

**HALALT FIRST NATION
Financial Statements
Year Ended March 31, 2023**

HALALT FIRST NATION
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Year Ended March 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Halalt First Nation and all the information in this report are the responsibility of management and have been approved by the Chief and Council of Halalt First Nation.

The 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 Halalt First Nation Council 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 Band's assets are appropriately accounted for and adequately safeguarded.

The Halalt First Nation Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Uvision Professional Corporation, in accordance with Canadian public sector accounting standards (PSAS) Uvision Professional Corporation have full access to the Chief and Council.



James Stornes

Chief

Councilor



M. John

Councilor



J. August

Councilor

September 28, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of HALALT FIRST NATION

Report on the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the 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 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.

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Independent Auditor's Report to the Members of HALALT FIRST NATION (continued)

Auditor's 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.

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

Uvision

Victoria, British Columbia
September 28, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

HALALT FIRST NATION
Consolidated Statement of Financial Position
March 31, 2023

	2023	2022
ASSETS		
Cash and cash equivalents (Note 3)	\$ 3,349,638	\$ 3,200,053
Ottawa Trust Funds (Note 4)	59,773	57,528
Accounts receivable (Note 5)	721,115	816,107
Advances to related entity (Note 6)	5,200	4,000
Investment in First Nation business enterprise (Note 7)	<u>4,045,275</u>	<u>2,563,599</u>
	<u>8,181,001</u>	<u>6,641,287</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	741,685	330,860
Current portion of long term debt (Note 9)	76,092	73,556
Long term debt (Note 9)	815,944	888,444
Deferred revenue	<u>30,000</u>	-
	<u>1,663,721</u>	<u>1,292,860</u>
NET FINANCIAL ASSETS	<u>6,517,280</u>	<u>5,348,427</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	31,546	36,780
Tangible capital assets (Note 10)	<u>8,970,494</u>	<u>7,968,873</u>
	<u>9,002,040</u>	<u>8,005,653</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 15,519,320</u>	<u>\$ 13,354,080</u>
CONTINGENT LIABILITY (Note 12)		

Approved by Chief and Council

James Thomas
 Chief

 Councilor

Jaquith
 Councilor
M. M.
 Councilor

HALALT FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2023

	Budget 2023 (Unaudited)	2023	2022
REVENUES			
Indigenous Services Canada	\$ 2,532,687	\$ 2,498,048	\$ 3,748,504
Province of British Columbia	505,700	459,872	967,444
Rental income	130,970	141,335	149,759
Interest income	100,300	97,905	20,420
Other income	3,000,000	3,093,434	834,314
Other government funding	1,000,645	1,280,964	1,424,752
Canada Mortgage and Housing Corporation	219,758	219,693	14,191
Shellfish sales	338,329	338,329	188,187
Fisheries and Oceans Canada (DFO)	101,994	101,994	264,194
Ottawa Trust	2,246	2,246	1,557
	<u>7,932,629</u>	<u>8,233,820</u>	<u>7,613,322</u>
EXPENSES			
Community operating and administration	957,696	1,817,485	1,543,647
Education and employment	715,541	695,997	787,287
Community infrastructure (OM)	588,128	340,512	235,606
Social housing	63,401	927,455	406,275
Social service	446,534	623,591	526,512
Own resources	694,971	1,149,949	1,704,358
Economic development	763,421	36,354	194,800
Capital project	1,978,807	477,236	420,317
	<u>6,208,499</u>	<u>6,068,579</u>	<u>5,818,802</u>
ANNUAL SURPLUS	<u>\$ 1,724,130</u>	<u>\$ 2,165,241</u>	<u>\$ 1,794,520</u>

HALALT FIRST NATION
Consolidated Statement of Changes in Accumulated Surplus
Year Ended March 31, 2023

	2023	2022
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 13,354,080	\$ 11,559,560
ANNUAL SURPLUS	<u>2,165,241</u>	1,794,520
ACCUMULATED SURPLUS - END OF YEAR (Note 11)	<u>\$ 15,519,320</u>	\$ 13,354,080

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

	Budget 2023	2023	2022
ANNUAL SURPLUS	\$ 1,724,130	\$ 2,165,241	\$ 1,794,520
Additions to capital assets	(1,540,206)	(1,543,206)	(1,148,916)
Proceeds on disposal of equipment	67,720	67,720	-
Decrease (increase) in prepaid expenses	5,000	5,235	(21,271)
Amortization of tangible capital assets	473,864	473,864	367,944
Prior year adjustment	-	-	31,270
	(993,622)	(996,387)	(770,973)
INCREASE IN NET FINANCIAL ASSETS	730,508	1,168,854	1,023,547
NET FINANCIAL ASSETS - BEGINNING OF YEAR	4,324,880	5,348,427	4,324,880
NET FINANCIAL ASSETS - END OF YEAR	\$ 5,055,388	\$ 6,517,281	\$ 5,348,427

HALALT FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 2,165,241	\$ 1,794,520
Items not affecting cash:		
Amortization of property, plant and equipment (Note 10)	473,864	367,943
Loss on disposal of property, plant and equipment	<u>67,720</u>	-
	2,706,825	2,162,463
Changes in non-cash working capital:		
Accounts receivable	94,992	(225,301)
Accounts payable and accrued liabilities	444,380	(357,684)
Prepaid expenses	5,234	(21,271)
Wages payable	(33,555)	12,355
Deferred revenue	30,000	(1,604,499)
Ottawa Trust Funds	(2,245)	(1,558)
Adjustment	-	31,270
	538,806	(2,166,688)
Cash flow from (used by) operating activities	3,245,631	(4,225)
INVESTING ACTIVITIES		
Additions to capital assets	(1,543,206)	(1,148,916)
Long term investments	<u>(1,481,676)</u>	62,649
Cash flow used by investing activities	(3,024,882)	(1,086,267)
FINANCING ACTIVITIES		
Advances from related parties	(1,200)	(4,000)
Repayment of long term debt	<u>(69,964)</u>	(67,177)
Cash flow used by financing activities	(71,164)	(71,177)
INCREASE (DECREASE) IN CASH FLOW	149,585	(1,161,669)
Cash - beginning of year	3,200,053	4,361,722
CASH - END OF YEAR	\$ 3,349,638	\$ 3,200,053

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2023

1. NATURE OF OPERATIONS

Halalt First Nation (the "First Nation") is located in the province of British Columbia, and its principal purpose is to provide services to its band members. Halalt First Nation includes the First Nation's members, government and all the related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity and basis of consolidation

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

(a) **Consolidated entities:**

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation's business enterprises and First Nation business partnerships. The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Halalt First Nation Government Administration
- Halalt First Nation Ottawa Trust Funds
- Halalt First Nation Canada Mortgage and Housing Corporation (CMHC) Housing Program Fund

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

(b) **Investment in government business enterprises and partnerships:**

Government business enterprises (GBE), owned or controlled by the First Nation but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified method. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

Government business partnerships (GBP), jointly owned and controlled by the First Nation and not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Under the modified equity method, the equity method of accounting is modified only to the extent that business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

The First Nation's government business enterprise investment consists of the following, with a 100% interest:

- 1241478 BC LTD
- Halalt Corporate Holdings LTD
- VIG Projects BC GP LTD
- Halalt Shellfish Development Corporation

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HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The First Nation's government business enterprise investment consists of the following, with 99.9% interest:

- Halalt Logging Contracting Limited Partnership
- VIG Projects BC Limited Partnership

(c) Investments that are accounted for using the cost basis of accounting:

Investments in entities in which the First Nation does not control individually or jointly are recorded at acquisition cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value. Investments in entities in which the First Nation does not control but has joint control or significant influence in operations are accounted for, similar to government business partnerships, using the modified equity method.

- Hul'q'umi'num Fisheries Limited Partnership
- BC First Nations Gaming Revenue Sharing Limited Partnership

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short term cash commitments.

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

Tangible capital assets are recorded at cost or deemed cost less accumulated amortization and are amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Buildings	20 years	straight-line method
Social Housing (CMHC)	20 years	straight-line method
Infrastructure	25 years	straight-line method
Equipment	10 years	straight-line method
Motor vehicles	10 years	straight-line method
Boats	5 years	straight-line method
Machinery	5 years	straight-line method

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

Tangible capital assets under construction, development or acquired during the year but not placed into use are not amortized until they are available to be put into service.

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

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HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2023

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

Funds held in trust

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Funds are owned by the First Nation but administered by the Government of Canada. The Ottawa Trust Funds are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

Reserve funds

Reserve funds represent the replacement and operating reserve funds required under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC).

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenue recognition

The First Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Government transfers and grant revenue are recognized as revenues when the transfer is authorized and all eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

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

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

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets.

Measurement uncertainty

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

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HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments consist of cash, investments, accounts receivable, bank indebtedness, accounts payable and accruals, and long-term debt. It is management's opinion that the First Nation is not exposed to significant currency or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate risk on its loans with fixed interest rates and on its investment portfolio consisting partially of fixed income securities.

Segments

The First Nation conducts its business through a number of operating segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

3. CASH AND CASH EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$4,260 (2022 - \$4,260) annually. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement and Operating Fund.

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Operating Reserve account is to be credited with any surplus amount in phase I to III, based on the minimum rent calculation. The Operating Reserve fund has not been fully funded.

	2023	2022
Unrestricted - Operating	\$ 3,093,867	\$ 3,075,600
Restricted - CMHC Replacement Reserve	<u>255,771</u>	<u>124,453</u>
	<u>\$ 3,349,638</u>	<u>\$ 3,200,053</u>

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2023

4. OTTAWA TRUST FUNDS

	Opening	Additions	Withdrawals	2023	2022
Capital Trust	\$ 28,999	\$ -	\$ -	\$ 28,999	\$ 28,999
Revenue Trust	28,529	2,245	-	30,774	28,529
	\$ 57,528	\$ 2,245	\$ -	\$ 59,773	\$ 57,528

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.

5. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable	\$ 607,673	\$ 575,249
Indigenous Services Canada	56,435	237,255
Rents receivable	32,798	2,420
CMHC other receivable	23,000	-
CMHC subsidy	1,209	1,183
	\$ 721,115	\$ 816,107

6. ADVANCES TO RELATED ENTITY

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

	2023	2022
HLC General Partner Ltd	\$ 5,200	\$ 4,000

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2023

7. INVESTMENT IN FIRST NATION BUSINESS ENTERPRISES

	2023	2022
1241478 BC LTD	\$ 2,274,353	\$ 2,265,627
Hul'q'umi'num Fisheries Limited Partnership	5,000	5,000
Halalt Logging Contracting Limited Partnership	1,767,053	291,103
Halalt Corporate Holdings Ltd	(1,241)	1,759
BC First Nations Gaming Revenue Sharing LP	110	110
	\$ 4,045,275	\$ 2,563,599

	Halalt	Halalt Logging	2023	2022
	Corporate	Contracting Limited		
	LTD	Holdings LTD		
Total assets	\$ 2,291,180	\$ 1	2,217,843	\$ 4,509,024
Total liabilities	2,268,320	7,500	141,363	\$ 2,417,183
	22,860	(7,499)	2,076,480	2,091,841
Total revenues	\$ 137,746	\$	2,488,380	\$ 2,626,126
Total expenses	129,037	2,500	694,282	\$ 825,819
Net income (loss)	8,709	(2,500)	1,794,098	1,800,307
				(82,909)

The financial information for 1241478 BC LTD provided in this note is for the period ended March 31, 2023, with comparative information for the year ended March 31, 2022.

The financial information for Halalt Corporate Holdings LTD in this note is for the period ended December 31, 2022, with comparative information for the year ended December 31, 2021. There have been no significant events or transactions in the period.

The financial information for Halalt Logging Contracting Limited Partnership provided in this note is for the period ended December 31, 2022, with comparative information for the year ended December 31, 2021.

The financial information for VIG Projects BC GP LTD, VIG Projects BC Limited Partnership and Halalt Shellfish Development Corporation is not available on the date of the audit report. There have been no significant events or transactions in the period.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Accounts payable and accrued liabilities	\$ 726,026	\$ 281,646
Wages payable	15,659	49,214
	\$ 741,685	\$ 330,860

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2023

9. LONG TERM DEBT

	2023	2022
BMO loan bearing interest at 5.4% per annum, repayable in monthly blended payments of \$6,835. The loan matures on February 29, 2024 and is secured by Guarantee for On-Reserve Housing Loan Program (ORHLP).	\$ 645,746	\$ 691,563
CMHC Phase 1 loan bearing interest at 3.81% per annum, repayable in monthly blended payments of \$804. The loan matures on January 1, 2028 and is secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phase I housing units.	42,557	50,766
CMHC Phase 2 loan bearing interest at 2.5% per annum, repayable in monthly blended payments of \$508. The loan matures on June 1, 2033 and is secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phase II housing units.	55,101	59,763
CMHC Phase 3 loan bearing interest at 0.68% per annum, repayable in monthly blended payments of \$1,027. The loan matures on October 1, 2035 and is secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phase III housing units.	<u>148,632</u>	<u>159,908</u>
Amounts payable within one year	<u>892,036</u>	<u>962,000</u>
	<u>(76,092)</u>	<u>(73,556)</u>
	<u>\$ 815,944</u>	<u>\$ 888,444</u>

Principal repayment terms are approximately:

2024	\$ 76,300
2025	78,500
2026	81,900
2027	84,800
Thereafter	<u>570,536</u>
	<u>\$ 892,036</u>

10. PROPERTY, PLANT AND EQUIPMENT

Cost	2022	2023		
	Balance	Additions	Disposals	Balance
Social Housing	\$ 799,012	\$ -	\$ -	\$ 799,012
Band Housing	568,265	-	-	568,265
Infrastructure	630,138	-	-	630,138
Office Equipment	132,809	-	-	132,809
Vehicles	173,000	13,535	-	186,535
Gym	1,242,661	-	-	1,242,661
Waterline	6,937,552	115,896	-	7,053,448
Boats	256,500	62,063	-	318,563

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HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2023

10. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Cost</u>	2022 Balance	Additions	Disposals	2023 Balance
Machinery & Equip Under Construction	127,551 20,600	11,036 1,340,676	75,246 -	63,341 1,361,276
	\$ 10,888,088	\$ 1,543,206	\$ 75,246	\$ 12,356,048
<u>Accumulated Amortization</u>	2022 Balance	Amortization	Accumulated Amortization on Disposals	2023 Balance
Social Housing	\$ 333,362	\$ 39,951	\$ -	\$ 373,313
Band Housing	568,265	-	-	568,265
Infrastructure	292,500	25,205	-	317,705
Office Equipment	127,074	717	-	127,791
Vehicles	76,675	11,600	-	88,275
Gym	519,364	49,706	-	569,070
Waterline	940,570	279,820	-	1,220,390
Boats	48,650	55,300	-	103,950
Machinery & Equip Under Construction	12,755	11,565	7,525	16,795
	\$ 2,919,215	\$ 473,864	\$ 7,525	\$ 3,385,554
<u>Net book value</u>			2023	2022
Social Housing			\$ 425,699	\$ 465,650
Infrastructure			312,433	337,638
Office Equipment			5,018	5,735
Vehicles			98,260	96,325
Gym			673,591	723,297
Waterline			5,833,058	5,996,982
Boats			214,613	207,850
Machinery & Equip Under Construction			46,546	114,796
			1,361,276	20,600
			\$ 8,970,494	\$ 7,968,873

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2023

11. ACCUMULATED SURPLUS

The First Nation segregates its accumulated surplus into the following categories:

	2023	2022
Community Operation and Band Admin	\$ 8,407,192	\$ 7,006,282
Education and Employment	268,015	207,512
Community Infrastructure	66,703	64,353
Social Housing	353,497	453,654
Social Services	205,121	19,706
Own Resource	1,185,759	1,223,608
Economic Development	1,320,019	1,297,589
Capital Project	1,547,773	1,286,856
Annual Surplus (deficit)	<u>2,165,241</u>	<u>1,794,520</u>
	<u>\$ 15,519,320</u>	<u>\$ 13,354,080</u>

12. CONTINGENT LIABILITY

The First Nation has a contingent liability of \$606,300 for various on-reserve housing loan guarantees.

The First Nation has a contingent liability of \$837,257 with Bank of Montreal for various on-reserve housing loan programs.

13. INDIGENOUS SERVICES CANADA FUNDING RECONCILIATION

	2023	2022
Revenue per confirmation	\$ 2,662,687	\$ 2,144,005
Deferred capital recognized	-	1,604,499
ISC Recovery - Prior Years	<u>(164,639)</u>	-
	<u>\$ 2,498,048</u>	<u>\$ 3,748,504</u>

14. ECONOMIC DEPENDENCE

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

15. BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of Halalt First Nation. The budget figures were not audited nor reviewed but compiled from information provided by management.

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

HALALT FIRST NATION
Notes to the Consolidated Financial Statements
Year Ended March 31, 2023

17. SEGMENTS

Halalt First 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 objectives in accordance with specific regulations, restrictions or limitations.

Band administration - Includes government activities of Chief and Council, band support and membership. It oversees the delivery of all government services including ensuring that adequate policies and procedures are in place to safeguard assets and to properly report financial activities.

Education and training - Includes activities that provide education to the First Nation members. This includes support for primary, secondary schooling, reimbursement of tuition costs and living and other allowances to students who are attending post-secondary institutions.

Community Infrastructure - Contains all activities that relate to the maintenance of buildings, roads, infrastructure, and land of the First Nation.

Social housing - Includes activities related to the provision of Band owned housing to the members of the First Nation and CMHC program housing to the members of the First Nation.

Capital projects - Includes major capital projects and activities occurring in the First Nation during the year.

Social services - Provides financial benefits and services to individuals and families, resident on reserve and off reserve, who are in need.

Own source - Includes management activities related to all reserve lands.

Economic development - Provides a number of services including providing guidance to Band and Council around natural resource matters and managing referrals, as well as project funding related to natural resources and the environment.

HALALT FIRST NATION
Expenses by Object
Year Ended March 31, 2023

(Schedule 1)

	2023	2022
Accounting and legal	\$ 280,768	\$ 325,985
Amortization	473,864	367,944
Consulting/Contract services	1,232,436	615,415
Distributions to citizens	183,598	122,849
Education	466,127	530,003
Honoraria	56,954	47,300
Insurance	69,621	144,172
Interest (recovery)	39,831	42,569
Miscellaneous	222,005	334,947
IT & Programming	11,157	15,342
Repairs and maintenance	628,857	538,441
Supplies	904,629	1,048,374
Telephone and utilities	226,171	199,388
Travel and training	59,064	100,795
Wages and benefits	1,199,009	1,178,582
Emergency	14,488	206,696
	\$ 6,068,579	\$ 5,818,802