

EHATTESAHT/CHINEHKINT FIRST NATION
Consolidated Financial Statements
March 31, 2023

EHATTESAHT/CHINEHKINT FIRST NATION

Consolidated Financial Statements

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MANAGEMENT REPORT

March 31, 2023

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 consolidated financial statements to the management of the Nation. The consolidated 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 consolidated 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 consolidated 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 consolidated 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, 2023.



Darlene Smith, Band Manager
December 12, 2023



INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the consolidated financial statements of Ehattesaht/Chinehkint First Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and 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, except for the effects of the matter described in the Basis for Qualified Opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2023, 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 Consolidated Statement of Financial Position and the related income from Government Business Entities presented on the Consolidated 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 Consolidated 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 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 qualified 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 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 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 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 auditors' 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.

Auditors' Responsibilities for the Audit of the Consolidated 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 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.

Chan Nawrood Boatis Inc

Chartered Professional Accountants
Campbell River, BC

December 12, 2023

EHATTESAHT/CHINEHKINT FIRST NATION

Consolidated Statement of Financial Position

March 31, 2023

2023

2022

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 3)	\$ 5,153,743	\$ 6,874,531
Trust Funds Held by Federal Government (Note 4)	96,290	92,250
Accounts Receivable (Note 5)	977,959	1,127,833
Due from Government and Government Organizations (Note 6)	5,827,912	595,617
Portfolio Investment (Note 7)	110	110
Investments in First Nation Affiliated Entities (Note 8)	9,741,451	6,919,636
Due from Related Entities (Note 9)	452,395	2,487,320
	<u>22,249,860</u>	<u>18,097,297</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 10)	1,048,998	341,299
Due to Government and Government Organizations (Note 11)	6,166	14,256
Deferred Revenue (Note 12)	5,445,473	534,002
Replacement Reserve (Note 13)	11,837	10,357
Operating Reserve (Note 13)	11,136	10,080
Long Term Debt (Note 14)	725,091	764,135
	<u>7,248,701</u>	<u>1,674,129</u>

NET FINANCIAL ASSETS

15,001,159 16,423,168

NON-FINANCIAL ASSETS

Prepaid Expenses	13,232	74,970
Tangible Capital Assets (Note 15)	2,858,707	2,944,484
	<u>2,871,939</u>	<u>3,019,454</u>

ACCUMULATED SURPLUS (Note 16)

\$ 17,873,098 \$ 19,442,622

Approved by:



Chief



Councillor

EHATTESAHT/CHINEHKINT FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31, 2023

	2023		2022
	Actual	Budget (Note 18)	
Revenue			
Nuu-chah-nulth Tribal Council	\$ 2,588,751	\$ 1,700,782	\$ 2,662,210
Canadian Mortgage Housing Corporation	8,775	8,775	8,775
Province of British Columbia	1,424,032	30,000	549,146
Income from Government Business Entities	477,289	829,175	316,937
First Peoples Heritage	227,428	106,575	262,668
Rent	122,630	128,280	128,280
Royalties	66,184	50,000	259,522
Interest Income	187,172	37,119	33,284
Other	<u>445,268</u>	<u>211,850</u>	<u>593,360</u>
	<u>5,547,529</u>	<u>3,102,556</u>	<u>4,814,182</u>
Expenditures (Note 21)			
Core Government	2,738,246	2,151,793	2,433,942
Community Development	792,896	1,701,377	898,979
Housing	265,841	170,175	214,148
Capital	126,049	212,879	68,523
Economic Development	3,083,115	543,629	911,806
Treaty	<u>110,906</u>	<u>32,921</u>	<u>24,556</u>
	<u>7,117,053</u>	<u>4,812,774</u>	<u>4,551,954</u>
Annual Surplus (Deficit)	(1,569,524)	<u>\$(1,710,218)</u>	262,228
Accumulated Surplus - Beginning of Year	<u>19,442,622</u>		<u>19,180,394</u>
Accumulated Surplus - End of Year	<u>\$17,873,098</u>		<u>\$19,442,622</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2023

2023

2022

Annual Surplus (Deficit)	\$ (1,569,524)	\$ 262,228
Purchase of Tangible Capital Assets	(248,112)	(139,392)
Amortization of Tangible Capital Assets	273,062	259,507
Loss on Disposal of Tangible Capital Asset	60,827	-
	<u>85,777</u>	<u>120,115</u>
Use (Acquisition) of Prepaid Asset	<u>61,738</u>	<u>(69,205)</u>
Increase (Decrease) in Net Financial Assets	(1,422,009)	313,138
Net Financial Assets - Beginning of Year	<u>16,423,168</u>	<u>16,110,030</u>
Net Financial Assets - End of Year	\$ <u>15,001,159</u>	\$ <u>16,423,168</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2023

2023

2022

Cash Flows From Operating Activities:

Cash Flows from Government and Other Sources	\$ 5,413,366	\$ 4,695,725
Cash Paid to Suppliers and Employees	<u>(6,080,108)</u>	<u>(4,364,960)</u>
	<u>(666,742)</u>	<u>330,765</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	(248,112)	(139,392)
Proceeds on Sale of Tangible Capital Assets	<u>20,000</u>	<u>-</u>
	<u>(228,112)</u>	<u>(139,392)</u>

Cash Flows From Investing Activities:

Payments from (to) Related Entities	2,034,925	(733)
Draws from (Repayments to) Government Business Entities	(84,299)	553,683
Purchase of Investments	<u>(2,737,516)</u>	<u>-</u>
	<u>(786,890)</u>	<u>552,950</u>

Cash Flows From Financing Activities:

Repayment of Long Term Debt	<u>(39,044)</u>	<u>(81,818)</u>
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Increase in Cash and Cash Equivalents

(1,720,788) 662,505

Cash and Cash Equivalents - Beginning of Year

6,874,531 6,212,026

Cash and Cash Equivalents - End of Year

\$ 5,153,743 \$ 6,874,531

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies:

a) Basis of Accounting:

These consolidated 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 consolidated financial statements include the accounts of the Ehattesaht/Chinehkint First Nation (the "Nation") and two organizations that are controlled by the Nation, 0754140 BC Ltd. and Aat'uu Forestry Ltd. (the "Controlled Entities").

All controlled entities are consolidated on a line-by-line basis except for commercial enterprises and partnerships which meet the definition of government business enterprises (GBE's). These enterprises are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

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
Barr Creek Hydro Ltd.
0881643 BC Ltd.
Zeballos Lake Hydro Limited Partnership
Strategic Natural Resource Consultants Inc.
Bastion Holdings Ltd.

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 consolidated 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.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued):

d) Tangible Capital Assets (continued):

Amortization is provided for using the following rates and methods:

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

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 22.

g) Measurement Uncertainty:

In preparing the consolidated 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.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued):

h) Asset Retirement Obligations:

The Nation recognizes a liability for an asset retirement obligation when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; 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 liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date.

2. Change in Accounting Policy:

On April 1, 2022, the Nation adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The Nation determined that at both April 1, 2021 and April 1, 2022, it did not have any tangible capital assets that would result in a material asset retirement obligation.

3. 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, 2023 was \$19,340 (2022 - \$2,512) 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, 2023 as well as in the prior period the Nation did not have a separate account maintained with an operating reserve balance.

4. Trust Funds Held by Federal Government:

	<u>2022</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2023</u>
Revenue	\$ 84,924	\$ 4,040	\$ -	\$ 88,964
Capital	<u>7,326</u>	<u>-</u>	<u>-</u>	<u>7,326</u>
	<u>\$ 92,250</u>	<u>\$ 4,040</u>	<u>\$ -</u>	<u>\$ 96,290</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*.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

5. Accounts Receivable:

	<u>2023</u>	<u>2022</u>
Trade Receivables	\$ 939,463	\$ 325,642
Band Members	248,417	246,817
Aat'uu Forestry Limited Partnership	<u>105</u>	<u>765,400</u>
	1,187,985	1,337,859
Less: Allowance for Doubtful Accounts	<u>(210,026)</u>	<u>(210,026)</u>
	<u>\$ 977,959</u>	<u>\$ 1,127,833</u>

6. Due from Government and Other Government Organizations:

	<u>2023</u>	<u>2022</u>
Nuu-chah-nulth Tribal Council	\$ 778,839	\$ 575,129
Sales Taxes Recoverable	48,342	19,760
Province of British Columbia	5,000,000	-
Canada Mortgage and Housing Corporation	<u>731</u>	<u>728</u>
	<u>\$ 5,827,912</u>	<u>\$ 595,617</u>

7. Portfolio Investment:

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

8. Investments in First Nation Affiliated Entities:

	<u>2023</u>	<u>2022</u>
Zeballos Lake Hydro Limited Partnership		
2 Units (2%)	\$ <u>1</u>	\$ <u>1</u>
Ehattesaht Fishing Corporation		
Shares (100%)	<u>2</u>	<u>2</u>
0881643 BC Ltd.		
Shares (100%)	<u>1</u>	<u>1</u>
Barr Creek Hydro Ltd.		
Shares (20%)	88	88
Accumulated share of Earnings	<u>4,176</u>	<u>-</u>
	<u>4,264</u>	<u>88</u>
Balance Forward		
Shares	\$ 92	\$ 92
Accumulated Share of Earnings	<u>4,176</u>	<u>-</u>
	<u>4,268</u>	<u>92</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

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

Balance Forward

Shares	\$	92	\$	92
Accumulated Share of Earnings		<u>4,176</u>		<u>-</u>
		<u>4,268</u>		<u>92</u>

Hayu Fishing Ltd.

Shares (25%)		<u>1</u>		<u>1</u>
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Hayu Fishing Limited Partnership

2,500 Units (25%)		<u>1</u>		<u>1</u>
Advances		(193,914)		(193,914)
Accumulated share of Earnings		<u>2,016,877</u>		<u>1,669,416</u>
		<u>1,822,964</u>		<u>1,475,503</u>

Aat'uu Forestry Limited Partnership

999 Units (99%)		<u>99</u>		<u>99</u>
Advances		(4,772,287)		(4,772,287)
Accumulated share of Earnings		<u>10,141,630</u>		<u>10,216,226</u>
		<u>5,369,442</u>		<u>5,444,038</u>

Strategic Natural Resource Consultants Inc.

Shares (62.9%)		<u>2,737,516</u>		<u>-</u>
Accumulated share of Earnings		<u>(192,741)</u>		<u>-</u>
		<u>2,544,775</u>		<u>-</u>

Bastion Holdings Ltd.

Shares (100%)		<u>1</u>		<u>-</u>
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Total

Shares		<u>2,737,710</u>		<u>195</u>
Advances		<u>(4,966,201)</u>		<u>(4,966,201)</u>
Accumulated share of Earnings		<u>11,969,942</u>		<u>11,885,642</u>
	\$	<u>9,741,451</u>	\$	<u>6,919,636</u>

The company shares are held in trust for the Nation by Trustees appointed by the Council, with the exception of Bastion Holdings Ltd. and Strategic Natural Resource Consultants Inc. ("SNRC") which are held directly by the Nation. The units of Aat'uu 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., and Aat'uu Forestry Limited Partnership financial information is from financial statements prepared for the year ending March 31, 2023 with comparative figures for the year ending March 31, 2022. These financial statements were unaudited.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

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

Financial information for Barr Creek Hydro Ltd. is from financial statements prepared for the year ending June 30, 2022 with comparative figures for the year ending June 30, 2021. 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, 2022 with comparative figures for the year ending December 31, 2021. 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, 2022 with comparative figures for the year ending December 31, 2021. These financial statements were audited.

Financial information for SNRC is from financial statements prepared for the period ending December 31, 2022 with comparative figures for the period ending October 31, 2022. These financial statements were unaudited.

Financial information for Bastion Holdings Ltd. is from financial statements prepared for the period ending March 31, 2023 with comparative figures for the period ending October 28, 2022. These financial statements were unaudited.

	Commercial Sales and Consulting	Real Estate Holdings	Natural Resource Commercial Entities	TOTAL 2023	2022
Cash	\$ 1,604,671	\$ 290,353	\$ 3,461,820	\$ 5,356,844	\$ 4,214,060
Funds Held in Escrow	-	-	3,834,000	3,834,000	3,654,000
Accounts Receivable	1,571,376	-	757,625	2,329,001	1,455,027
Prepays and Deposits	201,384	16,331	95,406	313,121	124,487
Inventory	-	-	2,255,550	2,255,550	1,825,705
Due from Related Parties	2,377	-	32,881	35,258	100,045
Tangible Capital Assets	1,572,929	4,566,597	43,828,877	49,968,403	45,591,946
Investments	1	300	403,631	403,932	520,245
Intangible Assets	654,022	-	8,349,408	9,003,430	8,678,430
Other Assets	962,864	439,625	72,000	1,474,489	75,000
Total Assets	<u>6,569,624</u>	<u>5,313,206</u>	<u>63,091,198</u>	<u>74,974,028</u>	<u>66,238,945</u>
Accounts Payable	1,251,685	45,002	751,268	2,047,955	1,289,465
Long-term Debt	61,310	5,058,762	18,721,310	23,841,382	20,139,980
Silviculture Payable	-	-	385,700	385,700	388,375
Due to Related Parties	3,559,206	20,628	4,214,552	7,794,386	5,544,617
Other Liabilities	116,432	180,750	2,915,000	3,212,182	2,692,000
Total Liabilities	<u>4,988,633</u>	<u>5,305,142</u>	<u>26,987,830</u>	<u>37,281,605</u>	<u>30,054,437</u>
Equity	<u>1,580,991</u>	<u>8,064</u>	<u>36,103,368</u>	<u>37,692,423</u>	<u>36,184,508</u>
Total Liabilities and Equity	<u>6,569,624</u>	<u>5,313,206</u>	<u>63,091,198</u>	<u>74,974,028</u>	<u>66,238,945</u>
Revenues	2,111,828	223,048	3,983,425	6,318,301	5,690,932
Expenses	<u>2,583,090</u>	<u>214,985</u>	<u>5,256,121</u>	<u>8,054,196</u>	<u>5,310,674</u>
Net Income (Loss)	<u>\$ (471,262)</u>	<u>\$ 8,063</u>	<u>\$ (1,272,696)</u>	<u>\$ (1,735,895)</u>	<u>\$ 380,258</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

9. Due from Related Entities:

	<u>2023</u>	<u>2022</u>
Aat'uu Forestry Ltd.	\$ 293	\$ 293
Zeballos Lake Hydro Limited Partnership	3	3
Ehattesaht Fishing Corporation	-	1,931,615
0881643 BC Ltd.	<u>452,099</u>	<u>555,409</u>
	<u>452,395</u>	<u>2,487,320</u>

10. Accounts Payable and Accrued Liabilities:

	<u>2023</u>	<u>2022</u>
Trade Payables	\$ 966,947	\$ 261,169
Accrued Salaries and Benefits Payable	<u>82,051</u>	<u>80,130</u>
	<u>\$ 1,048,998</u>	<u>\$ 341,299</u>

11. Due to Government and Other Government Organizations:

	<u>2023</u>	<u>2022</u>
Federal Government	\$ 4,090	\$ 11,695
Other Government Organizations	<u>2,076</u>	<u>2,561</u>
	<u>\$ 6,166</u>	<u>\$ 14,256</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

12. Deferred Revenue:

	<u>2022</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2023</u>
NTC - Prevention Project	\$ 73,253	\$ -	\$ 73,253	\$ -
NTC - Specific Claims	3,000	-	-	3,000
NTC - Fuel Relief	6,518	-	-	6,518
NTC - COVID-19	-	-	-	-
NTC - Sanitary Sewer Upgrade	47,573	-	32,691	14,882
NTC - Operator Retention	13,304	-	13,304	-
NTC - Family Violence	-	4,948	1,326	3,622
NTC - COVID-19 Supplementary	-	66,717	60,919	5,798
NTC - IA Service Delivery	-	16,380	-	16,380
Province of BC - Aquaculture	2,250	-	-	2,250
Province of BC - Capacity	-	-	-	-
Province of BC - Reconciliation	74,158	-	60,906	13,252
Province of BC - Reconciliation & Crisis Support	-	5,000,000	-	5,000,000
Province of BC - Early Learning and Child Care	-	91,164	-	91,164
Province of BC - Landscape & Old Growth Plan	-	75,000	-	75,000
Province of BC - Post-Secondary	-	326,315	269,002	57,313
Province of BC - Family Development	-	30,000	-	30,000
FPCC - Wisdom Bench	188,229	-	131,515	56,714
FPCC - First Voices	-	-	-	-
FPCC - Pathways	35,717	-	35,717	-
FNESC - Impacts on Student Learning	-	11,868	-	11,868
FNESC - Post Secondary Partnerships	45,000	-	45,000	-
FNESC - Bus Shelter Program	25,000	-	11,765	13,235
FNHA - Back to Basics	-	64,900	36,204	28,696
FN Summit Society - Wellbeing	-	28,306	12,525	15,781
United Way - Food Security	20,000	-	20,000	-
	<u>\$ 534,002</u>	<u>\$ 5,715,598</u>	<u>\$ 804,127</u>	<u>\$ 5,445,473</u>

13. Reserves:

Under the terms of agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$1,480 (2022 - \$1,480) and the Operating Reserve is to be credited in the amount of \$nil (2022 - \$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.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

13. Reserves (Continued):

During the year, \$nil (2022 - \$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.

14. Long Term Debt:

	<u>2023</u>	<u>2022</u>
CMHC:		
Repayable at \$609 per month including interest at 1.83% per annum; due Nov 30, 2024; secured by the Nation	\$ 105,077	\$ 110,424
Bank of Montreal - 6Plex Mortgage:		
Repayable at \$1,986 per month including interest at 4.26%; due October 31, 2027; secured by the Nation	229,448	242,793
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	390,566	403,306
Nuu-chah-nulth Economic Development Corporation:		
Loan was repaid during the year	-	7,612
Total Long Term Debt	\$ <u>725,091</u>	\$ <u>764,135</u>

Interest expense on long term debt for the year ended March 31, 2023 is \$38,508 (2022 - \$30,884).

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

2024	\$ 23,817
2025	25,091
2026	26,446
2027	27,886
2028	29,419
Thereafter	592,432

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 Consolidated Financial Statements

March 31, 2023

15. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2023	2022
Capital:										
Subdivision	\$ 990,347	\$ -	\$ -	\$ 990,347	\$ 856,487	\$ 11,640	\$ -	\$ 868,127	\$ 122,220	\$ 133,860
Infrastructure	2,689,219	157,530	-	2,846,749	1,566,974	82,401	-	1,649,375	1,197,374	1,122,245
Band Housing	3,391,616	10,055	288,361	3,113,310	2,105,241	103,460	234,377	1,974,324	1,138,986	1,286,375
Office Equip	100,357	-	-	100,357	100,357	-	-	100,357	-	-
General Equip	156,614	-	-	156,614	99,602	10,881	-	110,482	46,132	57,012
Fisheries Equip	195,255	-	-	195,255	99,305	14,380	-	113,685	81,570	95,950
Vehicles	498,778	80,527	46,600	532,705	398,339	42,860	39,756	401,443	131,262	100,439
	<u>8,022,186</u>	<u>248,112</u>	<u>334,961</u>	<u>7,935,337</u>	<u>5,226,305</u>	<u>265,622</u>	<u>274,133</u>	<u>5,217,793</u>	<u>2,717,544</u>	<u>2,795,881</u>
Social Housing:										
Land	21,990	-	-	21,990	-	-	-	-	21,990	21,990
Housing	186,123	-	-	186,123	59,510	7,440	-	66,950	119,173	126,613
	<u>208,113</u>	<u>-</u>	<u>-</u>	<u>208,113</u>	<u>59,510</u>	<u>7,440</u>	<u>-</u>	<u>66,950</u>	<u>141,163</u>	<u>148,603</u>
Total	<u>\$ 8,230,299</u>	<u>\$ 248,112</u>	<u>\$ 334,961</u>	<u>\$ 8,143,450</u>	<u>\$ 5,285,815</u>	<u>\$ 273,062</u>	<u>\$ 274,133</u>	<u>\$ 5,284,743</u>	<u>\$ 2,858,707</u>	<u>\$ 2,944,484</u>

16. Accumulated Surplus:

	2023	2022
Internally Restricted		
Equity in Tangible Capital Assets	\$ 2,133,616	\$ 2,187,961
Externally Restricted		
Equity in Ottawa Trust	96,290	92,250
Unrestricted		
Operating Surplus	15,643,192	17,162,411
Total Surplus	<u>\$ 17,873,098</u>	<u>\$ 19,442,622</u>

17. 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 2023 was \$8,775 (2022 - \$8,775).

18. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Nation on May 19, 2022 and have not been audited.

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

19. Comparative Figures:

Certain comparative financial information has been reclassified, where necessary, to conform with the financial statement presentation in the current period.

20. 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 \$13,651 (2022 - \$13,517).

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

21. Schedule of Expenses by Object:

	<u>2023</u>	<u>2022</u>
Administration Fees	\$ 51,634	\$ 79,035
Allowances and School Supplies	36,883	49,651
Amortization	273,061	259,507
Bad Debt	1,931,668	12,451
Bank Charges and Interest	6,544	10,910
Basic Needs	151,355	188,627
Business Planning	115,045	145,136
Consulting Fees	103,140	100,021
Donations	5,223	1,517
Equipment	86,957	56,302
Food Security	-	19,976
Funeral Services	45,269	27,268
Honoraria	471,680	433,967
Insurance	76,831	62,113
Interest on Long Term Debt	38,508	30,884
Lease	2,029	1,673
Legal	380,003	128,586
Meetings	69,682	6,501
Member Distributions	203,300	104,946
Member Services	158,015	237,018
Member Support	14,402	8,546
Office and Sundry	427,268	211,395
Patient Travel	169,002	133,635
Professional Fees	242,262	112,492
Property Tax	357	4,929
Repairs and Maintenance	152,635	18,464
Reserves	2,536	1,480
Social Assistance	167,207	358,270
Subcontract	226,470	39,349
Supplies	69,280	62,648
Travel	142,135	58,937
Training	122,403	249,334
Tuition	17,236	145,830
Utilities	60,883	61,190
Wages and Benefits	1,007,341	1,120,311
Workshops	88,809	9,055
	<u>\$ 7,117,053</u>	<u>\$ 4,551,954</u>

EHATTESAHT/CHINEHKINT FIRST NATION

Notes to Consolidated Financial Statements

March 31, 2023

22. 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 consolidated 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 - Consolidated Segment Disclosure

March 31, 2023

	Core Government	Community Development	Housing	Capital	Economic Development	Treaty	Total
Revenue							
NTC	\$ 1,920,007	\$ 291,145	\$ -	\$ 218,340	\$ 159,259	\$ -	\$ 2,588,751
Other Revenue	<u>316,728</u>	<u>592,857</u>	<u>263,489</u>	<u>-</u>	<u>1,639,309</u>	<u>146,395</u>	<u>2,958,778</u>
	<u>2,236,735</u>	<u>884,002</u>	<u>263,489</u>	<u>218,340</u>	<u>1,798,568</u>	<u>146,395</u>	<u>5,547,529</u>
Expenses							
Other	2,187,800	667,172	238,002	126,049	3,015,747	110,906	6,345,676
Wages and Benefits	<u>550,446</u>	<u>125,724</u>	<u>27,839</u>	<u>-</u>	<u>67,368</u>	<u>-</u>	<u>771,377</u>
	<u>2,738,246</u>	<u>792,896</u>	<u>265,841</u>	<u>126,049</u>	<u>3,083,115</u>	<u>110,906</u>	<u>7,117,053</u>
Annual Surplus (Deficit)	\$ <u>(501,511)</u>	\$ <u>91,106</u>	\$ <u>(2,352)</u>	\$ <u>92,291</u>	\$ <u>(1,284,547)</u>	\$ <u>35,489</u>	\$ <u>(1,569,524)</u>

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>2,274,454</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>(159,488)</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>