
NUCHATLAHT FIRST NATION

**FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

NUCHATLAHT FIRST NATION

YEAR ENDED MARCH 31, 2023
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Nuchatlaht First Nation are the responsibility of management and have been approved by the Council.


The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

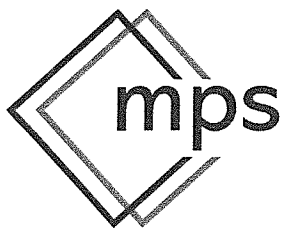
The First Nation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The First Nation Council reviews the First Nation's consolidated financial statements and management letter. The Council meets periodically with management, as well as the external auditors, to discuss internal control over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report. The Council approves the consolidated financial statements for issuance to the members. The Council also considers, for review and approval by the members, the engagement of the external auditors.

The consolidated financial statements have been audited by MPS Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the members. MPS Chartered Professional Accountants has full and free access to the Council.


Councillor
Councillor
Councillor



MacLean Pazicka Souchuck
Chartered Professional Accountants

Campbell B. MacLean, Ltd.
Stana Pazicka, Inc.
Leanne M. Souchuck, Ltd.

INDEPENDENT AUDITORS' REPORT

To the members
Nuchatlaht First Nation

Opinion

We have audited the accompanying consolidated financial statements of Nuchatlaht First Nation, which comprise the consolidated statement of financial position as at March 31, 2023, the consolidated statements of operations, 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 and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position as at March 31, 2023, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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 First 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 opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the 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. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

MPS

CHARTERED PROFESSIONAL ACCOUNTANTS

Parksville, Canada
August 30, 2023

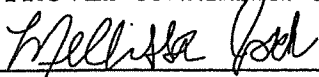
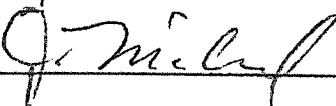

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 2,829,548	\$ 3,228,171
Funds on deposit in Ottawa Trusts	106,742	103,187
Accounts receivable (note 5)	317,413	456,111
Investment in Hayu Fishing Limited Partnership (note 6)	1,822,960	1,475,500
Investment in 1075124 B.C. Ltd.	1	1
Investment in Nuchatlaht First Nation Community Logging Corporation	1	1
Investment in 1407315 B.C. Ltd.	1	-
	5,076,666	5,262,971
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	216,233	249,281
Deferred revenue (note 7)	37,105	99,000
Deficit in Hayu Fishing Ltd. (note 8)	224	142
Long term debt (note 9)	248,074	338,854
	501,636	687,277
NET FINANCIAL ASSETS	4,575,030	4,575,694
NON-FINANCIAL ASSETS		
Deferred expenses (note 10)	166,079	434,872
Tangible capital assets (note 11)	2,446,598	2,089,979
	2,612,677	2,524,851
ACCUMULATED SURPLUS	\$ 7,187,707	\$ 7,100,545
ACCUMULATED SURPLUS AT END OF YEAR CONSISTS OF:		
Restricted (note 12 and 17)	\$ 1,258,006	\$ 1,098,292
Unrestricted	3,699,098	4,156,550
	4,957,104	5,254,842
Investment in tangible capital assets	2,230,603	1,845,703
	\$ 7,187,707	\$ 7,100,545

Contingent liability (note 13)

APPROVED ON BEHALF OF COUNCIL:

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2023

	Budget (unaudited) (note 14)	2023	2022
REVENUE			
Nuu-chah-nulth Tribal Council - operating	\$ 766,204	\$ 1,400,150	\$ 1,379,936
Province of British Columbia	-	919,705	387,016
Income from Hayu Fishing Limited			
Partnership	-	347,460	252,787
Miscellaneous revenue and recoveries	7,398	135,509	99,186
NDN Collective	-	129,826	123,776
Union of BC Municipalities	-	112,109	93,725
Department of Fisheries and Oceans	-	109,800	27,125
Fisheries licence lease	-	109,099	55,850
Interest	-	101,973	-
Logging income	-	90,000	2,799,052
First Nations Education Steering Committee	-	56,844	89,002
Nuu-chah-nulth Economic Development			
Corporation	-	42,862	72,004
First Nations Health Authority	-	29,250	70,000
Social Housing rents	-	9,780	21,420
CMHC subsidies	-	2,448	47,303
Sport fishing charter	-	1,200	35,010
Loss from Hayu Fishing Ltd.	-	(83)	(142)
	773,602	3,597,932	5,553,050
EXPENSES			
Operating Fund	788,857	3,497,037	3,143,716
Social Housing Fund	-	13,733	36,191
Treaty Fund	-	-	1,494
	788,857	3,510,770	3,181,401
ANNUAL SURPLUS (DEFICIT)	\$ (15,255)	87,162	2,371,649
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		7,100,545	4,728,896
ACCUMULATED SURPLUS AT END OF YEAR		\$ 7,187,707	\$ 7,100,545

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED MARCH 31, 2023

	2023	2022
SURPLUS FOR THE YEAR	\$ 87,162	\$ 2,371,649
Acquisition of tangible capital assets	(682,685)	(133,126)
Amortization of tangible capital assets	302,440	303,660
Proceeds from disposal of tangible capital assets	-	2,500
Loss on disposal of tangible capital assets	23,626	5,390
Acquisition of deferred expenses	(166,079)	(434,872)
Use of deferred expenses	434,872	122,340
CHANGE IN NET FINANCIAL ASSETS	(664)	2,237,541
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	4,575,694	2,338,153
NET FINANCIAL ASSETS AT END OF YEAR	\$ 4,575,030	\$ 4,575,694

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 87,162	\$ 2,371,649
Adjust for items that do not involve cash:		
Amortization	302,440	303,660
Loss on disposal of tangible capital assets	23,626	5,390
	413,228	2,680,699
Changes in non-cash working capital		
Decrease (Increase)		
Accounts receivable	138,698	(67,020)
Deferred expenses	268,793	(312,532)
Increase (Decrease)		
Accounts payable and accrued liabilities	(33,050)	98,681
Deferred revenue	(61,895)	99,000
	312,546	(181,871)
CASH FLOWS FROM OPERATING ACTIVITIES	725,774	2,498,828
CAPITAL TRANSACTIONS		
Investment in Hayu Fishing Limited Partnership	(347,460)	(152,787)
Deficit in Hayu Fishing Ltd.	83	142
Purchase of tangible capital assets	(682,685)	(133,126)
Proceeds on disposal of tangible capital assets	-	2,500
	(1,030,062)	(283,271)
FINANCING ACTIVITIES		
Repayment of long term debt	(90,780)	(97,942)
Loan proceeds	-	80,000
	(90,780)	(17,942)
INCREASE (DECREASE) IN CASH	(395,068)	2,197,615
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,331,358	1,133,743
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,936,290	\$ 3,331,358
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 2,829,548	\$ 3,228,171
Funds on deposit in Ottawa Trusts	106,742	103,187
	\$ 2,936,290	\$ 3,331,358

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as outlined by the Public Sector Accounting Board (PSAB) of the Organization of Chartered Professional Accountants of British Columbia, which encompass the following principles:

(a) Basis of consolidation

The consolidated financial statements reflect a combination of the First Nation's operating, treaty, enterprise, tangible capital assets, trust and social housing funds.

The Operating Fund reports the general activities of the First Nation administration including various commercial activities.

The Treaty Fund reports the activities of the Treaty negotiating team.

The Enterprise Fund reports the activities of the First Nation's owned entities.

The Trust Fund reports on trust funds owned by the First Nation and held by third parties.

The Social Housing Fund reports the activities within the First Nation sponsored Social Housing Program.

(b) Reporting entity and principles of financial reporting

The Nuchatlaht First Nation reporting entity includes all entities which are accountable to the First Nation, and are either owned, directly or indirectly, or controlled by the First Nation.

These consolidated financial statements include the assets, liabilities and results of operations for the following entities:

Nuchatlaht First Nation government administration including special and commercial projects

Nuchatlaht First Nation Social Housing Program

Nuchatlaht First Nation Trust Fund

Hayu Fishing Limited Partnership

Hayu Fishing Ltd.

1075124 B.C. Ltd.

1407315 B.C. Ltd.

Nuchatlaht First Nation Community Logging Corporation

All inter-entity balances have been eliminated on consolidation.

(c) Cash

The First Nation's policy is to present bank balances under cash.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

- (d) Investment in Hayu Fishing Limited Partnership, Hayu Fishing Ltd., 1075124 B.C. Ltd., 1407315 B.C. Ltd. and Nuchatlaht First Nation Community Logging Corporation.

The investment in Hayu Fishing Limited Partnership, representing a twenty-five percent partnership interest, is accounted for using the modified equity method.

The investment in Hayu Fishing Ltd., representing a twenty-five percent ownership interest, is accounted for using the modified equity method.

The investments in 1075124 B.C. Ltd., 1407315 B.C. Ltd. and Nuchatlaht First Nation Community Logging Corporation are accounted for using the full consolidation method of accounting for long term investments.

- (e) Deferred expenses

Deferred expenses, which consist of prepaid expenses and a retainer for legal fees, are recorded at cost.

- (f) Tangible capital assets

Tangible capital assets are stated at cost and are being amortized on the straight-line basis using the following rates:

Buildings and social housing	- 20 - 45 years
Infrastructure	- 20 - 25 years
Vehicles	- 8 years
Boats and equipment	- 7 years
Equipment	- 5 years
Playground	- 5 years
Computer equipment	- 3 years

In the year of acquisition, 50% of the normal amortization is recorded.

- (g) Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

Deferred revenue consists of funding which is received, externally restricted, and will not be included in revenue until the related expenses are incurred.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Significant items subject to such estimates and assumptions include valuation of accounts receivable, deferred expenses and accrued liabilities and the estimated useful life of tangible capital assets. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(i) Liability for contaminated sites

The First Nation recognizes and measures a liability for remediation of contaminated sites where:

- An environmental standard exists;
- Contaminated levels exceed the environmental standards;
- The First Nation is directly responsible or accepts responsibility;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is based on the present value of the estimated costs directly attributable to the remediation and post-remediation activities.

As at March 31, 2023 and 2022, no contaminated sites have been identified that meet the criteria outlined in the standard.

(j) Future changes in accounting policies

PS 3400 Revenue, issued November 2018, establishes standards on how to account for and report on revenue and is effective July 1, 2023. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

Revenue from transactions with performance obligations should be recognized when (or as) the First Nation satisfies a performance obligation by providing the promised goods or services to a payor.

Revenue from transactions with no performance obligations should be recognized when the First Nation:

- Has the authority to claim or retain an inflow of economic resources; and
- Identifies a past transaction or event that gives rise to an asset.

This standard may be applied retroactively or prospectively. Management is in the process of assessing the impact of adopting this standard on the First Nation's financial results.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

2. FINANCIAL INSTRUMENTS

Measurement of financial instruments

The First Nation initially measures its financial assets and financial liabilities at fair value.

The First Nation subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, funds on deposit in Ottawa Trusts, accounts receivable, investments in Hayu Fishing Limited Partnership, 1075124 B.C. Ltd., Nuchatlaht First Nation Community Logging Corporation and 1407315 B.C. Ltd.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deficit in Hayu Fishing Ltd. and long term debt.

The fair market values of the investments in Hayu Fishing Limited Partnership, 1075124 B.C. Ltd., Nuchatlaht First Nation Community Logging Corporation, 1407315 B.C. Ltd. and Hayu Fishing Ltd. have not been determined and accordingly may differ from the recorded values.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income.

Transaction costs

The First Nation recognizes its transaction costs in net income in the period incurred.

Risks and concentrations

The First Nation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the First Nation's risk exposure at the Statement of financial position date, March 31, 2023:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation's main credit risk relates to its accounts receivable.

Accounts receivable are subject to credit risk as explained in note 5.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation's main liquidity risks relate to its accounts payable and accrued liabilities and long term debt.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

2. FINANCIAL INSTRUMENTS (continued)

Risks and concentrations (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or other price risks.

3. ECONOMIC DEPENDENCE

The First Nation receives the major portion of its operating revenue pursuant to a funding agreement between Nuuchahnulth Tribal Council, its member First Nations and Indigenous Services Canada. This agreement covers the period from April 1, 2023 to March 31, 2024.

The Nuuchahnulth Tribal Council and its member First Nations have also entered into a funding agreement with First Nations Health Authority for the same period.

4. RESTRICTED CASH

Ottawa Trust Funds

The Ottawa 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 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. ACCOUNTS RECEIVABLE

	2023	2022
Nuuchahnulth Tribal Council	\$ 106,762	\$ 277,307
Receivable from First Nation members	22,102	21,017
GST recoverable	19,702	7,788
Rent receivable from First Nation members	2,295	6,066
CMHC	-	21,903
Other	190,949	149,113
	341,810	483,194
Less allowance for doubtful accounts	24,397	27,083
	\$ 317,413	\$ 456,111

The amounts receivable from First Nation members are not secured and an allowance for doubtful accounts has been recorded with respect to these amounts receivable.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

6. INVESTMENT IN HAYU FISHING LIMITED PARTNERSHIP

Nuchatlaht First Nation owns a 25% partnership interest in Hayu Fishing Limited Partnership. The following presents condensed financial information as at December 31, 2022 for the partnership:

	December 31, 2022	December 31, 2021
Cash	\$ 1,892,404	\$ 875,506
Term deposit	28,251	28,251
Accounts receivable	393,955	738,251
Tangible capital assets	8,917	9,419
Intangible assets	4,977,004	4,652,004
Due from related parties	453	-
Prepaid expenses and deposits	-	16,315
	7,300,984	6,319,746
Accounts payable and accrued liabilities	8,293	17,038
Partners' equity	\$ 7,292,691	\$ 6,302,708
Revenue	\$ 1,537,505	\$ 1,150,344
Expenses	147,522	139,093
Net income	\$ 1,389,983	\$ 1,011,251

7. DEFERRED REVENUE

	2023	2022
First Nations' Emergency Services Society	\$ 37,105	\$ -
Government of Canada	-	99,000
	\$ 37,105	\$ 99,000

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

8. DEFICIT IN HAYU FISHING LTD.

Nuchatlaht First Nation owns a 25% interest in Hayu Fishing Ltd. Hayu Fishing Ltd. is the general partner of Hayu Fishing Limited Partnership. The following presents condensed financial information as at December 31, 2022 for the company:

	December 31, 2022	December 31, 2021
Investment	\$ 859	\$ 721
Due from related parties	-	15
	859	736
Accounts payable and accrued liabilities	1,301	1,301
Due to related parties	453	-
Share capital	1	1
	1,755	1,302
Deficit	\$ (896)	\$ (566)
Revenue	\$ 1,139	\$ 1,101
Expenses	1,469	1,667
Loss	\$ (330)	\$ (566)

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

9. LONG TERM DEBT

	2023	2022
Bank of Montreal		
Term Loan	\$ 29,458	\$ 30,598
- Interest at 3.23% per annum		
- Maturing September 30, 2026		
- Monthly payments of \$176 including principal and interest		
Nuu-chah-nulth Economic Development Corporation		
Term Loan No.2	215,995	233,863
- Interest at 5% per annum		
- Maturing June 1, 2025		
- Semi-annual payments of \$13,000 including principal and interest		
Emergency Loan Program	2,621	63,980
- Interest-free loans No. 2021659V and No. 2021660V		
- Maturing March 31, 2025		
- Monthly payments of \$890 on each loan		
All Nations Trust Company		
Phase II Social Housing Loan	-	10,413
- Interest at 1.97% compounded semi-annually		
- Monthly payments of \$1,309 including principal and interest		
Total long term debt	\$ 248,074	\$ 338,854

The Bank of Montreal term loan is secured by a promissory note and an assignment of insurance. The Nuu-chah-nulth Economic Development Corporation term loan No.2 is secured by a general security agreement creating first charge over the crewboat acquired and an assignment of insurance on the crewboat showing Nuu-chah-nulth Economic Development Corporation as first loss payee. The Nuu-chah-nulth Economic Development Corporation loans No. 2021659V and No. 2021660V are secured by promissory notes.

Assuming term loans are renewed with similar terms, principal reductions over the next five years are approximately as follows:

2024	\$ 22,796
2025	17,472
2026	18,343
2027	19,258
2028	20,220

10. DEFERRED EXPENSES

	2023	2022
Materials	\$ 93,704	\$ 63,860
Prepaid expenses	11,756	11,900
Retainer for legal fees	60,619	359,112
	\$ 166,079	\$ 434,872

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

11. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization			Net book value at end of 2023
	Balance at end of 2022	Additions	Disposals	Balance at end of 2023	Disposals	Amortization	
Land	\$ 70,500	\$ 202,555	\$ -	\$ 273,055	\$ -	\$ -	\$ 273,055
Social Housing Buildings	385,384	-	385,384	-	225,643	-	-
Infrastructure	688,139	828,938	-	1,517,077	(225,643)	38,887	637,041
Vehicles	2,780,283	-	-	2,780,283	-	94,243	1,049,996
Boats and equipment	98,723	30,076	31,998	96,801	8,374	9,638	60,859
Equipment	701,722	-	-	701,722	-	94,480	284,103
Playground	495,230	6,500	-	501,730	-	63,471	141,546
Computer equipment	43,200	-	-	43,200	-	-	-
	54,836	-	-	54,836	-	1,721	-
	\$ 5,318,017	\$ 1,068,069	\$ 417,382	\$ 5,968,704	\$ 8,374	\$ 302,440	\$ 2,446,600

	Cost			Accumulated amortization			Net book value at end of 2022
	Balance at end of 2021	Additions	Disposals	Balance at end of 2022	Disposals	Amortization	
Land	\$ 70,500	\$ -	\$ -	\$ 70,500	\$ -	\$ -	\$ 70,500
Social Housing Buildings	385,384	-	-	385,384	-	9,175	159,741
Infrastructure	688,139	-	-	688,139	-	18,834	72,633
Vehicles	2,780,283	-	-	2,780,283	-	94,243	1,144,239
Boats and equipment	63,144	43,994	8,415	98,723	525	21,112	64,045
Equipment	684,867	16,855	-	701,722	-	94,451	378,583
Playground	422,953	72,277	-	495,230	-	59,574	198,517
Computer equipment	43,200	-	-	43,200	-	-	-
	54,836	-	-	54,836	-	6,271	1,721
	\$ 5,193,306	\$ 133,126	\$ 8,415	\$ 5,318,017	\$ 525	\$ 303,660	\$ 2,089,979

During the year, the mortgage on Social Housing Phase II was paid out in full, and housing with the original cost of \$385,384 and the accumulated amortization of \$225,643 was transferred from Social Housing to Buildings.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

12. RESTRICTED SURPLUS

A portion of the surplus in financial assets is classified as restricted due to the surplus being committed to specific future expenses or recoverable by the relevant funding agencies. This restricted surplus is set out on page 20 of the consolidated financial statements.

13. CONTINGENT LIABILITY

The First Nation is no longer contingently liable with respect to a guarantee for the Social Housing loan with All Nations Trust Company as the Social Housing loan was fully paid off during the 2023 fiscal year.

14. BUDGET AMOUNTS

Unaudited budget figures have been provided for comparison purposes and have been derived from the estimates provided by the First Nation.

15. DEFINED CONTRIBUTION PENSION PLAN

Commencing January 1, 2018, the First Nation participates in a defined contribution pension plan for its eligible employees. The plan is administered by Manulife Financial and requires a minimum contribution by employees of 3% of their earnings. The First Nation contributes 4% of employees' earnings to the plan. During the year, the First Nation contributed \$14,508 to the plan. The plan is fully funded.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

16. EXPENSES BY OBJECT

	2023	2022
Accounting and administration	\$ 31,464	\$ 29,168
Amortization	302,440	303,660
Basic needs	50,355	17,117
Community support payments	226,187	201,274
Contracted services	337,282	329,150
Honoraria	19,000	16,000
Insurance	43,656	46,001
Legal fees	1,539,956	1,458,821
Other	91,228	53,888
Patient travel	22,750	22,831
Repairs and maintenance	58,342	67,892
Supplies	68,818	62,837
Support to families	12,599	40,252
Telephone	19,871	12,375
Training and workshops	26,591	23,392
Travel	96,326	45,262
Utilities	14,150	5,565
Wages and benefits	549,755	445,916
	\$ 3,510,770	\$ 3,181,401

17. SEGMENTED REPORTING

The First Nation provides a wide variety of services and programs to its members. These services and programs are reported under various funds as disclosed in note 1(a).

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

17. SEGMENTED REPORTING (continued)

PROGRAMS	Revenue	Expenses	Excess (Deficiency) of Revenue over Expenses	Fund Transfers	Program Transfers	Program Increase (Decrease)	Surplus (Deficit) at Beginning of Year	Surplus (Deficit) at End of Year
Operating Fund								
Administration	\$ 658,054	\$ 432,666	\$ 225,388	\$ (47,051)	\$ -	\$ 178,337	\$ (93,804)	\$ 84,533
Band services	2,750	46,064	(43,314)	-	-	(43,314)	(102,332)	(145,646)
Community operations	89,768	275,517	(185,749)	172,316	-	(13,433)	(542,966)	(556,399)
NRT - development elders	-	-	-	-	-	-	(8,426)	(8,426)
Skills training	193,358	40,288	153,070	-	-	153,070	-	153,070
Income assistance	16,380	16,380	-	-	-	-	-	-
UBCM Fire smart	62,851	62,809	42	-	-	42	(42)	-
Gaming revenue sharing	696,347	696,347	-	-	-	-	-	-
Emergency support	42,000	42,000	-	-	-	-	-	-
Residential school	1,896	1,896	-	-	-	-	-	-
NDN Collective	129,826	129,826	-	-	-	-	-	-
Mentor program	1,531	1,531	-	-	-	-	-	-
CFS prevention project	226,420	226,420	-	-	-	-	-	-
Emergency management	36,237	36,237	-	-	-	-	-	-
SD 84 - student support	5,000	5,000	-	-	-	-	-	-
Need base	4,015	4,015	-	-	-	-	-	-
P&ID leadership	25,150	25,150	-	-	-	-	-	-
Social development	17,117	36,481	(19,364)	-	-	(19,364)	25,086	5,722
Social development support	13,874	13,874	-	-	-	-	-	-
Education	69,243	69,243	-	-	-	-	3,509	3,509
Band owned housing	28,613	36,166	(7,553)	19,112	-	11,559	(1,369)	10,190
Health	121,325	133,342	(12,017)	-	-	(12,017)	399,829	387,812
Other health programs	111,342	111,342	-	-	-	-	-	-
Patient travel	20,854	20,854	-	-	-	-	(1,198)	(1,198)
Family services	62,000	62,000	-	-	-	-	(4,309)	(4,309)
Resource management	60,148	60,148	-	-	-	-	-	-
Family violence prevention	2,614	2,614	-	-	-	-	(1,924)	(1,924)
Fisheries	37,015	137,106	(100,091)	94,131	-	(5,960)	(267,114)	(273,074)
Ec. development - fisheries	119,899	59,783	60,116	-	-	60,116	662,273	722,389
Sport fishing charter	44,062	27,618	16,444	(3,144)	-	13,300	(1,057)	12,243
Economic development	91,944	672,196	(580,252)	(646,109)	-	(1,226,361)	2,762,086	1,535,725
PIER project	99,000	99,000	-	-	-	-	-	-
Recycling project	95,263	15,432	79,831	-	-	79,831	-	79,831
Job creation and training	-	-	-	-	-	-	(3,303)	(3,303)
Housing projects	122,328	27,469	94,859	-	-	94,859	(43,657)	51,202
Infrastructure	51,362	12,985	38,377	-	-	38,377	270,268	308,645
Tsunami preparedness	7,258	7,258	-	-	-	-	(3,273)	(3,273)
Emergency management	2,895	2,895	-	-	-	-	-	-
Immediate measures	12,043	12,043	-	-	-	-	-	-
Bridge replacement	-	-	-	-	-	-	(30,182)	(30,182)
Oyster farms	-	-	-	-	-	-	(115,388)	(115,388)
	3,381,782	3,661,995	(280,213)	(410,745)	-	(690,958)	2,902,707	2,211,749
Social Housing Fund								
Social Housing operations	12,228	13,733	(1,505)	62,248	(2,987)	57,756	(57,756)	-
Replacement reserve	-	-	-	(36,403)	2,987	(33,416)	33,416	-
	12,228	13,733	(1,505)	25,845	-	24,340	(24,340)	-
Treaty Fund	17,946	-	17,946	-	-	17,946	797,931	815,877
Enterprise Fund	347,378	-	347,378	-	-	347,378	1,475,358	1,822,736
Trust Fund	3,556	-	3,556	-	-	3,556	103,186	106,742
Subtotal	3,762,890	3,675,728	87,162	(384,900)	-	(297,738)	5,254,842	4,957,104
Less administration	(164,958)	(164,958)	-	-	-	-	-	-
Add capital transfers	-	-	-	384,900	-	384,900	1,845,703	2,230,603
TOTAL	\$ 3,597,932	\$ 3,510,770	\$ 87,162	\$ -	\$ -	\$ 87,162	\$ 7,100,545	\$ 7,187,707

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2023

17. SEGMENTED REPORTING (continued)

PROGRAMS	Surplus (Deficit) at Beginning of Year	Surplus (Deficit) at End of Year
RESTRICTED SURPLUS (DEFICIT):		
Social development	\$ 25,086	\$ 5,722
Housing projects	(43,657)	51,202
Infrastructure	270,268	308,645
Bridge replacement	(30,182)	(30,182)
Social Housing Fund	(24,340)	-
Treaty Fund	797,931	815,877
Trust Fund	103,186	106,742
TOTAL RESTRICTED SURPLUS	\$ 1,098,292	\$ 1,258,006