

Ahousaht
Consolidated Financial Statements
March 31, 2023

Ahousaht Contents

For the year ended March 31, 2023

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Management's Responsibility

To the Members of Ahousaht:

The accompanying consolidated financial statements of Ahousaht are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Ahousaht Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to both the Council and management to discuss their audit findings.

March 12, 2024

Signed by: Rob Bullock

Executive Director

To the Members of Ahousaht:

Qualified Opinion

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

In our opinion, except for the effects of the matters 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 Nation as at March 31, 2023, and the results of its consolidated operations, consolidated changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian Public Sector Accounting Standards ("PSAS") Section PS 3280 Asset Retirement Obligations ("ARO") which was adopted by the Nation as of April 1, 2022 requires the recognition of an ARO liability when there is a legal obligation that establishes a clear responsibility to incur retirement costs in relation to a tangible capital asset. The Nation has not identified ARO liabilities as of March 31, 2023 and we were unable to satisfy ourselves concerning those liabilities by alternative means. Consequently, we were not able to determine whether any adjustments would be necessary to liabilities, net financial assets, tangible capital assets, accumulated surplus, expenses, annual surplus, or change in net financial assets for the years ended March 31, 2023 and 2022, and accumulated surplus as of April 1, 2021 and March 31, 2022 and 2023.

We were unable to verify that Ahousaht Council formally approved the budget for the year ending March 31, 2023. Canadian public sector accounting standards requires the approved budget to be presented in the consolidated statements of operations and accumulated surplus and changes in net financial assets. The consolidated budgeted revenue, expenses, and surplus have not been reported in these 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matters

The consolidated financial statements of Ahousaht for the year ended March 31, 2022 were audited by Crowe MacKay LLP of Vancouver, British Columbia, Canada. Crowe MacKay expressed a qualified opinion on those statements on October 5, 2022 as described in the Basis for Qualified opinion paragraph relating to the lack of approved budget and also included a qualification for financial information for Ahousaht Fishing Corporation not being available at the audit report date. Ahousaht Fishing Corporation is inactive and has been stricken from the BC Corporate Registry for the year ended March 31, 2023, our audit opinion has not been modified for this reason.

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 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 Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation 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.

Nanaimo, British Columbia

March 12, 2024

MNP LLP

Chartered Professional Accountants

Ahousaht
Consolidated Statement of Financial Position
As at March 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents	19,283,864	14,164,827
Accounts receivable (Note 4)	3,276,505	1,337,859
Restricted cash (Note 5)	989,580	767,285
Funds held in trust (Note 6)	327,902	313,346
Investment in Nation business entities (Note 7)	1	2
Total of assets	23,877,852	16,583,319
Liabilities		
Deferred capital contribution (Note 9)	3,327,986	2,077,986
Deferred revenue (Note 10)	3,761,112	5,337,223
Debt (Note 11)	2,180,376	2,301,179
Accounts payable and accruals (Note 12)	1,394,322	2,524,238
Forgivable loans (Note 13)	127,923	165,594
Total of financial liabilities	10,791,719	12,406,220
Net financial assets	13,086,133	4,177,099
Non-financial assets		
Tangible capital assets (Schedule 1)	72,158,618	69,080,518
Accumulated surplus (Note 14)	85,244,751	73,257,617

Approved on behalf of the Chief and Council

Signed by: John Rampanen

Chief

Signed by: Sabrina Campbell

Councillor

Ahousaht
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

	<i>Schedules</i>	2023	2022
Revenue			
Indigenous Services Canada (Note 15)		22,525,434	20,684,483
Nuu-chah-nulth Tribal Council		4,377,239	3,982,290
First Nations School Association		1,715,634	2,143,577
Province of British Columbia		912,986	2,200,336
Aboriginal Headstart		196,305	222,943
Canada Mortgage and Housing Corporation		123,546	122,197
Other revenue		1,408,624	1,388,314
Grant revenue		1,540,000	-
Gaming revenue		1,052,336	601,777
First Nation Health Authority		625,592	28,880
Interest income		615,856	98,861
Rental income		420,141	411,016
Fisheries and Oceans Canada		380,115	-
Internet services		197,357	214,664
		36,091,165	32,099,338
Program expenses			
Administration	3	5,537,696	5,202,954
Ahousaht Patient Travel	4	2,031,883	1,696,386
Cha-Chum-Hi-Yup-Tiichmis	5	3,258,581	1,786,843
Social Development	6	1,876,820	1,613,553
Ahousaht Capital	7	101,128	61,686
Operations & Maintenance	8	1,349,338	955,345
Forestry	9	3,586	3,979
Fisheries	10	427,220	497,567
Housing	11	962,469	873,493
Ahousaht Education Authority	12	8,502,683	8,174,423
Chimahnah Healing Centre	13	52,627	34,000
Total expenditures (Schedule 2)		24,104,031	20,900,229
Annual surplus		11,987,134	11,199,109
Accumulated surplus, beginning of year		73,257,617	62,058,508
Accumulated surplus, end of year (Note 14)		85,244,751	73,257,617

The accompanying notes are an integral part of these consolidated financial statements

Ahousaht

Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2023

	2023	2022
Annual surplus	11,987,134	11,199,109
Purchases of tangible capital assets	(5,283,616)	(8,791,542)
Amortization of tangible capital assets	2,205,516	1,937,982
Increase in net financial assets	8,909,034	4,345,549
Net financial assets (net debt), beginning of year	4,177,099	(168,450)
Net financial assets, end of year	13,086,133	4,177,099

The accompanying notes are an integral part of these consolidated financial statements

Ahousaht
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	11,987,134	11,199,109
Non-cash items		
Amortization	2,205,516	1,937,982
Bad debts	211,728	174,197
Forgiveness of CMHC loans	(37,671)	(37,443)
Increase in funds held in trust	(14,556)	10,295
Write down of Ahousaht Fishing Corporation	1	-
	14,352,152	13,284,140
Changes in working capital accounts		
Accounts receivable	(2,150,374)	(233,351)
Restricted cash	(222,295)	(318,397)
Accounts payable and accruals	(1,129,916)	218,122
Deferred revenue	(1,576,111)	(1,670,796)
Deferred capital contribution	1,250,000	-
	10,523,456	11,279,718
Financing activities		
Repayment of debt	(120,803)	(1,631,673)
Capital activities		
Purchases of tangible capital assets	(5,283,616)	(8,791,542)
Increase in cash resources	5,119,037	856,503
Cash resources, beginning of year	14,164,827	13,308,324
Cash resources, end of year	19,283,864	14,164,827

The accompanying notes are an integral part of these consolidated financial statements

1. Operations

Ahousaht (the "Nation") is located in the province of British Columbia, and provides various services to its members. Ahousaht includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Change in accounting policies

Financial instruments

Effective April 1, 2022, the Nation adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 *Financial Instruments*. The new Section is applied prospectively, and prior periods have not been restated.

There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

Asset retirement obligations

Effective April 1, 2022, the Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Before Section PS 3280 was issued, there was no specific guidance in PSAB addressing the accounting for various types of asset retirement obligations. Section PS 3260 *Liability for Contaminated Sites* deals with liabilities associated with the contamination of sites. This section did not have an effect on the Nation's consolidated financial statements in previous years. Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met, as described in Note 3.

As of March 31, 2023, an assessment of the potential impact of ARO liabilities and the impact on the consolidated financial statements from the prospective application of the new accounting recommendations has not been determined.

3. Significant accounting policies

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

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the Ahousaht's reporting entity, including Ahousaht's government business entities.

The Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Ahousaht Education Authority
- 1139763 B.C. Ltd.
- Cha Chum Hi Yup Tiic Miss Society
- Chimahnah Healing Centre Ltd.

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

Ahousaht business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified basis include the Ahousaht Fishing Corporation.

Ahousaht is a member of Ma-Mook Development Corporation. The Ma-Mook Development Corporation is an organization of five Nations, whose purpose is to control the Nations' interest in forestry operations. The Nation does not have a share in the profit or loss of the organization. As a result, the financial statements have not been consolidated in the financial statements of Ahousaht.

Basis of presentation

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

Segments

The Nation conducts its business through a number of reportable segments as described in Note 21. These operating segments are established by senior management to facilitate the achievement of the 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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 3.

Revenue recognition

Rental Revenue

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.

3. Significant accounting policies *(Continued from previous page)*

Revenue recognition *(Continued from previous page)*

Government Transfers

Ahousaht 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, Ahousaht recognizes revenue as the liability is settled. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

Other 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.

Revenue of the Capital and Revenue Trust Fund is recognized at the time funds are contributed to the accounts held in Ottawa. Interest revenue is recognized when earned.

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

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

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

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	declining balance	4 to 5 %
Automotive equipment	declining balance	30 %
Computer equipment	declining balance	30 %
Equipment	declining balance	20 %
Boats and Docks	declining balance	15 %
Water and sewer systems	declining balance	5 %
Subdivisions and roads	declining balance	4 %
Roads and landfills	declining balance	4 %

Asset classification

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

3. Significant accounting policies *(Continued from previous page)*

Net financial assets

The Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated surplus.

Funds held in Ottawa Trust Fund

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

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

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management 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 reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2023.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Financial instruments

The Nation recognizes its financial instruments when the Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The Nation has not made such an election during the year.

3. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

The Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the consolidated statement of remeasurement gains and losses. The Nation has not presented a consolidated statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains or losses. Interest income is recognized in the consolidated statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers decline in funding in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the consolidated statement of remeasurement gains and losses.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Nation reviews the carrying amount of the liability. The Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Ahousaht
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

4. Accounts receivable

	2023	2022
Other receivables	751,648	486,529
Indigenous Services Canada	741,403	87,891
CMHC subsidy assistance	7,156	6,967
GST receivable	124,821	119,434
Nuu-chah-nulth Tribal Council	1,651,717	654,235
First Nations Health Authority	285,120	151,382
Rent receivable	1,290,932	1,196,325
	4,852,797	2,702,763
Less: Allowance for doubtful accounts	1,576,292	1,364,904
	3,276,505	1,337,859

5. Restricted cash

Under the terms of the agreements with Canada Mortgage Housing Corporation (CMHC), the replacement reserve account is to be credited in the amount of \$17,840 (2022 - \$17,840) 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. At March 31, 2023, \$553,665 (2022 - \$440,858) has been set aside to fund the replacement reserve. The funds in the account may only be used as approved by CMHC. At year-end the replacement reserve was adequately funded (2022 - adequately funded).

Under the terms of the agreements with CMHC, excess federal assistance payments 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. For the Post 1996 phases, the funds may be used to offset future deficits. Withdrawals are credits to interest first and then principal. At March 31, 2023, \$435,915 (2022 - \$326,427) has been set aside to fund this reserve. At year-end the operating reserve was adequately funded (2022 - adequately funded).

6. Funds held in trust

Capital and revenue trust monies are transferred to the Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Nation's Council.

	2023	2022
Capital Trust		
Balance, beginning and end of year	305,295	305,295
Revenue Trust		
Balance, beginning of year	8,051	18,346
Interest	9,757	10,972
Special (BC)	4,799	-
Less: Transfers to Nation	-	21,267
Balance, end of year	22,607	8,051
	327,902	313,346

Ahousaht
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

6. Funds held in trust *(Continued from previous page)*

Ottawa Trust Funds

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily government by Sections 63 to 69 of the *Indian Act*.

7. Investment in Nation business entities

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>2023 Total investment</i>
First Nation Business Partnerships:		
Mamook Natural Resources Ltd - 20%	1	1
	<i>Investment cost</i>	<i>2022 Total investment</i>
Wholly-owned Businesses:		
Ahousaht Fishing Corporation	1	1
First Nation Partnerships:		
Mamook Natural Resources Ltd - 20%	1	1
	2	2

Ahousaht Fishing Corporation is inactive and has been stricken from the BC Corporate Registry for the year ended March 31, 2023.

8. Available credit

The Nation has a demand loan with a maximum credit facility of \$850,000 (2022 - \$850,000) and bearing interest at prime plus 0.75% (2022 - prime plus 0.75%) per annum. The demand loan is secured by a General Security Agreement, second position to Royal Bank of Canada. At March 31, 2023, \$142,761 was drawn on the credit facility.

There is an additional demand loan with a maximum credit facility of \$150,000. At March 31, 2023, \$nil was drawn on the credit facility.

As at March 31, 2023 the prime rate was at 6.70% (2022 - 2.70%).

9. Deferred capital contribution

	<i>2023</i>	<i>2022</i>
FNHA - Land Based Capital AEA	121,357	121,357
The Annual Foundation - Chimahnah Healing Centre Ltd.	3,206,629	1,956,629
	3,327,986	2,077,986

Ahousaht
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

10. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
ISC - Anderson Creek	51,865	-	-	51,865
ISC - Wastewater Treatment Plant	415,697	-	415,697	-
ISC - 6-Plex DL363	372,432	-	-	372,432
ISC - Roads and Drainage - Maaqtusiis IR#15	4,497,229	-	1,160,414	3,336,815
	5,337,223	-	1,576,111	3,761,112

11. Debt

	2023	2022
Ahousaht Education Authority - NEDC non-interest bearing, repayable in monthly payments of \$625 commencing November 1, 2021 and maturing on October 1, 2025.	18,750	26,250
Loan - All Nations Trust, lender for CMHC housing, repayable at \$6,696 per month including interest at 1.57% per annum maturing on December 1, 2036, secured by a Ministerial guarantee.	993,463	1,059,128
Loan - All Nations Trust, lender for CMHC housing, bearing interest at 5.27% per annum, secured by a Ministerial guarantee.	611,396	595,523
Demand Loan - Royal Bank of Canada, repayable at \$2,193 per month including interest at 1.82% per annum, due on demand, secured by a Ministerial guarantee.	295,662	316,395
Demand CMHC Loan - Royal Bank of Canada, repayable at \$2,243 per month including interest at 3.06% per annum, due on demand, secured by a Ministerial guarantee.	141,940	164,144
Demand Loan - Bank of Montreal, repayable at \$1,492 per month including interest at prime plus 0.75% per annum, due on demand, secured by a general security agreement.	119,165	129,763
NEDC COVID-19 Emergency Loan - fully repaid.	-	9,976
	2,180,376	2,301,179

Principal repayments on debt in each of the next five years, assuming debt subject to refinancing is renewed, are estimated as follows:

	Principal
2024	116,771
2025	119,521
2026	122,369
2027	125,318
2028	128,375
	612,354
Thereafter	1,568,022

Ahousaht
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For the year ended March 31, 2023

12. Accounts payable and accruals

Included in accounts payable and accruals at year-end are wages and benefits payable of \$277,716 (2022 - \$268,013) and holdbacks payable of \$39,654 (2022 - \$566,616).

13. Forgivable loans

	2023	2022
CMHC RRAP #26-242-073; fully forgiven during the year.	-	6,056
CMHC RRAP #26-242-099; forgivable in monthly installments of \$653, interest as 3.38%, additional loan conditions to be determined at interest adjustment date.	21,816	21,816
CMHC RRAP #26-243-196; fully forgiven during the year.	-	7,952
CMHC RRAP #26-272-329; forgivable in monthly installments of \$941, interest at 4.75%, forgiven in July 2024.	14,057	25,350
CMHC RRAP #26-272-245; forgivable in monthly installments of \$941, interest as 5.38%, additional loan conditions to be determined at interest adjustment date.	24,350	24,350
CMHC RRAP #26-272-260; forgivable in monthly installments of \$805, interest as 5.38%, additional loan conditions to be determined at interest adjustment date.	22,100	22,100
CMHC RRAP #26-272-377; forgivable in monthly installments of \$924, interest as 4.13%, additional loan conditions to be determined at interest adjustment date.	21,500	21,500
CMHC RRAP #26-273-698; forgivable in monthly installments of \$847, interest as 5.38%, additional loan conditions to be determined at interest adjustment date.	24,100	24,100
CMHC RRAP #26-272-385; fully forgiven during the year.	-	8,650
CMHC RRAP #26-273-680; fully forgiven during the year.	-	3,720
	127,923	165,594

The forgivable loans are part of the Residential Rehabilitation Assistance Program ("RRAP"). The forgivable loans will be earned over 3-5 years from the Interest Adjustment Date. In order to earn the full amount of the forgivable RRAP loan, the owner must continue to own and occupy the property for the entire term of the loan. If the owner is in default of the loan conditions, the Nation will be required to repay the loan including interest.

14. Accumulated surplus

Accumulated surplus is comprised of the following:

	2023	2022
Equity in Ottawa Trust funds	327,902	313,346
Surplus in operating fund	14,466,104	5,732,662
Equity in tangible capital assets	69,978,242	66,779,339
Social Housing Replacement and Operating Reserves	472,504	432,270
	85,244,752	73,257,617

15. Indigenous Services Canada

	2023	2022
Per Indigenous Services Canada confirmation	20,949,323	19,026,315
Prior year unspent capital funds recognized	1,576,111	1,658,168
	22,525,434	20,684,483

16. Commitments

The Nation had a contract with Trittech Group Ltd. for the construction of the Wastewater Treatment Plant on Flores Island for a total cost of \$21,924,072, to date \$21,924,072 (2022 - \$21,451,649) has been expended on this contract. As of March 31, 2023, the remaining commitment for this contract was \$nil, and the contract is now complete.

The Nation also has a contract with Associated Engineering for the construction of roads and drainage improvements of Marktosis I.R. No. 15 at a total cost of \$6,295,815, to date \$5,209,238 (2022 - \$3,439,519) has been expended on this contract. As at March 31, 2023, the remaining commitment for this contract was \$1,086,577. The contract is expected to be completed in the 2024 fiscal year.

17. Contingent liabilities

The Nation has been named defendant in a lawsuit related to compensatory damages and contract breach. Management cannot determine whether the claim will be successful and cannot estimate the potential loss, if any.

These consolidated financial statements are subject to review by the Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews. Any liabilities resulting from these reviews will be accounted for as an expense at the time of resolution.

18. Economic dependence

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

19. Budget information

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the Nation's actual revenue and expenses based on the original approved budget. Ahousaht prepared a budget for the year ended March 31, 2023 for the departments related to Indigenous Services funding, however the budget was not formally approved by Council. The consolidated budgeted revenue and expenses, and surplus have not been reported in these consolidated financial statements. While having no effect on reported revenue, expenses, and surplus, omission of this information is considered a departure from PSA standards.

20. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

21. Segments

The Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by segments. Schedules 3 to 13 disclose the details of the Nation's revenue and expenses by segment. The Nation is organized into the following segments:

Administration

Includes general operations, support, and financial management of the Nation.

Patient Travel

Includes revenue and expenditures relating to medical patient travels.

Cha-Chum-Hi-Yup-Tiichmis

Includes activities related to the provision of health services within the Nation.

Social Development

Includes revenue and expenditures relating to the social assistance of the members of Ahousaht.

Operations & Maintenance

Includes the maintenance of infrastructure owned by the Nation.

Fisheries

Includes revenue and expenditures related to conservation and stewardship of the Nation's fisheries.

Forestry

Includes revenue and expenditures related to conservation and stewardship of the the Nation's land and resources.

Ahousaht Capital

Includes revenue and expenditures related to capital projects.

Housing

Includes revenue and expenditures related to social housing programs carried on by the Nation.

Ahousaht Education Authority

Includes revenue and expenditures related to Ahousaht Education Authority for education services of the Nation.

Chimahnah Healing Centre

Includes revenue and expenditures related to the construction of the Chimahnah Healing Centre.