

**MALAHAT NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2024**

# **MALAHAT NATION**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2024**

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# MALAHAT NATION

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2024

The accompanying consolidated financial statements of Malahat Nation and all the information in this annual report for the year ended March 31, 2024 are the responsibility of management and have been approved by the Chief and 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 judgment. 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 Malahat 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 Nation's assets are appropriately accounted for and adequately safeguarded.

The 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 Chief and Council review the Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls 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 financial statements and the external auditor's report. (The Chief and Council take this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.)

The consolidated financial statements have been audited by Reid Hurst Nagy Inc. in accordance with Canadian generally accepted auditing standards on behalf of their members. Reid Hurst Nagy Inc. has full access to Chief and Council. Reid Hurst Nagy Inc. have full and free access to the council for information purposes.

Chief

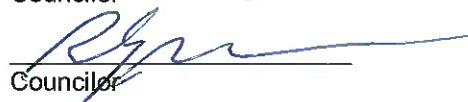


July 25/24

Date

Councilor

Councilor



July 25/24

Date



July 25/24

Date

Councilor

Director of Finance

Date



July 25/24

Date

## Independent Auditors' Report

To the Members of  
**Malahat Nation**

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*Qualified Opinion*

We have audited the consolidated financial statements of Malahat Nation, which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2024, and the results of its consolidated operations, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with Public Sector Accounting Standards (PSAS).

*Basis for Qualified Opinion*

Not all financial information for related government business enterprises and partnerships are available and have not been accounted for in the consolidated financial statements for the current year and prior years. In this respect, the financial statements are not in accordance with Canadian public sector accounting standards. We were not able to determine the adjustments that might have been necessary to investment in government business enterprises, liability in government enterprises, investment in government business partnerships, liability in government business partnerships, income (loss) from the government business enterprises, income (loss) from the government business partnerships, due to and from government business enterprises, due to and from government business partnerships, and the enterprises fund balance. Our basis for qualification is consistent with the qualified opinion issued on the Independent Auditor's Report dated July 27, 2023 for the March 31, 2023 consolidated financial statements.

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 qualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

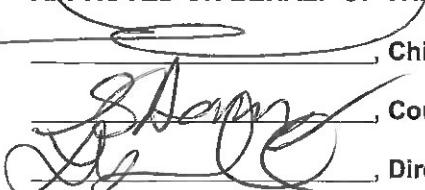
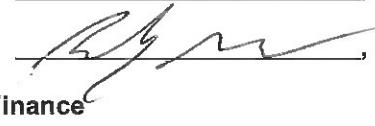
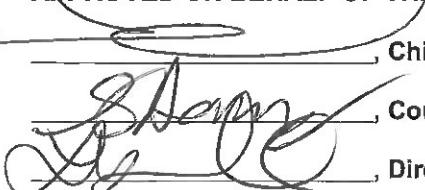


*Reid Hurst Nagy Inc.*

REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS  
VANCOUVER, B.C.  
July 24, 2024

# MALAHAT NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2024	2023	
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	\$ 3,756,333	\$ 2,068,671	
Portfolio investments (Note 3)	112,156	111,033	
Restricted cash (Note 5)	164,643	210,985	
Accounts receivable (Note 6)	3,351,296	3,031,883	
Note receivable (Note 4)	39,925,445	34,267,605	
Due from related entities (Note 7)	672,227	208,273	
Investment in Government Business Enterprises (Note 8)	805,715	726,337	
Investment in Government Business Partnerships (Note 9)	41,976	41,976	
Federal trust funds (Note 10)	1	797	
Funds held in trust (Note 11)	4,696,971	5,363,450	
	<b>53,526,763</b>	<b>46,031,010</b>	
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities (Note 12)	1,542,128	1,291,396	
Replacement Reserve (Note 13)	112,986	131,008	
Deferred revenue (Note 15)	7,237,707	5,518,076	
Due to related entities (Note 16)	3,544,492	3,909,565	
Liability in Government Business Partnerships (Note 9)	83,994	83,994	
Liability in Government Business Enterprises (Note 8)	7,332,043	7,332,043	
Long-term debt (Note 17)	3,501,821	3,672,476	
Promissory notes (Note 14)	43,453,476	38,252,830	
Capital lease obligation (Note 18)	101,531	28,138	
	<b>66,910,178</b>	<b>60,219,526</b>	
<b>NET DEBT</b>	<b>(13,383,415)</b>	<b>(14,188,516)</b>	
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets (Note 19)	23,957,614	21,847,939	
Prepaid expenses	163,693	288,911	
	<b>24,121,307</b>	<b>22,136,850</b>	
<b>ACCUMULATED SURPLUS</b>	<b>\$ 10,737,892</b>	<b>\$ 7,948,334</b>	
<b>APPROVED ON BEHALF OF THE MALAHAT NATION</b>			
	, Chief		, Councillor
	, Councillor		, Councillor
	, Director of Finance		

# MALAHAT NATION

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## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the year ended March 31	2024 Budget	2024 Actual	2023
<b>ANNUAL SURPLUS</b>	\$ 2,602,094	\$ 2,789,558	\$ 1,194,981
Acquisition of tangible capital assets	-	(4,395,111)	(2,238,495)
Amortization of tangible capital assets	-	1,416,220	1,419,827
Uses of construction in progress	-	869,216	577,199
	-	(2,109,675)	(241,469)
Acquisition of prepaid asset	125,218	(163,693)	(288,911)
Use of prepaid asset	-	288,911	188,303
	125,218	125,218	(100,608)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	2,727,312	<b>805,101</b>	852,904
<b>NET DEBT AT BEGINNING OF YEAR</b>	-	<b>(14,188,516)</b>	(15,041,420)
<b>NET DEBT AT END OF YEAR</b>	\$ -	<b>\$ (13,383,415)</b>	\$ (14,188,516)

# MALAHAT NATION

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
<b>REVENUE</b>			
Indigenous Services Canada	\$ 2,608,317	\$ 3,597,624	\$ 4,689,506
ISC - Reimbursement (Recovery)	-	(58,591)	-
Canada Mortgage and Housing Corporation	316,853	299,785	190,578
Fisheries and Oceans Canada	1,331,493	2,250,978	1,560,081
Transport Canada	348,205	461,872	566,273
Government of Canada - Other	300,000	723,094	225,000
Parks Canada	-	82,956	113,155
First Nation Health Authority	1,346,525	2,278,214	798,037
Deferred revenue - current year (Note 15)	(1,553,979)	(7,350,692)	(5,649,084)
Deferred revenue - prior year (Note 15)	3,779,358	5,649,084	3,985,458
Gaming revenue	350,000	417,467	454,744
Funding from First Nation Organizations	795,255	1,408,107	230,538
Net income from Government Business Enterprises	-	109,378	145,011
Rental income	278,889	262,799	252,626
Province of BC	1,142,628	1,682,422	1,126,289
Ottawa Trust Fund	-	773	796
Natural Resources Canada	49,999	49,999	75,309
Employment and Social Development Canada	25,000	25,000	25,000
Other revenue	3,833,840	4,207,257	3,767,248
	14,952,383	<b>16,097,526</b>	12,556,565
<b>EXPENSES</b>			
Indian Government Services	1,417,010	3,525,772	3,106,370
Health	1,775,584	1,232,575	1,146,410
Housing	901,595	397,987	355,193
Education, Employment and Training	1,154,665	1,493,925	1,605,669
Social Development	1,164,861	1,092,875	958,271
Economic Development	1,610,342	3,008,673	2,016,550
Community Infrastructure	1,923,014	885,600	895,849
Housing Reserves	20,000	3,048	(30,139)
Environment and Sustainable Development	2,383,218	1,667,513	1,307,411
	12,350,289	<b>13,307,968</b>	11,361,584
<b>ANNUAL SURPLUS</b>	2,602,094	<b>2,789,558</b>	1,194,981
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	-	<b>7,948,334</b>	6,753,353
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	\$ 2,602,094	<b>\$ 10,737,892</b>	\$ 7,948,334

# MALAHAT NATION

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## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2024	2024	2023
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 2,789,558	\$ 1,194,981
Items not affecting cash		
Amortization	1,416,220	1,419,827
	<hr/>	<hr/>
	4,205,778	2,614,808
Change in non-cash operating working capital		
Accounts receivable	(319,413)	(675,898)
Prepaid expenses	125,218	(100,608)
Accounts payable and accrued liabilities	250,735	202,531
Deferred revenue	1,719,631	1,532,618
Replacement Reserve	(18,022)	131,008
Federal trust fund	796	(18)
	<hr/>	<hr/>
	5,964,723	3,704,441
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(3,440,403)	(1,661,297)
<b>FINANCING ACTIVITIES</b>		
Due from related entities	(463,954)	(44,678)
Due to related entities	(365,073)	(4,385,230)
Principal repayment on long-term debt	(170,656)	(148,718)
Proceed from long-term debt	-	973,125
Proceed from promissory notes	6,443,580	-
Principal repayment on promissory notes	(1,242,934)	(1,207,341)
Funds held in trust	666,480	(190,473)
Principal repayment on capital lease	(12,102)	(10,208)
	<hr/>	<hr/>
	4,855,341	(5,013,523)
<b>INVESTING ACTIVITIES</b>		
Liability in Government Business Enterprises	(79,378)	(122,511)
Note receivable	(5,657,840)	4,937,648
Portfolio investments	(1,123)	(1,155)
Changes in restricted cash	46,342	(69,078)
	<hr/>	<hr/>
	(5,691,999)	4,744,904
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,687,662	1,774,525
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,068,671	294,146
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 3,756,333	\$ 2,068,671

# **MALAHAT NATION**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2024**

### **1. NATURE OF OPERATIONS**

Malahat Nation (the “First Nation”) is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Indigenous Services Canada (ISC) (formerly Indigenous and Northern Affairs Canada) and other funding agents to benefit its members. The First Nation also represents its members in the negotiation of treaty settlements and specific land claims.

### **2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

#### **(a) Principles of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises and government business partnerships, which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The First Nation records its investments in government business enterprises (GBE) and government business partnerships (GBP) on a modified equity basis. 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-entity transactions and balances are not eliminated. 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.

Entities consolidated in Malahat Nation's financial statements include:

1. Malahat Nation Community Development Society

Entities accounted for on a modified equity basis include:

2. Malahat Construction Ltd. - 100% interest
3. Malahat Nation Land Corporation - 100% interest
4. Yos Economic Development Ltd. - 100% interest
5. Yos Economic Development LP - 99.99% interest
6. Malahat Nelson GP Ltd. - 51% interest
7. Malahat Hazelwood Construction Joint Venture - 51%
8. Taurus Malahat Development Ltd.
9. Salish Strait Seafoods Ltd. - 20% interest
10. Malahat Indigenous Bloom LP - 49.50% interest
11. Malahat Fuels Limited Liability Partnership - 50%
12. Malahat Nation Business Trust
13. Malahat Nation Bamberton Trust

Entities indirectly own through trusts :

14. Malahat Investment Corporation - 100% interest
15. Malahat Construction Limited Partnership - 99.99% interest
16. Malahat Forestry (2012) Limited Partnership - 99.99% interest
17. Malahat Nation Land Development LP - 99.99% interest
18. Malahat Tenure Holding Limited Partnership - 99.99% interest

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Entities indirectly owned through Yos Economic Development Ltd.:

- 19. Malahat Forestry (2012) Ltd. - 100% interest
- 20. Malahat Tenure Holding Ltd. - 100% interest
- 21. Malahat Indigenous Bloom GP Ltd. - 50.1% interest
- 22. Malahat Hazelwood Construction Ltd. - 51% interest
- 23. Malahat Film Studios Corp. - 96.23% interest
- 24. Malahat Copcan JV - 51% interest
- 25. Taurus Malahat RNG DevCo LP - 50% interest

Entities indirectly owned through Limited Partnerships:

- 26. Malahat Business Park Limited Partnership - 99.99% interest
- 27. Malahat Nelson Limited Partnership - 99.99% interest
- 28. Malahat Arkon Chemical LP - 54.9% interest
- 29. Malahat Arkon Chemical Inc. - 55% interest
- 30. Malahat Business Park GP Ltd. - 50% interest
- 31. Malahat Fuels GP Inc. - 50% interest
- 32. Malahat Solutions Inc. - 51% interest
- 33. Malahat Mill Bay Development Partners Ltd. - 50% interest
- 34. Malahat Battery Technologies Corp. - 51% interest
- 35. Ergo Eco Solutions Inc. - 11.63% interest

#### **(b) 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.

#### **(c) Portfolio Investments**

Portfolio investments mainly consisting of GIC held for debt servicing requirements. Portfolio investment also consist of a equity instrument. None of these items are traded in an active market, and therefore recorded at cost.

#### **(d) Note Receivable**

Note receivable is recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

# **MALAHAT NATION**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2024**

### **2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

#### **(e) Trust Funds**

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act.

Federal trust 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.

Other trust fund consist of debt reserves and prepaid loan payments held by the First Nation Finance Authority in relations to repayment of promissory notes outstanding in the year.

#### **(f) Deferred Revenue**

Under the terms of the contribution agreement between the First Nation, ISC and certain other agencies, the First Nation may be liable to repay any contributed funds either not expended or not expended in accordance with the agreement. On the other hand, any deficit, supported by claims eligible for reimbursement under the terms and conditions of the funding agreements, may be reimbursed by the contributor subject to the program's terms and conditions. The First Nation has recorded all known unexpended contribution funds as deferred revenue and/or accounts payable.

#### **(g) Long-term Debt**

Loan proceeds related to the financing of tangible capital assets are recorded as revenue in the appropriate fund. The loan amount is also recorded as a liability on the Statement of Financial Position and as a reduction in the Tangible Capital Asset Fund.

Debt payments, including principal and interest, are charged to the fund to which they relate. Principal reductions are reflected as a reduction in the liability with an offsetting increase in the Tangible Capital Assets Fund.

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

#### (h) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Malahat Nation's incremental cost of borrowing.

Amortization is recorded as a reduction to the Tangible Capital Assets Fund and is provided for using the following methods at rates designed to amortize over the estimated useful life of the assets as follows:

Buildings	20 years Straight line
Automotive equipment	5 years Straight line
Equipment	5 years Straight line
Canoes	15 % Declining balance
Infrastructure	20 years Straight line
Marineside development	20 years Straight line
Culture Centre	20 years Straight line
Boat	5 years Straight line
Assets under capital lease	5 years Straight line
Pavillion	20 years Straight line

Tangible capital assets are written down when conditions indicate that they 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 statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

#### (i) Revenue Recognition

##### Government Funding

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

##### First Nation Capital Revenue Trust Funds

The First Nation recognizes revenues 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.

##### Other Trust Funds

The First Nation recognized interest revenue when earned from debt reserves associated with outstanding promissory notes.

##### Housing Rental Income

Rental revenue 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.

##### Own Source Revenue

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

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

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

#### (j) Asset classification

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

#### (k) Measurement Uncertainty

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

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

#### (l) 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.

#### (m) Liability for contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) Malahat Nation is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2023 and 2024, no liability for contaminated sites has been recorded.

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

#### (n) Financial Instruments

##### i) Measurement of financial instruments

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Remeasurement gains and losses until the financial instrument is derecognized.

Financial assets measured at amortized cost on a straight line basis include cash, portfolio investments, accounts receivable, note receivable and due from related entities.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, long-term debt, promissory note payable, capital lease obligation and due to related entities.

##### ii) Impairment

For financial assets measured at cost or amortized cost, the First Nation determines whether there are indications of possible impairment. When there is an indication of impairment, and the First Nation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the Statement of Operation. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

##### iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the Statement of Operation in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the carrying value of the item upon initial recognition.

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 3. PORTFOLIO INVESTMENTS

The portfolio investments consist of guarantee investment certificates (GIC) and investment in BC FN Gaming Revenue Sharing Limited Partnership, of which the Nation is a limited partner.

	2024	2023
GICs with maturity less than a year and earning interest at 1.75% per annum.	\$ 63,112	\$ 62,639
GICs held as collateral for long-term debt with maturity less than a year and earning interest at 2.25% per annum.	20,680	20,526
GICs held as collateral for long-term debt with maturity over than a year and earning interest at 3.43% per annum.	28,254	27,758
BC FN Gaming revenue Sharing Limited Partnership. Measured at cost.	<u>110</u>	<u>110</u>
	<u><u>\$ 112,156</u></u>	<u><u>\$ 111,033</u></u>

### 4. NOTE RECEIVABLE

The notes to Malahat Investment Corporation and Yos Economic Development Ltd., indirect wholly owned government business enterprises, are due on demand. The note is payable 30 days after demand and bears interest at 3.1% per annum calculated monthly. There are no fixed terms of principal repayment. Interest shall become due and be paid on the first day of each and every month after the date hereof until the whole of the principal balance of advances made hereunder is paid.

Total interest income recorded for the year is \$1,029,550 (2023: \$1,043,294).

	2024	2023
Note receivable	\$ 38,895,895	\$ 33,224,311
Interest receivable	1,029,550	1,043,294
	<u><u>\$ 39,925,445</u></u>	<u><u>\$ 34,267,605</u></u>

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 5. RESTRICTED CASH

	2024	2023
Operating reserve	\$ 5,068	\$ 100,639
Replacement reserve	<u>159,575</u>	<u>110,346</u>
	<u><b>\$ 164,643</b></u>	<u><b>\$ 210,985</b></u>

#### Externally restricted - Operating Reserve

Under the terms of the agreements with CMHC, excess revenues over expenditures for the Post 1996 phases may be retained in an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds may be used to offset future deficits. Withdrawals are credited to interest first and then principal. At the year end, the reserve was over funded by \$28,528 (2023: over funded by \$6,922).

#### Externally restricted - Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$35,700 (2023: \$31,967) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the reserve was over funded by \$43,922 (2023: under funded by \$20,662).

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 6. ACCOUNTS RECEIVABLE

	2024	2023
<b>Due from members</b>		
Rent	\$ 142,348	\$ 71,572
<b>Due from Government and other Government Organizations:</b>		
Indigenous Services Canada	67,737	232,095
Natural Resources Canada	5,000	-
Government of Canada - Other	36,157	2,500
GST Public Service Bodies' Rebate	11,404	-
Canada Mortgage and Housing Corporation	21,623	20,939
Fisheries and Oceans Canada	19,612	40,041
Province of BC	101,327	46,100
Transport Canada	135,883	137,330
First Nations Education Steering Committee	-	71,299
First Nation Health Authority	556,233	175,743
Ministry of Environment and Climate Change	341,100	70,553
Ministry of Finance	25,000	-
Ministry of Jobs, Economic Development and Innovation	-	100,000
Ministry of Transportation and Infrastructure	-	638,250
Ministry of Emergency Management & Climate Readiness	45,500	-
Ministry of Water, Land and Resource Stewardship	37,500	-
Ministry of Indigenous Relations and Reconciliation	47,430	-
	<b>1,451,506</b>	<b>1,534,850</b>
<b>Due from others:</b>		
Others	1,423,389	810,702
Malahat Business Park LP	-	221,302
Malahat Nelson LP	9,874	13,752
Malahat Investment Corporation	168,959	199,132
Mill Bay Malahat Development Group	-	15,000
Malahat Fuels LLP	276,051	252,940
Malahat Solutions Inc.	737	-
	<b>1,879,010</b>	<b>1,512,828</b>
<b>Allowance for doubtful accounts</b>	<b>3,472,864</b>	<b>3,119,250</b>
	<b>(121,568)</b>	<b>(87,367)</b>
	<b>\$ 3,351,296</b>	<b>\$ 3,031,883</b>

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 7. DUE FROM RELATED ENTITIES

	2024	2023
Malahat Aquaculture Limited Partnership	\$ 725	\$ 725
Malahat Business Trust	1,450	1,450
Malahat Construction Limited Partnership	74,914	74,914
Malahat Construction Ltd.	3,823	3,823
Yos Economic Development Ltd.	334,278	27,036
Malahat Forestry Ltd.	6,541	6,260
Malahat Land Development Limited Partnership	725	725
Malahat Nation Land Corporation	80,796	69,460
<u>Malahat Tenure Holding Ltd.</u>	<u>168,975</u>	<u>23,880</u>
	<hr/> <b>\$ 672,227</b>	<hr/> <b>\$ 208,273</b>

### 8. INVESTMENT (LIABILITY) IN GOVERNMENT BUSINESS ENTERPRISES

The Malahat Nation's investment (liability) in government business enterprises consist of the following:

	2024	2023
<b>Investment in government business enterprises</b>		
Malahat Construction Ltd.	\$ 1,019	\$ 1,018
Malahat Forestry (2012) Ltd.	2	2
Malahat Land Corporation	1	1
Salish Strait Seafoods Ltd.	724,693	645,316
<u>Malahat Fuels LP</u>	<u>80,000</u>	<u>80,000</u>
	<hr/> <b>\$ 805,715</b>	<hr/> <b>\$ 726,337</b>

As of the date of this audit report, only the (unaudited) financial information for Salish Strait Seafoods Ltd. is available for the investments listed above.

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

	Salish Strait Seafoods Ltd.	2024 Total
Cash	\$ 353,107	\$ 353,107
Accounts receivable	307,623	307,623
Tangible capital assets	753,627	753,627
Intangible Assets	2,813,774	2,813,774
Other assets	76,099	76,099
<b>Total assets</b>	<b>\$ 4,304,230</b>	<b>\$ 4,304,230</b>
Accounts payable	\$ 165,012	\$ 165,012
Long-term debt	147,708	147,708
Deferred government capital grant	117,800	117,800
Advances from related parties	147,009	147,009
Corporate income taxes payable	50,627	50,627
Other liabilities	52,598	52,598
<b>Total liabilities</b>	<b>680,754</b>	<b>680,754</b>
<b>Equity</b>	<b>3,623,476</b>	<b>3,623,476</b>
<b>Total liabilities and equity</b>	<b>\$ 4,304,230</b>	<b>\$ 4,304,230</b>
	Salish Strait Seafoods Ltd.	2024 Total
Revenue		
Operating	\$ 1,909,291	\$ 1,909,291
Government capital grant	75,600	75,600
	1,984,891	1,984,891
Expenses		
Operating	1,203,263	1,203,263
Depreciation	171,296	171,296
Taxes - Current/Deferred	67,192	67,192
	1,441,751	1,441,751
	\$ 543,140	\$ 543,140

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

	2024	2023
<b>Liability in government business enterprises</b>		
Malahat Investment Corporation	\$ (7,308,796)	\$ (7,308,796)
Malahat Economic Development Ltd.	(8,557)	(8,557)
Malahat Forestry (2012) Ltd.	(1,327)	(1,327)
Malahat Nation Land Corporation	(7,659)	(7,659)
Malahat Tenure Holding Ltd.	(5,704)	(5,704)
	<b>\$ (7,332,043)</b>	<b>\$ (7,332,043)</b>

As of the date of the Independent Auditor's Report, the financial information for investments above, is not available.

## 9. INVESTMENT AND LIABILITY IN GOVERNMENT BUSINESS PARTNERSHIP

The First Nation's investment in government business partnerships consist of the following:

	2024	2023
<u>Malahat Forestry (2012) Limited Partnership (MFLP)</u>	<u>\$ 41,976</u>	<u>\$ 41,976</u>

The First Nation's liability in government business partnerships consist of the following:

	2024	2023
<u>Malahat Construction Limited Partnership (MCLP)</u>	<u>\$ 83,994</u>	<u>\$ 83,994</u>

## 10. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2024	2023		
	Revenue	Capital	Total	Total
Capital funds held in trust	\$ 1	\$ 1		
Revenue funds held in trust	-	796		
	<b>\$ 1</b>	<b>\$ 797</b>		
Surplus, beginning of year	\$ 796	\$ 1	\$ 797	\$ 779
Withdrawals	(1,569)	-	(1,569)	(778)
Contributions	761	-	761	782
Interest earnings	12	-	12	14
Surplus, end of year	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 797</b>

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 11. FUNDS HELD IN TRUST

	2024	2023
FNFA Secured Revenues Trust Account	\$ 1,725,126	\$ 2,807,646
FNFA Debt Reserve Fund	<u>2,971,845</u>	2,555,804
	<hr/> <b>\$ 4,696,971</b>	<hr/> <b>\$ 5,363,450</b>

Funds held in trust are established by the First Nations Finance Authority (FNFA) in the First Nation. Secured Revenues Trust Account, as prescribed in the First Nations Fiscal Management Act and regulations as adapted by the Financing Secured by Other Revenues Regulations, are deposited and used to finance the FNFA Promissory note outstanding in the year (Note 16). Interest accrued on deposit for 2024 is \$128,508 (2023: \$80,275).

FNFA holds on to 5% of the promissory note in the Debt Reserve Fund. This amount is invested to the credit of the First Nation and will be returned on the maturity of the promissory note. Interest accrued on the deposit for 2024 is \$93,862 (2023: \$133,707).

### 12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accounts payable and accrued liabilities	\$ 1,359,813	\$ 1,143,483
GST payable	-	4,698
Government remittances	57,183	44,625
Vacation payable	118,266	92,009
Wages and benefits payable	<u>6,866</u>	6,581
	<hr/> <b>\$ 1,542,128</b>	<hr/> <b>\$ 1,291,396</b>

The vacation payable is comprised of vacation days that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary and the First Nation is required to match their contribution of 5%. The amount of the retirement benefit to be received by the employees will be the amount of the retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributed during the year \$186,473 (2023: \$139,579) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2024.

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 13. REPLACEMENT RESERVE

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the housing units.

	2024	2023
Balance, beginning of year	\$ 131,008	\$ 159,394
Current year appropriations	35,700	31,967
Interest income	3,899	1,260
Current year expenditures	(57,621)	(61,613)
	<hr/> \$ 112,986	<hr/> \$ 131,008

### 14. PROMISSORY NOTES

The promissory notes are provided by First Nation Finance Authority as follow:

	2024	2023
First Nation Finance Authority:		
The note has a 25 year term, maturing June 1, 2028. The note is repayable at \$109,621 per month including interest at 3.65% per annum.	\$ 19,949,423	\$ 20,506,674
The note has a 25 year term, maturing on June 26, 2024. The note is repayable at \$38,185 per month including interest at 2.985% per annum.	5,840,348	6,116,283
The note has a 25 year term, maturing on June 26, 2024. The note is repayable at \$39,500 per month including interest at 2.900% per annum.	6,422,098	6,703,389
The note has a 25 year term, maturing on July 15, 2045. The note is repayable at \$19,423 per month including interest at 2.150% per annum.	4,798,027	4,926,484
The note is due on demand without principal repayment and interest was payable monthly at 6.25% per annum.	6,443,580	-
	<hr/> \$ 43,453,476	<hr/> \$ 38,252,830

Principal portion of promissory notes due within the next five years:

2024	1,082,170
2025	1,082,170
2026	1,082,170
2027	1,082,170
2028 and thereafter	39,124,796

Interest paid in the current year was \$1,481,870 (2023: \$1,398,576).

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 15. DEFERRED REVENUE

Deferred revenue represents monies received of which the funds are restricted for specific projects or programs and of which the expenses have not yet been incurred.

	March 31, 2023	Funding Received 2024	Revenue recognized 2024	March 31, 2024
Indigenous Services Canada	\$ 1,899,630	\$ 3,597,624	\$ (3,622,084)	\$ 1,875,170
First Nation Health Authority	508,924	2,278,214	(1,175,100)	1,612,038
Government of Canada	744,352	723,094	(751,550)	715,896
Province of British Columbia	1,039,451	1,682,422	(1,611,544)	1,110,329
Other	1,325,719	2,465,129	(1,866,574)	1,924,274
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 5,518,076	\$ 10,746,483	\$ (9,026,852)	\$ 7,237,707

### 16. DUE TO RELATED ENTITIES

	2024	2023
Malahat Forestry (2012) Ltd.	\$ 17,872	\$ 17,872
Malahat Forestry (2012) Limited Partnership	595,890	595,890
Malahat Investment Corporation	1,674,733	1,974,195
Malahat Eco. Dev. Ltd.	1,255,799	1,321,410
Malahat Land Corporation	198	198
	<hr/>	<hr/>
	\$ 3,544,492	\$ 3,909,565

Advances due to related entities are unsecured and without interest or any fixed terms of repayment.

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 17. LONG-TERM DEBT

	2024	2023
All Nations Trust Company - repayable at \$2,087 per month including interest at 1.13% per annum. The loan will be renewed and matured on February 2, 2026. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	\$ 47,458	\$ 71,812

All Nations Trust Company - repayable at \$4,192 per month including interest at 3.78% per annum. The loan will be renewed on February 1, 2029 and will mature in February 2044. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	704,971	732,510
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All Nations Trust Company - repayable at \$2,799 per month including interest at 3.12% per annum. The loan will be renewed on April 1, 2028 and will mature in April 2038. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	382,875	404,305
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All Nations Trust Company - repayable at \$3,269 per month including interest at 1.83% per annum. The loan will be renewed on December 1, 2024 and will mature in December 2044. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	677,248	703,833
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All Nations Trust Company - repayable at \$2,826 per month including interest at 1.30% per annum. The loan will be renewed on April 1, 2026 and will mature in April 2046. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	651,037	676,316
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All Nations Trust Company - repayable at \$5,088 per month including interest at 3.70% per annum. The loan will be renewed on December 1, 2027 and will mature in December 2046. It is secured by a first mortgage on housing units and a Ministerial Guarantee.	940,735	966,652
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Loan advance from Peace Hill Trust has a 15 year term, maturing May 1, 2028. The loan is repayable at \$2,065 per month including interest at 6.50% per annum. The loan is guaranteed by the First Nation Market Housing Fund with a collateral of a GIC for the amount of \$27,758.	<u>97,497</u>	<u>117,048</u>
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	<u>\$ 3,501,821</u>	<u>\$ 3,672,476</u>
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Principal portion of long-term debt due within the next five years:	
2025	\$ 169,807
2026	172,761
2027	156,034
2028	160,627
2029 and thereafter	<u>2,842,592</u>

	<u>\$ 3,501,821</u>
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	2024	2023
Interest expense for the year on long-term debt	<u>\$ 93,581</u>	<u>\$ 68,006</u>

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 18. CAPITAL LEASE OBLIGATION

	2024	2023
Kubota Tractor Lease - repayable at \$381 monthly payments bearing no interest. The loan will mature in May 2025. It is secured by the underlining tractor.	\$ 5,720	\$ 9,916
Ford Escape Lease - repayable at \$540 monthly payments bearing interest at 3.99%. The loan will mature in March 2026. It is secured by the underlining vehicle.	-	18,222
Ford Explorer Lease - repayable at \$842 monthly payments bearing interest at 6.99%. The loan will mature in February 2028. It is secured by the underlining vehicle.	57,028	-
Ford Edge Lease - repayable at \$611 monthly payments bearing interest at 5.99%. The loan will mature in September 2027. It is secured by the underlining vehicle.	<u>38,783</u>	-
	<u>\$ 101,531</u>	<u>\$ 28,138</u>

Interest paid in the current year was \$1,659 (2023: \$850).

Principal portion of capital lease obligation due within the next four years:

2025	\$ 16,422
2026	12,999
2027	13,062
2028 and thereafter	\$ 59,048

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

### 19. TANGIBLE CAPITAL ASSETS

The construction projects completed and amortized in the current fiscal year includes the 102 Thunder Road, Playground construction, 1114 Jesken Road, and other small projects. The construction in progress for current fiscal year represents construction of the Business Park, Boat Launch, 108 Maple Leaf, 2SLGBTQIA+ Building, and other smaller projects.

	Cost			Accumulated amortization				2024 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	
Buildings	\$ 12,818,882	\$ 584,920	\$ (225,066)	\$ 13,178,736	\$ 2,517,456	\$ 629,711	\$ (258,826)	\$ 10,290,395
Automotive equipment	529,484	66,655	(174,338)	421,801	236,695	88,358	(174,338)	150,716 271,085
Equipment	1,350,289	654,245	-	2,004,534	593,129	270,198	-	863,327 1,141,207
Canoes	47,762	19,757	-	67,519	18,993	7,546	-	26,539 40,980
Infrastructure	2,528,633	357,851	-	2,886,484	684,859	126,432	-	811,291 2,075,193
Social housing	5,738,905	134,959	-	5,873,864	1,305,913	293,693	-	1,599,606 4,274,258
Construction in progress	3,649,837	2,486,232	(869,216)	5,266,853	-	-	-	5,266,853
Marineside development	70,678	-	-	70,678	30,038	3,534	-	33,572 37,106
Culture Centre	604,081	-	-	604,081	256,115	30,204	-	286,319 317,762
Boat	358,274	5,000	(233,954)	129,320	332,946	25,223	(274,090)	84,079 45,241
Assets under capital lease	61,072	100,231	(33,613)	127,690	39,452	9,803	(18,879)	30,376 97,313
Pavillion	108,339	-	-	108,339	2,701	5,417	-	8,118 100,221
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 27,866,236	\$ 4,409,850	\$ (1,536,187)	\$ 30,739,899	\$ 6,018,297	\$ 1,490,119	\$ (726,133)	\$ 6,782,284 \$ 23,957,614

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

	Cost				Accumulated amortization				2023 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Buildings	\$ 11,993,992	\$ 824,890	\$ -	\$ 12,818,882	\$ 1,917,573	\$ 599,883	\$ -	\$ 2,517,456	\$ 10,301,426
Automotive equipment	320,281	209,203	-	529,484	170,311	66,384	-	236,695	292,789
Equipment	926,428	423,861	-	1,350,289	373,079	220,050	-	593,129	757,160
Canoes	14,826	32,936	-	47,762	16,769	2,224	-	18,993	28,769
Infrastructure	2,528,633	-	-	2,528,633	558,427	126,432	-	684,859	1,843,774
Social housing	5,701,183	37,722	-	5,738,905	1,018,968	286,945	-	1,305,913	4,432,992
Construction in progress	3,649,492	577,544	(577,199)	3,649,837	-	-	-	-	3,649,837
Marineside development	70,678	-	-	70,678	26,504	3,534	-	30,038	40,640
Culture Centre	604,081	-	-	604,081	225,911	30,204	-	256,115	347,966
Boat	334,274	24,000	-	358,274	263,691	69,255	-	332,946	25,328
Assets under capital lease	61,072	-	-	61,072	27,237	12,214	-	39,452	21,620
Pavillion	-	108,339	-	108,339	-	2,701	-	2,701	105,638
	<b>\$ 26,204,940</b>	<b>\$ 2,238,495</b>	<b>\$ (577,199)</b>	<b>\$ 27,866,236</b>	<b>\$ 4,598,470</b>	<b>\$ 1,419,826</b>	<b>\$ -</b>	<b>\$ 6,018,297</b>	<b>\$ 21,847,939</b>

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 20. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates prepared by management and approved by Chief and Council.

### 21. EXPENSES BY OBJECT

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
Amortization	\$ 1,675,622	\$ 1,416,220	\$ 1,419,827
Communications and utilities	38,170	44,011	72,230
Education related expenses	313,824	781,408	928,121
Honorariums	43,450	56,127	48,702
Insurance	169,683	176,363	161,109
Interest and bank charges	101,497	1,587,934	1,476,920
Materials and supplies	287,250	259,471	252,145
Membership support	22,225	21,238	96,853
Other expense	1,734,557	518,629	473,123
Per capita distribution	72,800	73,800	34,200
Professional development	68,386	92,397	75,764
Professional fees	1,765,815	1,644,673	1,069,619
Programs delivery	181,374	272,074	294,306
Repairs and maintenance	263,059	358,398	256,835
Social assistance programs delivery	721,859	754,328	759,026
Subcontractors	1,692,679	197,947	22,873
Travel	171,217	140,703	76,418
Wages and benefits	5,532,608	4,912,247	3,843,513
Rent	61,882	-	-
	\$ 14,917,957	\$ 13,307,968	\$ 11,361,584

# **MALAHAT NATION**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **March 31, 2024**

### **22. RELATED PARTY TRANSACTIONS**

During the year ended March 31, 2024 the First Nation entered into transactions with related parties as follows:

- a) The First Nation charged Malahat Investment Corporation \$196,842 (2023 \$194,220) for accounting services.
- b) The First Nation paid \$91,643 (2023: \$120,077) for construction and other project costs to Malahat Nelson GP Ltd. in relation to the 108 Maple Leaf, 2SLGBTQIA+ Building and other projects.
- c) The First Nation charged Malahat Fuels LLP \$24,798 (2023: \$252,940) for cardlock construction and management services.
- d) The First Nation paid \$264,644 (2023: \$Nil) for construction and other project costs to Yos Economic Development Ltd. in relation to the Business Park, 2SLGBTQIA+ Building and other projects.

These transactions are in the normal course of operations and are measured at the exchange value which approximates the arm's length equivalent value for services rendered.

### **23. ECONOMIC DEPENDENCE**

The Malahat Nation receives a significant portion of its revenue pursuant to a funding agreement with ISC. The nature and extent of this revenue is of such significance that the Malahat Nation is economically dependent on this source of revenue.

### **24. CONTINGENCIES**

The following contingencies existed as at March 31, 2024:

- a) ISC provides Ministerial Guarantees for loans to the Malahat Nation in the amount of \$4,386,264 with an outstanding balance of \$3,404,324.
- b) Royal Bank of Canada credit facilities to qualified members of the Malahat First Nation with total advances not to exceed \$750,000. Funding under this program is restricted to the purchase, construction or improvement of housing on the Reserve or to refinance loans advanced by another financial institution for that purpose. The Malahat First Nation is required to provide a separate guarantee for each qualified borrower. As at the date of the Independent Auditor's Report, the Malahat Nation had provided a guarantee for one loan with a balance of \$163,852.
- c) The Nation is the named Defendant in two cases of litigation regarding employment matters. As the outcome of both cases cannot be reasonably estimated at the date of these financial statements, no adjustment has been reflected in these statements.

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2024

### 25. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. It is the opinion of management that the Nation is not exposed to currency risk, other price risk, and concentrations of risk.

#### Credit risk

The First Nation does have credit risk in notes and accounts receivable of \$3,351,296 (2023 - \$3,031,883). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by maintaining a list of outstanding contracts and performing regular reviews to ensure collection status. In the opinion of management the credit risk exposure to the First Nation is low and is not material.

#### Liquidity risk

The Nation does have a liquidity risk in long-term debt, promissory notes capital lease obligations and accounts payable and accrued liabilities of \$1,542,129 (2023 - \$1,291,396). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and monitors cashflow on a monthly basis. In the opinion of management the liquidity risk exposure to the First Nation is low and is not material.

#### Interest rate risk

The First Nation is exposed to interest rate risk. Interest rate risk is the risk that the First Nation has interest rate exposure on its long-term debt and promissory note, which consist of both fixed and variable interest rates. Variable rates are based on the authority's prime lending rates. This exposure may have an effect on its earnings in future periods. The First Nation reduces its exposure to interest rate risk by regularly monitoring prime lending rates which have been relatively stable over the period presented. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the First Nation is low and is not material.

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

### 26. SEGMENTED INFORMATION

	Indian Government Services			2024 Budget	Treaty Negotiation			2023 Actual	2024 Budget	Health	2023 Actual	
	2024 Budget	2024 Actual	2023 Actual		2024 Actual	2023 Actual	2024 Actual			2024 Actual		
<b>Revenues</b>												
Indigenous Services Canada	\$ 629,395	\$ 782,483	\$ 728,538	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Canada Mortgage and Housing Corporation	92,160	-	-	-	-	-	-	-	-	-	-	-
First Nation Health Authority	-	-	-	-	-	-	-	-	1,346,525	2,258,214	798,037	-
Province of BC	-	102,532	70,402	-	-	-	-	-	-	-	-	-
Other revenue	1,266,443	427,581	140,504	-	-	-	3,125	369,945	(751,046)	435,146	435,146	
<b>Total revenue</b>	<b>1,987,998</b>	<b>1,312,596</b>	<b>939,444</b>	<b>-</b>	<b>-</b>	<b>3,125</b>	<b>1,716,470</b>	<b>1,507,168</b>	<b>1,233,183</b>			
<b>Expenses</b>												
Wages and benefits	1,670,363	1,543,621	1,161,454	-	-	-	-	825,653	738,454	534,666		
Professional fees	368,729	254,854	205,998	-	-	-	-	240,638	133,933	181,547		
Social assistance programs delivery	34,429	25,446	46,175	-	-	-	-	24,913	27,181	46,905		
Travel	20,254	10,084	7,985	-	-	-	-	49,734	33,231	40,124		
Repairs and maintenance	-	-	305	-	-	-	-	56,315	52,306	35,944		
Interest and bank charges	7,120	8,277	8,551	-	-	-	-	-	1,570	30		
Per capita distribution	72,800	73,800	34,200	-	-	-	-	-	-	-		
Other expenses	(756,685)	1,609,690	1,641,702	-	-	-	-	578,331	245,900	307,194		
<b>Total expenses</b>	<b>1,417,010</b>	<b>3,525,772</b>	<b>3,106,370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,775,584</b>	<b>1,232,575</b>	<b>1,146,410</b>		
<b>Annual surplus (deficit)</b>	<b>\$ 570,988</b>	<b>\$ (2,213,176)</b>	<b>\$ (2,166,926)</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 3,125</b>	<b>\$ (59,114)</b>	<b>\$ 274,593</b>	<b>\$ 86,773</b>			

# MALAHAT NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

	2024 Budget	Housing		Education, Employment and Training			Social Development		
		2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 127,225	\$ 129,381	\$ 497,016	\$ 367,308	\$ 884,687	\$ 975,133	\$ 708,772	\$ 848,053	\$ 689,768
Canada Mortgage and Housing Corporation	192,387	287,285	157,138	32,306	12,500	33,440	-	-	-
Government of Canada	-	-	-	-	-	-	-	89,775	-
First Nation Health Authority	-	-	-	-	20,000	-	-	-	-
Province of BC	-	-	-	-	99,000	35,252	-	85,800	30,000
Rental income	253,089	236,999	239,726	-	-	-	-	-	-
Other revenue	91,393	311,726	81,310	882,057	686,117	889,488	383,673	197,819	232,232
<b>Total revenue</b>	<b>664,094</b>	<b>965,391</b>	<b>975,190</b>	<b>1,281,671</b>	<b>1,702,304</b>	<b>1,933,313</b>	<b>1,092,445</b>	<b>1,221,447</b>	<b>952,000</b>
<b>Expenses</b>									
Wages and benefits	55,836	79,672	84,378	475,227	343,528	260,770	282,366	220,483	202,336
Professional fees	9,410	8,010	6,945	36,865	67,332	191,181	73,684	34,371	4,490
Social assistance programs delivery	-	-	-	13,572	5,762	9,156	648,945	695,939	656,790
Travel	-	-	-	15,561	33,276	2,615	18,700	8,855	161
Repairs and maintenance	56,050	69,301	57,866	3,000	2,900	5,949	2,500	77	5,575
Education related expenses	-	-	-	313,824	781,408	928,121	-	-	-
Interest and bank charges	91,912	93,581	68,006	2,265	2,282	1,510	-	30	-
Other expenses	688,387	147,423	137,998	294,351	257,437	206,367	138,666	133,120	88,919
<b>Total expenses</b>	<b>901,595</b>	<b>397,987</b>	<b>355,193</b>	<b>1,154,665</b>	<b>1,493,925</b>	<b>1,605,669</b>	<b>1,164,861</b>	<b>1,092,875</b>	<b>958,271</b>
<b>Annual surplus (deficit)</b>	<b>\$ (237,501)</b>	<b>\$ 567,404</b>	<b>\$ 619,997</b>	<b>\$ 127,006</b>	<b>\$ 208,379</b>	<b>\$ 327,644</b>	<b>\$ (72,416)</b>	<b>\$ 128,572</b>	<b>\$ (6,271)</b>

# MALAHAT NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

	Economic Development			Community Infrastructure			Ottawa Trust Fund		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 298,906	\$ 356,905	\$ 548,906	\$ 476,711	\$ 596,115	\$ 1,250,145	-	\$ -	\$ -
Fisheries and Oceans Canada	169,125	220,315	205,517	-	-	-	-	-	-
Government of Canada - Other	-	25,000	-	-	133,319	-	-	-	-
Province of BC	985,000	1,127,300	170,000	157,628	151,440	770,635	-	-	-
Rental income	-	-	-	25,800	25,800	12,900	-	-	-
Other revenue	2,349,503	2,569,699	2,070,094	1,489,514	914,135	(1,129,961)	-	773	796
<b>Total revenue</b>	<b>3,802,534</b>	<b>4,299,219</b>	<b>2,994,517</b>	<b>2,149,653</b>	<b>1,820,809</b>	<b>903,719</b>	<b>-</b>	<b>773</b>	<b>796</b>
<b>Expenses</b>									
Wages and benefits	678,894	541,188	364,719	493,338	411,313	392,335	-	-	-
Professional fees	455,354	698,435	128,244	141,864	89,990	135,048	-	-	-
Travel	3,761	2,824	10,510	-	12,538	1,346	-	-	-
Repairs and maintenance	21,000	16,940	9,758	124,194	203,617	138,695	-	-	-
Interest and bank charges	200	1,481,999	1,398,636	-	77	128	-	-	-
Other expenses	451,133	267,287	104,683	1,163,618	168,065	228,297	-	-	-
<b>Total expenses</b>	<b>1,610,342</b>	<b>3,008,673</b>	<b>2,016,550</b>	<b>1,923,014</b>	<b>885,600</b>	<b>895,849</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual surplus (deficit)</b>	<b>\$ 2,192,192</b>	<b>\$ 1,290,546</b>	<b>\$ 977,967</b>	<b>\$ 226,639</b>	<b>\$ 935,209</b>	<b>\$ 7,870</b>	<b>-</b>	<b>\$ 773</b>	<b>796</b>

# MALAHAT NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

	Housing Reserves			Environment and Sustainable Development			Consolidated totals		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,608,317	\$ 3,597,624	\$ 4,689,506
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	316,853	299,785	190,578
Fisheries and Oceans Canada	-	-	-	1,162,368	2,030,663	1,354,564	1,331,493	2,250,978	1,560,081
Transport Canada	-	-	-	348,205	461,872	566,273	348,205	461,872	566,273
Government of Canada - Other	-	-	-	300,000	475,000	225,000	300,000	723,094	225,000
First Nation Health Authority	-	-	-	-	-	-	1,346,525	2,278,214	798,037
Province of BC	-	-	-	-	116,350	50,000	1,142,628	1,682,422	1,126,289
Rental income	-	-	-	-	-	-	278,889	262,799	252,626
Other revenue	28,240	57,774	67,352	418,705	126,160	358,088	7,279,473	4,540,738	3,148,175
<b>Total revenue</b>	<b>28,240</b>	<b>57,774</b>	<b>67,352</b>	<b>2,229,278</b>	<b>3,210,045</b>	<b>2,553,925</b>	<b>14,952,383</b>	<b>16,097,526</b>	<b>12,556,565</b>
<b>Expenses</b>									
Wages and benefits	-	-	-	1,050,931	1,033,990	842,855	5,532,608	4,912,249	3,843,513
Professional fees	-	-	-	439,271	357,748	216,166	1,765,815	1,644,673	1,069,619
Social assistance programs delivery	-	-	-	-	-	-	721,859	754,328	759,025
Travel	-	-	-	63,207	39,895	13,677	171,217	140,703	76,418
Repairs and maintenance	-	(1,777)	1,100	-	15,034	318	263,059	358,398	256,835
Education related expenses	-	-	-	-	-	-	313,824	781,408	928,121
Interest and bank charges	-	-	-	-	118	59	101,497	1,587,934	1,476,920
Per capita distribution	-	-	-	-	-	-	72,800	73,800	34,200
Other expenses	20,000	4,825	(31,239)	829,809	220,728	234,336	3,407,610	3,054,475	2,916,933
<b>Total expenses</b>	<b>20,000</b>	<b>3,048</b>	<b>(30,139)</b>	<b>2,383,218</b>	<b>1,667,513</b>	<b>1,307,411</b>	<b>12,350,289</b>	<b>13,307,968</b>	<b>11,361,584</b>
<b>Annual surplus (deficit)</b>	<b>\$ 8,240</b>	<b>\$ 54,726</b>	<b>\$ 97,491</b>	<b>(\$ 153,940)</b>	<b>\$ 1,542,532</b>	<b>\$ 1,246,514</b>	<b>\$ 2,602,094</b>	<b>\$ 2,789,558</b>	<b>\$ 1,194,981</b>