

LYACKSON FIRST NATION
Financial Statements
Year Ended March 31, 2023

LYACKSON FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

The financial statements have been audited on behalf of the members by PALMER LESLIE, Chartered Professional Accountants, in accordance with Canadian public sector accounting standards (PSAS).



Chief



Councilor



Councilor

Councilor

Chemainus, BC
November 14, 2023



Tammy Leslie, C.P.A., C.G.A., C.A.*

Lori John, C.P.A., C.G.A.*

Jaime Court, C.P.A.*

Sarah Brimacombe, C.P.A.*

*A professional corporation.

INDEPENDENT AUDITOR'S REPORT

To the Members of Lyackson First Nation

Report on the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2023, and the results of its operations and 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 organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of Lyackson 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 organization'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 organization'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 organization 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.



Duncan, British Columbia
November 14, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

Exhibit "A"


**LYACKSON FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Financial Assets | | |
| Cash | \$ 2,361,314 | \$ 2,268,732 |
| Restricted cash (Note 3) | 1,538,641 | 1,334,253 |
| Term deposits (Note 4) | 1,600,000 | 1,100,000 |
| Accounts and accrued interest receivable (Note 5) | 1,222,776 | 658,728 |
| Investment (Note 16) | 281,683 | 280,857 |
| GST recoverable | 4,030 | 2,884 |
| | <u>7,008,444</u> | <u>5,645,454</u> |
| Liabilities | | |
| Accounts payable | 257,190 | 206,672 |
| Wages & benefits payable | 95,460 | 90,981 |
| Deferred revenue (Note 6) | 1,891,450 | 1,223,773 |
| | <u>2,244,100</u> | <u>1,521,426</u> |
| Net financial assets - Exhibit "B" | <u>4,764,344</u> | <u>4,124,028</u> |
| Non-Financial Assets | | |
| Tangible Capital Assets (Note 7) | 692,031 | 629,622 |
| Share capital (Note 8) | 110 | 110 |
| Prepaid expenses | 237,310 | 21,315 |
| | <u>929,451</u> | <u>651,047</u> |
| Accumulated Surplus - Exhibit "C" | <u>\$ 5,693,795</u> | <u>\$ 4,775,075</u> |

Approved on behalf of the Lyackson First Nation



Chief



Councilor



Councilor

Councilor

Exhibit "B"

**LYACKSON FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2023**

| | Budget (unaudited) | 2023 | 2022 |
|--|-----------------------|---------------------|---------------------|
| Excess of revenue over expenditures - Exhibit "C" | \$ (655,509) | \$ 918,720 | \$ 1,186,627 |
| Acquisition of assets | (532,905) | (187,975) | (412,681) |
| Loss on disposal of assets | - | 3,886 | 2,398 |
| Amortization of assets | 10,000 | 121,681 | 108,465 |
| Use of prepaid asset | <u>-</u> | <u>(215,995)</u> | <u>24,670</u> |
| (Increase)/Decrease in net financial assets | (1,178,414) | 640,316 | 909,479 |
| Net financial assets at beginning of year | <u>4,124,028</u> | <u>4,124,028</u> | <u>3,214,549</u> |
| Net assets, end of year - Exhibit "A" | <u>\$ 2,945,614</u> | <u>\$ 4,764,344</u> | <u>\$ 4,124,028</u> |

LYACKSON FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2023

| | Budget (unaudited) | 2023 | 2022 |
|---|-----------------------|---------------------|---------------------|
| Revenue | | | |
| BC Special | \$ - | \$ 487 | \$ 480 |
| Band Administration | 24,000 | 91,192 | 21,567 |
| BC Oil & Gas Commission | - | - | 5,000 |
| BC First Nation Gaming Revenue Sharing | 302,500 | 78,951 | 38,925 |
| BC Hydro | 2,500 | - | - |
| BC Wetland Federation | - | - | 4,456 |
| Children and Family Development | 30,000 | 30,000 | 30,000 |
| Coast Salish Employment & Training Society | 98,334 | 98,274 | 103,477 |
| Delta Port 4 | 217,140 | 217,140 | 5,000 |
| Department of Fisheries and Oceans | 118,648 | 102,524 | 137,693 |
| First Nation Education Steering Committee | 7,286 | 7,286 | 741 |
| First Nations Health Authority | 31,250 | 17,000 | 50,000 |
| Fortis BC Tilbury LNG | 163,651 | 56,100 | 64,700 |
| General Referrals | 21,465 | 43,182 | - |
| George Massey Crossing | 87,000 | 10,000 | - |
| H'ulh'etun Health Society | 1,250 | 1,000 | 3,007 |
| Hul'qumi'num Treaty Group | 239,950 | 239,950 | 239,950 |
| Indigenous Services Canada | 360,687 | 385,177 | 591,734 |
| Interest income | 27,700 | 38,042 | 23,180 |
| Island Trust | - | - | 2,000 |
| Kw'umut Lelum Child & Family Service | - | - | 5,967 |
| New Relationship Trust | 10,000 | - | 10,000 |
| Parks Canada | 256,683 | 133,523 | 130,896 |
| Pattullo Bridge Replacement | - | - | 20,000 |
| Port of Vancouver | 18,000 | 19,000 | 35,000 |
| Province of B.C. | 127,487 | 204,487 | 162,487 |
| Quw'utsun Nation ILA - Fortis BC Tilbury | 910,000 | 226,851 | - |
| Roberts Bank Terminal 2 | - | 1,841 | 95,000 |
| Sandstone Quarry | 25,000 | 21,544 | 29,364 |
| Specific Claims | 163,026 | 163,026 | 52,200 |
| Traditional Foods | - | - | 29,276 |
| Transmountain Accomodation | 896,028 | 874,780 | 1,018,087 |
| Transmountain Consultations | 10,000 | 10,000 | 4,549 |
| Vancouver Airport Fuel Facilities Corporation | - | - | 6,250 |
| Gain (loss) on disposal of assets | - | (3,886) | (2,398) |
| | <u>4,149,585</u> | <u>3,067,471</u> | <u>2,918,587</u> |
| Expenditures | | | |
| Operating Fund (Schedule 1) | 4,805,094 | 2,148,751 | 1,691,560 |
| Trust Fund member distributions | - | - | 40,400 |
| | <u>4,805,094</u> | <u>2,148,751</u> | <u>1,731,960</u> |
| Excess of revenue over expenditures - Exhibits "B" & "D" | (655,509) | 918,720 | 1,186,627 |
| Surplus at beginning of year | <u>4,775,075</u> | <u>4,775,075</u> | <u>3,588,448</u> |
| Surplus at end of year - Exhibit "A" (Note 9) | <u>\$ 4,119,566</u> | <u>\$ 5,693,795</u> | <u>\$ 4,775,075</u> |

Exhibit "D"

**LYACKSON FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023**

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Operating transactions | | |
| Excess of revenue over expenditures - Exhibit "B" | \$ 918,720 | \$ 1,186,627 |
| Non-cash items included in annual surplus/(deficit) | | |
| Amortization of tangible capital assets | 121,681 | 108,465 |
| Loss on sale of assets | <u>3,886</u> | <u>2,398</u> |
| | 1,044,287 | 1,297,490 |
| Change in non-cash working capital balances | | |
| Accounts receivable | (564,048) | (433,734) |
| GST recoverable | (1,146) | (2,257) |
| Prepaid expenses | (215,995) | 24,671 |
| Accounts payable | 50,517 | 145,030 |
| Wages & benefits payable | 4,479 | 20,351 |
| Deferred revenue | <u>667,677</u> | <u>238,837</u> |
| Cash provided by operating transactions | 985,771 | 1,290,388 |
| Capital transactions | | |
| Investment (Note 16) | (826) | (280,857) |
| Acquisition of tangible capital assets | <u>(187,975)</u> | <u>(412,681)</u> |
| | <u>(188,801)</u> | <u>(693,538)</u> |
| Increase (decrease) in cash and cash equivalents | 796,970 | 596,850 |
| Cash and cash equivalents, beginning of year | <u>4,702,985</u> | <u>2,772,882</u> |
| Cash and cash equivalents, end of year | <u>\$ 5,499,955</u> | <u>\$ 3,369,732</u> |
| Represented by: | | |
| Cash | \$ 2,361,314 | \$ 2,268,732 |
| Restricted cash | 1,538,641 | 1,334,253 |
| Term Deposit | <u>1,600,000</u> | <u>1,100,000</u> |
| | <u>\$ 5,499,955</u> | <u>\$ 4,702,985</u> |

LYACKSON FIRST NATION
Notes to Financial Statements
Year Ended March 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Framework

These summarized financial statements are prepared in accordance with Canadian Public Sector Accounting Standards for Governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, which encompasses the following principles:

Budget Information

The budget figures were not audited nor reviewed, but compiled from information provided by First Nation Management.

Tangible capital assets

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are funded by the applicable revenue source in the year of acquisition. These expenditures are also recorded as an addition to the assets of the Capital Fund with a corresponding increase in Equity in Capital Assets.

Tangible Capital Assets are amortized annually with a corresponding reduction in Equity in Capital Assets. Assets are amortized over their expected useful life using the declining balance method at the following rates:

| | | |
|--------------------------|----------|--------------------------|
| Computer Equipment | 55% | declining balance method |
| Computer Software | 50% | declining balance method |
| Furniture & Fixtures | 20% | declining balance method |
| Housing, Trailer & Other | 10% | declining balance method |
| Office Equipment | 20% | declining balance method |
| Roads | 30 years | straight-line method |
| Vehicles | 30% | declining balance method |
| Yurts | 4% | declining balance method |
| Water/Sewer System | 4% | declining balance method |

Fund accounting

The Lyackson First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual, or voluntary actions. The various funds have been amalgamated for the purposes of presentation in the summary financial statements

These financial statements report on the assets, liabilities and results of operations for the following entities which use accounting principles that lend themselves to consolidation:

The Operating Fund reports the general and local Government activities of the First Nation Administration.

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

Reporting Entity Principles of Financial Reporting

These summary financial statements report only on the activities of the Lyackson First Nation.

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LYACKSON FIRST NATION
Notes to Financial Statements
Year Ended March 31, 2023

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

Revenue recognition

Lyackson First Nation follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Public Sector Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

Net Assets

The First Nation's financial statements are presented so as to highlight net assets as the measurement of financial position. The net assets of the First Nation are determined by its liabilities less its financial assets. Net assets are comprised of two components, non-financial assets and accumulated surplus.

2. TRANSFERS

All transfers between funds have been approved by the Council with an appropriate Band Council Resolution having been affected where required.

3. 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. They 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.

BC First Nations Gaming Revenue Sharing:

The BC First Nations Gaming Revenue Sharing restricted cash balance arise from funds to be used for approved purposes from the BC First Nations Gaming Revenue Sharing Limited Partnership Agreements.

| | 2023 | 2022 |
|---|----------------------------|----------------------------|
| Ottawa Trust Fund – revenue account | \$ 303,360 | \$ 264,824 |
| Ottawa Trust Fund – capital account | 973,831 | 945,656 |
| Subtotal | 1,277,191 | 1,210,480 |
| BC First Nations Gaming Revenue Sharing | 261,450 | 123,773 |
| | <u>\$ 1,538,641</u> | <u>\$ 1,334,253</u> |

LYACKSON FIRST NATION
Notes to Financial Statements
Year Ended March 31, 2023

4. TERM DEPOSITS

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Restricted Term deposit @ 3.45% to mature September 14, 2023 | \$ 500,000 | \$ - |
| Restricted Term deposit @ 3.45% to mature September 14, 2023 | 500,000 | - |
| Restricted Term deposit @ 1.75% to mature January 6, 2024 | 600,000 | - |
| Restricted Term deposit @ 0.50% to mature July 23, 2022 | - | 500,000 |
| Restricted Term deposit @ 0.50% to mature January 6, 2023 | - | 600,000 |
| | \$ 1,600,000 | \$ 1,100,000 |

5. ACCOUNTS AND ACCRUED INTEREST RECEIVABLE

| | 2023 | 2022 |
|---|---------------------|-------------------|
| Operating Fund | | |
| Accrued Interest on Term Deposits, Unrestricted | \$ 21,132 | \$ - |
| BC Environmental Assessment Office | - | 10,000 |
| BC Hydro | 2,500 | - |
| Birds Canada | - | 1,662 |
| Cando | 1,509 | - |
| Coast Salish Employment & Training | 9,773 | 63,043 |
| First Nations Education Steering | 3,678 | - |
| First Nations Fisheries Council | 2,260 | - |
| First Nations Fisheries Society | 1,200 | - |
| First Nations Health Authority | 2,063 | 40,000 |
| Fortis BC | 212,100 | 7,500 |
| Government of Canada | 197,229 | 51,309 |
| Government of Canada - NRCAN | 12,100 | 54,839 |
| Government of Canada - DFO | 485,639 | 139,002 |
| Hardy Island Granite | 1,454 | 8,086 |
| Hul'qumi'num Fisheries Limited Partnership | 300 | 5,500 |
| Hul'qumi'num Treaty Group | 59,988 | 87,488 |
| H'ulth-etun Health Society | 1,000 | - |
| Indigenous Services Canada | 5,230 | 90,297 |
| Island Trust | - | 2,852 |
| Kw'umut Lelum Child & Family Service | 10,217 | 10,217 |
| New Relationship Trust | 5,000 | 15,000 |
| Parks Canada | 135,279 | 22,933 |
| Port of Vancouver | 16,841 | 4,000 |
| Province of BC | 25,127 | 45,000 |
| Trans Link | 2,500 | - |
| Vancouver Fraser Port Authority | 7,000 | - |
| Other accruals | 1,657 | - |
| | \$ 1,222,776 | \$ 658,728 |

The First Nation recorded Allowance for Doubtful Accounts of \$nil in the current year (2022 - \$nil).

LYACKSON FIRST NATION
Notes to Financial Statements
Year Ended March 31, 2023

6. DEFERRED REVENUE

Deferred revenue consists of gaming revenues received from the BC First Nations Gaming Revenue Sharing Limited Partnership that remain unspent of \$1,861,450 (2022 - \$1,223,773) and program funding received that will not be earned until the next fiscal year of \$30,000 (2022 - \$nil).

| | 2023 | 2022 |
|----------------------------|----------------------------|---------------------|
| Balance, beginning of year | \$ 1,223,773 | \$ 957,469 |
| Revenue received | 746,628 | 305,229 |
| Revenue recognized | (78,951) | (38,925) |
| Balance, end of year | <u>\$ 1,891,450</u> | <u>\$ 1,223,773</u> |

7. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated amortization | 2023 Net book value |
|-----------------------------|----------------------------|-----------------------------|------------------------------------|
| Housing, Trailers and other | \$ 236,817 | \$ 116,437 | \$ 120,380 |
| Office Equipment | 142,423 | 85,591 | 56,832 |
| Motor vehicles | 174,204 | 101,888 | 72,316 |
| Computer equipment | 150,345 | 120,549 | 29,796 |
| Computer software | 49,250 | 45,746 | 3,504 |
| Furniture and fixtures | 60,032 | 38,614 | 21,418 |
| Boats | 371,526 | 139,514 | 232,012 |
| Yurts | 182,688 | 72,417 | 110,271 |
| Roads | 32,655 | 8,165 | 24,490 |
| Water Systems | 26,121 | 5,111 | 21,012 |
| | <u>\$ 1,426,061</u> | <u>\$ 734,032</u> | <u>\$ 692,031</u> |

| | Cost | Accumulated amortization | 2022 Net book value |
|-----------------------------|----------------------------|-----------------------------|------------------------------------|
| Housing, Trailers and other | \$ 165,729 | \$ 107,010 | \$ 58,719 |
| Office Equipment | 107,267 | 76,772 | 30,495 |
| Motor vehicles | 173,922 | 117,796 | 56,126 |
| Computer equipment | 131,677 | 102,093 | 29,584 |
| Computer software | 45,002 | 44,366 | 636 |
| Furniture and fixtures | 54,306 | 35,182 | 19,124 |
| Boats | 328,165 | 55,557 | 272,608 |
| Yurts | 182,687 | 67,819 | 114,868 |
| Roads | 32,655 | 7,075 | 25,580 |
| Water Systems | 26,121 | 4,236 | 21,885 |
| | <u>\$ 1,247,531</u> | <u>\$ 617,906</u> | <u>\$ 629,625</u> |

The First Nation recorded Amortization of \$121,683 in the current year (2022 - \$108,465).

LYACKSON FIRST NATION
Notes to Financial Statements
Year Ended March 31, 2023

8. SHARE CAPITAL

BC First Nations Gaming Revenue Sharing Limited Partnership - Price/Partnership Interest \$100
BC First Nations Gaming Revenue Sharing General Partner - Price/Share \$10

9. ACCUMULATED SURPLUS

| | <u>2023</u> | <u>2022</u> |
|-----------------------------|---------------------|---------------------|
| Restricted Trust Fund | \$ 1,277,191 | \$ 1,210,480 |
| Unrestricted Operating Fund | <u>4,416,604</u> | <u>3,564,595</u> |
| | <u>\$ 5,693,795</u> | <u>\$ 4,775,075</u> |

10. OPERATING LEASE

The First Nation entered into a office rental lease of \$2,800 per month on October 1, 2021, on a month to month basis. Rental lease payments were reduced to \$1,244 for the months of May 2022 through March 2023, due to the basement flooding in the prior fiscal year.

11. RESTRICTED EQUITY IN FINANCIAL ASSETS

Certain program surpluses are restricted as to their use. They may be committed to the continuation of the particular program, subject to recovery by the applicable funding agency, or generally accessible for limited purposes only and not available for use in general operations.

12. GOING CONCERN CONSIDERATIONS

The First Nation is economically dependent on the Indigenous Services Canada (ISC, formerly INAC) and other government agencies. The funding to the First Nation is expected to last in the foreseeable future, however, if funding is lost, the First Nation could not continue its full operations.

13. COMPARATIVE FIGURES

Certain prior year balances have been reclassified to conform to the current presentation's format.

14. FINANCIAL INSTRUMENTS

The First Nation's financial instruments consist of cash, accounts receivable, term deposits, accounts payable and accrued, and security deposits. It is the council's opinion that the First Nations is not exposed to significant credit risk, market risk or currency risk arising from these financial instruments as of March 31, 2023.

(continues)

LYACKSON FIRST NATION
Notes to Financial Statements
Year Ended March 31, 2023

14. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

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 organization manages exposure through its normal operating and financing activities.

The exposure of the First Nations to interest rate risk arises from its interest bearing term deposit. The First Nations manages its exposure to interest rate risk through contracts stating the guaranteed rate. Fluctuations in market rates of interest on the term deposits do not have a significant impact on the First Nations's results of operations.

15. CONTINGENT ASSETS

We have noted that in the upcoming years, the following projects will have payment contingencies to be paid to the First Nation, so long as the Project Developers and First Nation meet Agreement terms.

| | 2023 | Contingent Payments |
|---------------------------------|---------------------|------------------------|
| <u>Project</u> | | |
| Trans Mountain Pipeline LP | \$ 900,000 | \$ 900,000 |
| Vancouver Fraser Port Authority | 900,000 | 900,000 |
| | <u>\$ 1,800,000</u> | <u>\$ 1,800,000</u> |

In 2023 the contingent payments balance was \$1,800,000 (2022 - \$1,800,000).

16. INVESTMENTS

1252729 B.C. Ltd. (the company) was incorporated on June 3, 2020 under the Business Corporations Act of B.C. The company was set up to hold acquired land on behalf of the First Nation.

Financial Position

| | 2023 | 2022 |
|-----------------------|-------------------|-------------------|
| Total Assets (a) | <u>\$ 280,920</u> | <u>\$ 280,920</u> |
| Total Liabilities (b) | \$ 281,683 | \$ 280,857 |
| Shareholders' Equity | (763) | 63 |
| | <u>\$ 280,920</u> | <u>\$ 280,920</u> |

(a) 1252729 B.C. Ltd. has purchased a fee simple property in British Columbia.

(b) Amount invested by the Lyackson First Nation.

(continues)

LYACKSON FIRST NATION
Notes to Financial Statements
Year Ended March 31, 2023

16. INVESTMENTS *(continued)*

Results of Operations

| | <u>2023</u> | <u>2022</u> |
|----------|-------------|-------------|
| Expenses | \$ (826) | \$ (37) |

Cash Flows

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|-------------|-------------|
| Cash from operations | \$ (826) | \$ (37) |
| Cash used in financing activities | | |
| Capital expenditures | - | (280,820) |
| Advances from Lyackson First Nation | 826 | 280,857 |
| | <u>\$ -</u> | <u>\$ -</u> |

17. RELATED PARTY TRANSACTIONS

On October 20, 2022, Quw'utsun Nation (comprised of Cowichan Tribes, Halalt First Nation, Penelakut Tribe, Lyackson First Nation, and Stz'uminus First Nation) entered into a joint capacity funding agreement with Fortis BC, for the purpose of conducting an Indigenous Lead Assessment on the impacts of the proposed Tilbury Phase 2 LFN Expansion Project, to Quw'utsun Nation's rights, title and interests. As per Article 5 of the agreement, Quw'utsun Nation members authorize Lyackson First Nation to receive all funding and manage distribution of all payments related to the project.

The funding agreement is for a total \$910,000, of which \$150,000 is included in accounts receivable. The First Nation accrued expenditures related to the project of \$154,492 in the current year.

LYACKSON FIRST NATION

Expenses

(Schedule 1)

Year Ended March 31, 2023

| | Budget | 2023 | 2022 |
|-------------------------------|--------------|--------------|--------------|
| Expenses | | | |
| Amortization | \$ 10,000 | \$ 121,681 | \$ 108,465 |
| Bank charges and interest | 500 | 3,370 | 2,845 |
| Boat expense | 30,423 | 12,542 | 15,322 |
| Consulting fees | 1,752,005 | 487,110 | 328,685 |
| Donations | 1,400 | 81 | 654 |
| Education recognition | 13,000 | 12,445 | 14,625 |
| Elections | - | 9,129 | 4,709 |
| Equipment - Lease and Repairs | 17,143 | 2,392 | 4,312 |
| Events | 219,347 | 10,522 | 860 |
| Honoraria | 266,400 | 95,416 | 110,123 |
| Insurance | 31,800 | 38,744 | 21,677 |
| Licenses, dues and fees | 2,554 | 2,570 | 2,926 |
| Materials and supplies | 124,912 | 66,434 | 40,451 |
| Meeting costs | 132,926 | 11,900 | 6,097 |
| Membership - Emergency Relief | 63,840 | 48,564 | 58,120 |
| Office | 57,161 | 38,453 | 38,556 |
| Professional fees | 245,241 | 94,758 | 94,302 |
| Rent (Note 10) | 25,930 | 17,883 | 23,450 |
| Traditional food expense | 81,569 | 39,864 | 29,737 |
| Training | 72,898 | 40,902 | 28,142 |
| Travel | 222,614 | 93,111 | 45,256 |
| Tuition and books | 177,459 | 164,246 | 125,590 |
| Utilities and telephone | 14,030 | 9,686 | 9,600 |
| Vehicle | 22,165 | 9,725 | 17,536 |
| Wages and benefits | 1,219,777 | 717,223 | 559,520 |
| | \$ 4,805,094 | \$ 2,148,751 | \$ 1,691,560 |

The accompanying notes form an integral part of these financial statements