121	2,122,248
Community Development	898,979	1,018,482	640,952
Housing	214,148	166,931	227,560
Capital	68,523	208,389	143,526
Economic Development	911,806	374,561	628,717
Treaty	<u>24,556</u>	<u>32,263</u>	<u>8</u>
	<u>4,551,954</u>	<u>3,532,747</u>	<u>3,763,011</u>
Annual Surplus (Deficit)	262,228	\$ <u>(162,068)</u>	3,090,239
Accumulated Surplus - Beginning of Year	<u>19,180,394</u>		<u>16,090,155</u>
Accumulated Surplus - End of Year	<u>\$19,442,622</u>		<u>\$19,180,394</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Statement of Changes in Net Financial Assets

Year Ended March 31, 2022

	2022	2021
Annual Surplus	\$ 262,228	\$ 3,090,239
Purchase of Tangible Capital Assets	(139,392)	(415,828)
Amortization of Tangible Capital Assets	259,507	301,236
	120,115	(114,592)
Use (Acquisition) of Prepaid Asset	(69,205)	4,705
Increase in Net Financial Assets	313,138	2,980,352
Net Financial Assets - Beginning of Year	16,110,030	13,129,678
Net Financial Assets - End of Year	\$ 16,423,168	\$ 16,110,030

EHATTESAHT/CHINEHKINT FIRST NATION

Statement of Cash Flows

Year Ended March 31, 2022

2022

2021

Cash Flows From Operating Activities:

Cash Flows from Government and Other Sources	\$ 4,695,725	\$ 6,499,238
Cash Paid to Suppliers and Employees	<u>(4,364,960)</u>	<u>(3,301,119)</u>
	<u>330,765</u>	<u>3,198,119</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(139,392)</u>	<u>(415,828)</u>
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Cash Flows From Investing Activities:

Payments from (to) Related Entities	(733)	64,692
Draws from Government Business Entities	<u>553,683</u>	<u>(342,755)</u>
	<u>552,950</u>	<u>(278,063)</u>

Cash Flows From Financing Activities:

Repayment of Long Term Debt	<u>(81,818)</u>	<u>(77,274)</u>
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Increase in Cash and Cash Equivalents

662,505 2,426,954

Cash and Cash Equivalents - Beginning of Year

6,212,026 3,785,072

Cash and Cash Equivalents - End of Year

\$ 6,874,531 \$ 6,212,026

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies:

a) Basis of Accounting:

These financial statements are the representations of management and have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board of CPA Canada.

b) Basis of Presentation:

The financial statements include The Ehattesaht/Chinehkint First Nation (the "Nation") government.

The Nation accounts for their investments in government business enterprises (GBE's) or partnerships using the modified equity method. Under the modified equity method of accounting, only the Nation's investment in the business entities and the entities' net income and other changes in equity are recorded. No adjustment is made for accounting policies that are different from those of the Nation, except that any other comprehensive income of the business entities is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

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

Ehattesaht Fishing Corporation
Hayu Fishing Limited Partnership
Hayu Fishing Ltd.
Aat'uu Forestry Limited Partnership
Aat'uu Forestry Ltd.
0754140 BC Ltd.
Bar Creek Ltd.
0881643 BC Ltd.
Zeballos Lake Hydro Limited Partnership

c) Asset Classification:

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets, property under development, and prepaid expenses. Intangible assets, and items inherited by right of the Nation, are not recognized in the financial statements.

d) Tangible Capital Assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is provided for using the following rates and methods:

Subdivision Costs	20yr	straight line
Infrastructure	10yr	straight line
Capital Housing	20yr	straight line
Equipment	5yr	straight line
Vehicles	30%	declining balance
Fishing Equipment	15-20%	declining balance and straight line
Social Housing Houses	25yr	straight line

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued):

d) **Tangible Capital Assets (continued):**

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net writedowns are accounted for as expenses in the statement of operations.

e) **Revenue Recognition:**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to any obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Rents, leases, contributions from non-government agreements and interest are recognized as revenues in the period earned, when collection is reasonably assured.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

f) **Segment Disclosures:**

A segment is defined as a distinguishable activity or group of activities of the Nation, for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Nation has provided definitions of segments used by the Nation as well as presented financial information in segment format in note 20.

g) **Measurement Uncertainty:**

In preparing the financial statements for the Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include the allowance for doubtful accounts and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

h) **Liability for Contaminated Sites:**

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Nation is either directly responsible or accepts responsibility, it is expected that the 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 is reduced by expected net recoveries based on information available at March 31, 2022.

As at March 31, 2022, no liability for contaminated sites exists.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

2. Cash and Cash Equivalents:

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds, along with accumulated interest, must be held in separate bank accounts, with the agreement with CMHC requiring its own bank account. The funds are to be 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 for CMHC approved expenditures. Included in cash at March 31, 2022 was \$2,512 (2021 - \$2,536) that is restricted by the terms of the Nations agreement with CMHC for repair, maintenance and replacement of worn out assets.

The Nation is also required to maintain a separate bank account for the operating surplus resulting from the operation of the program under the agreement, known as the operating reserve. At March 31, 2022 as well as in the prior period the Nation did not have a separate account maintained with an operating reserve balance.

3. Trust Funds Held by Federal Government:

	<u>2021</u>	Additions	Withdrawals	<u>2022</u>
Revenue	\$ 82,033	\$ 2,891	\$ -	\$ 84,924
Capital	<u>7,326</u>	<u>-</u>	<u>-</u>	<u>7,326</u>
	<u>\$ 89,359</u>	<u>\$ 2,891</u>	<u>\$ -</u>	<u>\$ 92,250</u>

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

4. Accounts Receivable:

	<u>2022</u>	<u>2021</u>
Trade Receivables	\$ 325,642	\$ 505,339
Band Members	246,817	253,412
Aat'uu Forestry Limited Partnership	<u>765,400</u>	<u>343,200</u>
	1,337,859	1,101,951
Less: Allowance for Doubtful Accounts	<u>(210,026)</u>	<u>(197,575)</u>
	<u>\$ 1,127,833</u>	<u>\$ 904,376</u>

5. Due from Government and Other Government Organizations:

	<u>2022</u>	<u>2021</u>
Nuu-chah-nulth Tribal Council	\$ 575,129	\$ 556,155
Sales Taxes Recoverable	19,760	12,153
Canada Mortgage and Housing Corporation	<u>728</u>	<u>728</u>
	<u>\$ 595,617</u>	<u>\$ 569,036</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

6. Portfolio Investment:

The portfolio investment consists of an investment in the BC Gaming First Nations Revenue Sharing Limited Partnership, which is recorded at cost.

7. Investments in First Nation Affiliated Entities:

	<u>2022</u>	<u>2021</u>
Zeballos Lake Hydro Limited Partnership		
2 Units (2%)	\$ _____ 1	\$ _____ 1
Ehattesaht Fishing Corporation		
Shares (100%)	_____ 2	_____ 2
0881643 BC Ltd.		
Shares (100%)	_____ 1	_____ 1
Aat'uu Forestry Ltd.		
Shares (100%)	_____ 1	_____ 1
0754140 BC Ltd.		
Shares (100%)	_____ 1	_____ 1
Barr Creek Hydro Ltd.		
Shares (20%)	_____ 88	_____ 88
Hayu Fishing Ltd.		
Shares (25%)	_____ 1	_____ 1
Hayu Fishing Limited Partnership		
2,500 Units (25%)	1	1
Advances	(193,914)	(193,914)
Accumulated share of Earnings	<u>1,669,416</u>	<u>1,516,629</u>
	<u>1,475,503</u>	<u>1,322,716</u>
Aat'uu Forestry Limited Partnership		
999 Units (99%)	99	99
Advances	(4,772,287)	(4,772,287)
Accumulated share of Earnings	<u>10,216,226</u>	<u>10,922,696</u>
	<u>5,444,038</u>	<u>6,150,508</u>
Total		
Shares	195	195
Advances	(4,966,201)	(4,966,201)
Accumulated share of Earnings	<u>11,885,642</u>	<u>12,439,325</u>
	<u>\$ 6,919,636</u>	<u>\$ 7,473,319</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

7. Investments in First Nation Affiliated Entities (continued):

The company shares are held in trust for the Nation by Trustees appointed by the Council. The units of Aat'uui Forestry Limited Partnership are held in trust for the Nation by 0754140 BC Ltd. The units of Hayu Fishing Limited Partnership and Zeballos Lake Hydro Limited Partnership are owned directly by the Nation.

The advances made are without interest or specific repayment terms.

Financial information for the First Nation Affiliated Entities is presented in the following table. Ehattesaht Fishing Corporation, 0881643 BC Ltd., Aat'uui Forestry Ltd., 0754140 BC Ltd. and Aat'uui Forestry Limited Partnership financial information is from financial statements prepared for the year ending March 31, 2022 with comparative figures for the year ending March 31, 2021. These financial statements were unaudited.

Financial information for Barr Creek Hydro Ltd. is from financial statements prepared for the year ending June 30, 2021 with comparative figures for the year ending June 30, 2020. These financial statements were unaudited.

Financial information for Hayu Fishing Ltd. and Hayu Fishing Limited Partnership is from financial statements prepared for the year ending December 31, 2021 with comparative figures for the year ending December 31, 2020. The financial statements for Hayu Fishing Ltd. were unaudited and the financial statements for Hayu Fishing Limited Partnership were audited.

Financial information for Zeballos Lake Hydro Limited Partnership is from financial statements prepared for the year ending December 31, 2021 with comparative figures for the year ending December 31, 2020. These financial statements were audited.

	Ehattesaht Fishing Corp.	0881643 BC Ltd.	Aat'uui Forestry Ltd.	0754140 BC Ltd.	Aat'uui Forestry LP	Barr Creek Hydro Ltd.	Hayu Fishing Ltd.	Hayu Fishing LP	Zeballos Lake Hydro LP	TOTAL 2022	2021
Cash	\$ 169,148	\$ 64,345	\$ -	\$ -	\$ 1,262,481	\$ 29,580	\$ -	\$ 875,506	\$ 1,813,000	\$ 4,214,060	\$ 3,651,076
Funds Held in Escrow	-	-	-	-	-	-	-	-	3,654,000	3,654,000	3,527,000
Accounts Receivable	47,452	-	-	-	18,834	66,490	-	738,251	584,000	1,455,027	2,347,972
Prepays and Deposits	6,710	-	-	-	95,462	-	-	16,315	6,000	124,487	91,005
Inventory	-	-	-	-	1,825,705	-	-	-	-	1,825,705	1,270,880
Due from Related Parties	-	84,000	-	-	16,030	-	15	-	-	100,045	15,987
Tangible Capital Assets	119,280	-	-	-	169,247	-	-	9,419	45,294,000	45,591,946	47,219,746
Investments	-	491,273	10,660	1	-	-	721	28,251	-	530,906	700,558
Intangible Assets	654,022	-	-	-	3,372,404	-	-	4,652,004	-	8,678,430	8,091,142
Other Assets	-	-	-	-	-	-	-	-	75,000	75,000	93,059
Total Assets	996,612	639,618	10,660	1	6,760,163	96,070	736	6,319,746	51,426,000	66,249,606	67,008,425
Accounts Payable	117,591	-	-	-	883,927	33,623	1,301	17,023	236,000	1,289,465	744,619
Long-term Debt	71,990	-	-	-	31,990	25,000	-	-	20,011,000	20,139,980	23,809,000
Silviculture Payable	-	-	-	-	388,375	-	-	-	-	388,375	501,589
Due to Related Parties	1,951,193	555,409	16,323	-	-	-	-	15	3,038,000	5,560,940	5,553,572
Other Liabilities	-	-	-	-	-	-	-	-	2,692,000	2,692,000	-
Total Liabilities	2,140,774	555,409	16,323	-	1,304,292	58,623	1,301	17,038	25,977,000	30,070,760	30,608,780
Equity	(1,144,162)	84,209	(5,663)	1	5,455,871	37,447	(565)	6,302,708	25,449,000	36,178,846	36,399,645
Total Liabilities and Equity	996,612	639,618	10,660	1	6,760,163	96,070	736	6,319,746	51,426,000	66,249,606	67,008,425
Revenues	204,957	(85,317)	(272)	-	27,628	26,719	1,101	1,145,844	4,370,000	5,690,660	6,870,533
Expenses	120,693	1,700	584	-	314,185	3,835	1,668	134,593	4,734,000	5,311,258	5,361,167
Net Income (Loss)	\$ 84,264	\$ (87,017)	\$ (856)	\$ -	\$ (286,557)	\$ 22,884	\$ (567)	\$ 1,011,251	\$ (364,000)	\$ 379,402	\$ 1,509,366

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

8. Due from Related Entities:

	<u>2022</u>	<u>2021</u>
Aat'uu Forestry Ltd.	\$ 293	\$ 293
Zeballos Lake Hydro Limited Partnership	3	3
Ehattesaht Fishing Corporation	1,931,615	1,930,882
0881643 BC Ltd.	<u>555,409</u>	<u>555,409</u>
	<u>\$ 2,487,320</u>	<u>\$ 2,486,587</u>

Amounts due from related entities have no set terms of repayment or stated interest rate with the exception of amounts owing from Ehattesaht Fishing Corporation (the "Corporation").

The terms of the agreement with the Corporation relate to \$900,000 advanced to the Corporation during the year ended March 31, 2019. The loan of \$900,000 is due on demand and bears interest at 10% per annum with the Corporation having the right at any time to pay all or a portion of the Principal. The agreement does not require the Corporation to make any principle or interest payments to the Nation. During the year ended March 31, 2022 the Nation deferred interest due to COVID-19 impacting operations of the Corporation.

9. Accounts Payable and Accrued Liabilities:

	<u>2022</u>	<u>2021</u>
Trade Payables	\$ 261,169	\$ 266,563
Accrued Salaries and Benefits Payable	<u>80,130</u>	<u>59,808</u>
	<u>\$ 341,299</u>	<u>\$ 326,371</u>

10. Due to Government and Other Government Organizations:

	<u>2022</u>	<u>2021</u>
Federal Government	\$ 11,695	\$ 29,783
Other Government Organizations	<u>2,561</u>	<u>4,189</u>
	<u>\$ 14,256</u>	<u>\$ 33,972</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

11. Deferred Revenue:

	<u>2021</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2022</u>
NTC - Prevention Project	\$ 57,897	\$ 215,000	\$ 199,644	\$ 73,253
NTC - Specific Claims	3,000	-	-	3,000
NTC - Fuel Relief	6,518	-	-	6,518
NTC - COVID-19	1,305	63,047	64,352	-
NTC - Sanitary Sewer Upgrade	-	162,958	115,385	47,573
NTC - Operator Retention	-	45,190	31,886	13,304
Province of BC - Aquaculture	2,250	-	-	2,250
Province of BC - Capacity	51,067	85,000	136,067	-
Province of BC - Reconciliation	-	75,000	842	74,158
FPCC - Wisdom Bench	197,925	-	9,696	188,229
FPCC - First Voices	22,943	-	22,943	-
FPCC - Pathways	-	200,000	164,283	35,717
FNESC - Post Secondary Partnerships Program	56,625	45,000	56,625	45,000
FNESC - Bus Shelter Program	-	25,000	-	25,000
United Way - Food Security	-	20,000	-	20,000
	<u>\$ 399,530</u>	<u>\$ 936,195</u>	<u>\$ 801,723</u>	<u>\$ 534,002</u>

12. Reserves:

Under the terms of agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$1,480 (2021 - \$1,480) and the Operating Reserve is to be credited in the amount of \$nil (2021 - \$nil). These funds, along with accumulated interest, must be held in separate bank accounts for each type of reserve.

The funds are to be 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 Operating Reserve can be drawn on in the event of future deficits. The funds in the Replacement Reserve account may only be used for CMHC approved expenditures.

During the year, \$nil (2021 - \$nil) in expenditures were paid from the Replacement Reserve. The funds in the Replacement Reserve account may only be used to fund future deficits. Withdrawals are credited to interest first and then principal.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

13. Long Term Debt:

	<u>2022</u>	<u>2021</u>
CMHC:		
Repayable at \$609 per month including interest at 1.83% per annum; due Nov 30, 2024; secured by the Nation	\$ 110,424	\$ 115,675
Bank of Montreal - 6Plex Mortgage:		
Repayable at \$1,986 per month including interest at 4.26%; due August 31, 2022; secured by the Nation	242,793	257,386
Bank of Montreal - 4Plex Mortgage:		
Repayable at \$2,840 per month including interest at prime plus 1.5%; due on demand; secured by the Nation	403,306	423,896
Nuu-chah-nulth Economic Development Corporation:		
Repayable at \$3,300 per month, including interest at prime plus 3.0% per annum; due May 1, 2023; secured by the Nation	<u>7,612</u>	<u>48,996</u>
Total Long Term Debt	\$ <u>764,135</u>	\$ <u>845,953</u>

Interest expense on long term debt for the year ended March 31, 2022 is \$30,884 (2021 - \$32,304).

Scheduled principal repayments for the next five years is estimated as follows:

2023	\$ 46,645
2024	40,680
2025	42,401
2026	44,197
2027	46,074
Thereafter	544,138

Repayments on the Bank of Montreal - 4Plex Mortgage has been calculated under the assumption that it will continue to be repaid consistent with the current year.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

14. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2022	2021
Capital:										
Subdivision	\$ 990,347	\$ -	\$ -	\$ 990,347	\$ 844,847	\$ 11,640	\$ -	\$ 856,487	\$ 133,860	\$ 145,500
Infrastructure	2,622,526	66,693	-	2,689,219	1,484,605	82,369	-	1,566,974	1,122,245	1,137,921
Band Housing	3,391,616	-	-	3,391,616	1,998,531	106,710	-	2,105,241	1,286,375	1,393,085
Office Equip	100,357	-	-	100,357	100,357	-	-	100,357	-	-
General Equip	156,614	-	-	156,614	87,493	12,109	-	99,602	57,012	69,121
Fisheries Equip	195,255	-	-	195,255	82,356	16,949	-	99,305	95,950	112,899
Vehicles	426,079	72,699	-	498,778	376,049	22,290	-	398,339	100,439	50,030
	<u>7,882,794</u>	<u>139,392</u>	<u>-</u>	<u>8,022,186</u>	<u>4,974,238</u>	<u>252,067</u>	<u>-</u>	<u>5,226,305</u>	<u>2,795,881</u>	<u>2,908,556</u>
Social Housing:										
Land	21,990	-	-	21,990	-	-	-	-	21,990	21,990
Housing	186,123	-	-	186,123	52,070	7,440	-	59,510	126,613	134,053
	<u>208,113</u>	<u>-</u>	<u>-</u>	<u>208,113</u>	<u>52,070</u>	<u>7,440</u>	<u>-</u>	<u>59,510</u>	<u>148,603</u>	<u>156,043</u>
Total	<u>\$ 8,090,907</u>	<u>\$ 139,392</u>	<u>\$ -</u>	<u>\$ 8,230,299</u>	<u>\$ 5,026,308</u>	<u>\$ 259,507</u>	<u>\$ -</u>	<u>\$ 5,285,815</u>	<u>\$ 2,944,484</u>	<u>\$ 3,064,599</u>

15. Accumulated Surplus:

	2022	2021
Internally Restricted		
Equity in Tangible Capital Assets	\$ 2,187,961	\$ 2,267,642
Externally Restricted		
Equity in Ottawa Trust	92,250	89,359
Investment in Treaty	524,479	515,413
Unrestricted		
Operating Surplus	<u>16,637,932</u>	<u>16,307,980</u>
Total Surplus	<u>\$ 19,442,622</u>	<u>\$ 19,180,394</u>

16. Federal Assistance Payments:

The Ehattesaht/Chinehkint First Nation Social Housing Project has received federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to enable the project to provide housing to low income individuals. The amount of assistance received in 2022 was \$8,775 (2021 - \$8,775).

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

17. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Nation on April 20, 2021 and have not been audited.

18. Employee Future Benefits:

The Nation matches employee contributions to a defined contribution plan, which is administered by Canada Life. The total pension expense, representing employer contributions to the plan for the year was \$13,517 (2021 - \$9,314).

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

19. Schedule of Expenses by Object:

	<u>2022</u>	<u>2021</u>
Administration Fees	\$ 79,035	\$ 73,093
Allowances and School Supplies	49,651	28,332
Amortization	259,507	301,236
Bad Debt	12,451	11,113
Bank Charges and Interest	10,910	6,857
Basic Needs	188,627	117,458
Business Planning	145,136	64,836
Consulting Fees	100,021	101,723
Donations	1,517	1,150
Equipment	56,302	50,187
Food Security	19,976	-
Funeral Services	27,268	41,619
Honoraria	433,967	312,523
Insurance	62,113	51,671
Interest on Long Term Debt	30,884	32,304
Lease	1,673	-
Legal	128,586	77,527
Meetings	6,501	3,854
Member Distributions	104,946	96,950
Member Services	237,018	402,950
Member Support	8,546	19,106
Office and Sundry	211,395	20,621
Patient Travel	133,635	63,079
Professional Fees	112,492	85,976
Property Tax	4,929	4,849
Repairs and Maintenance	18,464	55,481
Reserves	1,480	1,480
Social Assistance	358,270	357,542
Subcontract	39,349	42,014
Supplies	62,648	60,200
Travel	58,937	41,810
Training	249,334	88,858
Tuition	145,830	8,896
Utilities	61,190	57,112
Wages and Benefits	1,120,311	1,080,604
Workshops	9,055	-
	<u>\$ 4,551,954</u>	<u>\$ 3,763,011</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Financial Statements

March 31, 2022

20. Segment Disclosure:

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

For each segment separately reported, the segment revenue and expense represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The following segments have been identified and as such as separately disclosed in Schedule 1 to the financial statements.

Core Government:

Core Government contains activities that are needed to manage and administer services.

Community Development:

Community Development contains all activities that are involved in the development of the community and operation of community activities.

Housing:

Housing contains activities that relate to on-reserve housing.

Capital:

Capital contains amounts spent on the betterment of the Nation's capital assets, either through repairs and maintenance or general capital purchases.

Economic Development:

Economic Development contains activities that are involved in the development and the operation of economic opportunities for the Nation, including its business interest.

Treaty:

Treaty contains activities related to ongoing treaty negotiations for the Nation.

EHATTESAHT/CHINEHKINT FIRST NATION

Schedule 1 - Segment Disclosure

March 31, 2022

March 31, 2022

	Core Government	Community Development	Housing	Capital	Economic Development	Treaty	Total
Revenue							
NTC	\$ 1,862,567	\$ 227,010	\$ -	\$ 371,347	\$ 169,023	\$ 32,263	\$ 2,662,210
Other Revenue	<u>411,887</u>	<u>617,984</u>	<u>139,143</u>	<u>40,558</u>	<u>941,041</u>	<u>1,359</u>	<u>2,151,972</u>
	<u>2,322,027</u>	<u>844,994</u>	<u>139,143</u>	<u>411,905</u>	<u>1,110,064</u>	<u>33,622</u>	<u>4,814,182</u>
Expenses							
Other	1,580,944	736,810	197,448	68,523	823,362	24,556	3,431,643
Wages and Benefits	<u>852,998</u>	<u>162,169</u>	<u>16,700</u>	<u>-</u>	<u>88,444</u>	<u>-</u>	<u>1,120,311</u>
	<u>2,433,942</u>	<u>898,979</u>	<u>214,148</u>	<u>68,523</u>	<u>911,806</u>	<u>24,556</u>	<u>4,551,954</u>
Annual Surplus (Deficit)	<u>\$ (111,915)</u>	<u>\$ (53,985)</u>	<u>\$ (75,005)</u>	<u>\$ 343,382</u>	<u>\$ 198,258</u>	<u>\$ 9,066</u>	<u>\$ 262,228</u>

March 31, 2021

	Core Government	Community Development	Housing	Capital	Economic Development	Treaty	Total
Revenue							
NTC	\$ 1,974,896	\$ 263,275	\$ -	\$ 350,380	\$ 62,672	\$ 31,839	\$ 2,683,062
Other Revenue	<u>499,342</u>	<u>704,636</u>	<u>134,026</u>	<u>-</u>	<u>2,831,808</u>	<u>376</u>	<u>4,170,188</u>
	<u>2,474,238</u>	<u>967,911</u>	<u>134,026</u>	<u>350,380</u>	<u>2,894,480</u>	<u>32,215</u>	<u>6,853,250</u>
Expenses							
Other	1,342,073	509,182	195,382	143,526	492,236	8	2,682,407
Wages and Benefits	<u>780,175</u>	<u>131,770</u>	<u>32,178</u>	<u>-</u>	<u>136,481</u>	<u>-</u>	<u>1,080,604</u>
	<u>2,122,248</u>	<u>640,952</u>	<u>227,560</u>	<u>143,526</u>	<u>628,717</u>	<u>8</u>	<u>3,763,011</u>
Annual Surplus (Deficit)	<u>\$ 351,990</u>	<u>\$ 326,959</u>	<u>\$ (93,534)</u>	<u>\$ 206,854</u>	<u>\$ 2,265,763</u>	<u>\$ 32,207</u>	<u>\$ 3,090,239</u>