

HESQUIAHT FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2023

HESQUIAHT FIRST NATION
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Year Ended March 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

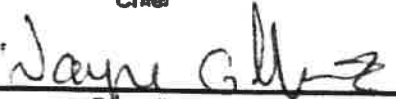
The integrity and reliability of Hesquiaht First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial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

The Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility principally 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.

The consolidated financial statements have been audited on behalf of the members by Morine & Schindler CPAs LLP, in accordance with Canadian public sector accounting standards (PSAS).



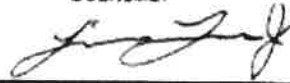
Chief



Councillor



Councillor



Councillor

Tofino, BC
August 04, 2023



CHARTERED PROFESSIONAL ACCOUNTANTS LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Hesquiaht First Nation

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hesquiaht First Nation (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial assets 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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.

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CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Independent Auditor's Report to the To the Members of Hesquiaht First Nation (continued)

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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink, appearing to read 'Morrison & Schindler'.

Nanaimo, British Columbia
August 4, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

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

ASSETS

Cash	\$ 4,505,514	\$ 3,802,889
Accounts receivable	1,133,601	378,198
CMHC subsidies receivable	1,545	1,545
GST receivable	17,361	9,525
Rent receivable	23,956	2,529
Restricted cash (Note 3)	11,832	11,548
Funds held in trust (Note 4)	64,846	61,285
Investment in joint venture (Note 5)	1,821,113	1,573,652
	<u>7,579,768</u>	<u>5,841,171</u>

LIABILITIES

Accounts payable	317,874	499,313
Damage deposits	1,916	1,916
Interest payable	193	238
Wages payable	15,477	24,445
Deferred income	30,000	-
Long term debt (Note 8)	122,341	231,497
	<u>487,801</u>	<u>757,409</u>

NET FINANCIAL ASSETS	<u>7,091,967</u>	<u>5,083,762</u>
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NON-FINANCIAL ASSETS

Tangible capital assets (Note 7)	<u>24,698,891</u>	<u>25,278,743</u>
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ACCUMULATED SURPLUS	<u>\$ 31,790,858</u>	<u>\$ 30,362,505</u>
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ON BEHALF OF THE BOARD

Chief

Director

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

	Budget 2023	Total 2023	Total 2022
REVENUES			
Nuu-chah-nulth Tribal Council	\$ 2,566,620	\$ 3,347,618	\$ 4,176,053
Province of British Columbia	190,000	465,261	2,317,781
CMHC	20,047	18,538	18,538
CMHC - Special Contribution	-	1,000,000	-
Interest income	13,485	162,102	34,038
Administration fees and recoveries	265,856	432,245	548,403
Rental income	50,988	133,415	79,136
Fisheries revenues	-	12,401	98,418
Other revenue	130,000	467,748	394,007
Allocation to RRF	-	9,406	9,406
FNESC	53,181	126,060	116,649
Product sales	-	5,835	4,965
BCFN Gaming	674,462	674,462	383,725
Income from modified equity investments	-	347,461	252,787
Government of Canada	-	595,650	1,756,650
	<u>3,964,639</u>	<u>7,798,202</u>	<u>10,190,556</u>
EXPENSES			
Segment - Operations (<i>Schedule 2</i>)	3,481,580	6,241,381	6,136,399
Segment - Enterprise (<i>Schedule 3</i>)	19,171	35,250	19,171
Segment - Social Housing (<i>Schedule 4</i>)	150,789	93,219	49,407
	<u>3,651,540</u>	<u>6,369,850</u>	<u>6,204,977</u>
	313,099	1,428,352	3,985,579
	<u>-</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS	<u>\$ 313,099</u>	<u>\$ 1,428,352</u>	<u>\$ 3,985,579</u>

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

	2023	2022
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 30,362,506	\$ 26,376,926
ANNUAL SURPLUS	<u>1,428,352</u>	<u>3,985,579</u>
	<u>31,790,858</u>	<u>30,362,505</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 31,790,858</u>	<u>\$ 30,362,505</u>

See notes to financial statements

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

	Budget 2023	2023	2022
ANNUAL SURPLUS	\$ 313,099	\$ 1,428,352	\$ 3,985,579
Amortization of tangible capital assets	30,223	958,914	982,473
Purchase of tangible capital assets	-	(379,061)	(7,865,480)
Decrease in prepaid expenses	-	-	42,171
	30,223	579,853	(6,840,836)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	343,322	2,008,205	(2,855,257)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	5,083,761	5,083,762	7,939,019
NET FINANCIAL ASSETS - END OF YEAR	\$ 5,427,083	\$ 7,091,967	\$ 5,083,762

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

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 1,428,352	\$ 3,985,579
Items not affecting cash:		
Amortization of tangible capital assets	958,913	982,474
Income from modified equity investments	(347,461)	(252,787)
	<u>2,039,804</u>	<u>4,715,266</u>
Changes in non-cash working capital:		
Accounts receivable	(755,403)	267,693
Rent receivable	(21,427)	29,010
GST receivable	(7,836)	9,165
Accounts payable	(181,438)	(1,934,461)
Deferred income	30,000	(30,000)
Prepaid expenses	-	42,169
Restricted cash	(284)	30
Funds held in trust	(3,561)	(2,792)
Interest payable	(45)	(44)
Wages payable	(8,968)	(21,857)
	<u>(948,962)</u>	<u>(1,641,087)</u>
Cash flow from operating activities	<u>1,090,842</u>	<u>3,074,179</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(379,061)	(7,865,480)
Draws from equity investments	100,000	45,000
Cash flow used by investing activities	<u>(279,061)</u>	<u>(7,820,480)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(109,156)	(44,866)
Cash flow used by financing activity	<u>(109,156)</u>	<u>(44,866)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>702,625</u>	<u>(4,791,167)</u>
Cash - beginning of year	<u>3,802,889</u>	<u>8,594,055</u>
CASH - END OF YEAR	<u>\$ 4,505,514</u>	<u>\$ 3,802,888</u>

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

1. OPERATIONS

Hesquiaht First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Hesquiaht First Nation 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards (GAAP).

Basis of consolidation

The consolidated financial statements include the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation Business Entities. As a result, figures as at March 31, 2023 or for the years then ended include the operating fund, enterprise fund, social housing fund and the capital fund. All inter-entity balances have been eliminated, however, in the respective schedules transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Investments in partnerships where Hesquiaht does not own or control the entity 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 equity basis include:

	Ownership %	Year end
Hayu Fishing Limited Partnership	25.00	
Hayu Fishing Ltd.	25.00	

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents include 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.

Measurement uncertainty

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

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

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

Funds Held in Trust

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position and consist of:

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

Asset Classification

Assets are classified as 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 and prepaid expenses.

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 revision 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. As at March 31, 2023, no liability for contaminated site exists.

Net Financial Assets (Net Debt)

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

Segments

The Nation conducts its business through a number of reportable segments as described in Note 11. 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.

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

(continues)

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

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

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buildings	15 years	straight-line method
Equipment	5 years	straight-line method
Marine equipment	7 years	straight-line method
Infrastructure	20 years	straight-line method
Motor vehicles	7 years	straight-line method
Computer equipment	3 years	straight-line method

The First Nation regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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

Housing units are amortized at an annual amount equal to the principal reduction in related debt as per the Nation's agreement with CMHC.

The First Nation performs impairment testing on tangible capital assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized when an asset's service potential is reduced and they are charged to surplus in the year.

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

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

Revenue recognition

The First Nation recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Government transfers

The 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 and Revenue Trust Funds

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

Canada Mortgage and Housing Corporation ("CMHC")

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

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 and other revenue

Own source and other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.

Investment income

Investment income is recognized by the Nation when investment income is earned.

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

3. Restricted cash

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited by an amount 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, these reserves were not adequately funded.

4. Funds held in trust

	2023	2022
Capital		
Balance beginning and end of year	\$ 16,553	\$ 16,553
Subtotal	<u>16,553</u>	<u>16,553</u>
Revenue		
Balance beginning of year	44,732	41,940
Additions	3,561	2,792
Balance end of year	<u>48,293</u>	<u>44,732</u>
	<u>\$ 64,846</u>	<u>\$ 61,285</u>

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 governed by Sections 63 to 69 of the Indian Act.

5. INVESTMENTS

	Shares / Units		Cost	
	2023	2022	2023	2022
Investment - Hayu Fishing LP	25	25	\$ 1,823,279	\$ 1,575,818
Investment in Hayu Fishing Ltd	25	25	<u>(2,166)</u>	<u>(2,166)</u>
			<u>\$ 1,821,113</u>	<u>\$ 1,573,652</u>

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

6. Summary financial information for entities accounted for using the modified equity method

The Nation holds a 25% partnership interest in Hayu Fishing LP (HFLP), and 25% of the outstanding shares of Hayu Fishing Ltd (HFLTD) whose yearends are December 31, 2022.

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 1,920,655	\$ 859
Accounts receivable	393,955	-
Tangible capital assets	8,917	-
Intangible assets	4,977,004	-
Due from related parties	453	-
Total assets	<u>\$ 7,300,984</u>	<u>\$ 859</u>
Liabilities		
Accounts payable	\$ 8,293	\$ 1,300
Due to related parties	-	453
Total liabilities	<u>\$ 8,293</u>	<u>\$ 1,753</u>
Equity		
Partnership equity / Retained Earnings	\$ 7,292,691	\$ (895)
Share capital	-	1
Total equity	<u>\$ 7,292,691</u>	<u>\$ (894)</u>
Operations		
Total revenue	\$ 1,537,505	\$ 1,139
Total expenses	(147,522)	(1,469)
Net income	<u>\$ 1,389,983</u>	<u>\$ (330)</u>

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

7. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	<u>2022</u> <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>2023</u> <u>Balance</u>
Land	\$ 804,507	\$ -	\$ -	\$ 804,507
Buildings	14,251,437	-	-	14,251,437
Social Housing Units	816,293	-	-	816,293
Infrastructure	7,775,766	-	-	7,775,766
Vehicles	128,027	-	-	128,027
Marine equipment	209,551	-	-	209,551
Equipment	1,208,942	43,401	-	1,252,343
Computer equipment	57,615	-	-	57,615
Construction in progress	19,839,146	335,660	-	20,174,806
	\$ 45,091,284	\$ 379,061	\$ -	\$ 45,470,345

<u>Accumulated Amortization</u>	<u>2022</u> <u>Balance</u>	<u>Amortization</u>	<u>Accumulated</u> <u>Amortization</u> <u>on Disposals</u>	<u>2023</u> <u>Balance</u>
Land	\$ -	\$ -	\$ -	\$ -
Buildings	12,341,724	719,504	-	13,061,228
Social Housing Units	572,087	28,679	-	600,766
Infrastructure	5,467,175	149,679	-	5,616,854
Vehicles	24,913	18,290	-	43,203
Marine equipment	198,665	4,547	-	203,212
Equipment	1,150,362	38,214	-	1,188,576
Computer equipment	57,615	-	-	57,615
Construction in progress	-	-	-	-
	\$ 19,812,541	\$ 958,913	\$ -	\$ 20,771,454

<u>Net book value</u>	<u>2023</u>	<u>2022</u>
Land	\$ 804,507	\$ 804,507
Buildings	1,190,209	1,909,713
Social Housing Units	215,527	244,206
Infrastructure	2,158,912	2,308,591
Vehicles	84,824	103,114
Marine equipment	6,339	10,886
Equipment	63,767	58,580
Construction in progress	20,174,806	19,839,146
	\$ 24,698,891	\$ 25,278,743

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

8. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
All Nations Trust Company loan bearing interest at 1.86% per annum, repayable in monthly blended payments of \$985. The loan matures on February 1, 2024 and is secured by housing units and ministerial guarantee.	\$ 10,738	\$ 22,246
All Nations Trust Company loan bearing interest at 1.86% per annum, repayable in monthly blended payments of \$1,618. The loan matures on April 1, 2024 and is secured by housing units and ministerial guarantee.	111,603	128,774
NEDC loan bearing interest at 3.45% per annum, repayable in monthly blended payments of \$1,310.	-	80,477
	<u>\$ 122,341</u>	<u>\$ 231,497</u>

Principal repayment terms are approximately:

2024	\$ 28,241
2025	17,828
2026	18,160
2027	18,497
2028	18,841
Thereafter	20,774
	<u>\$ 122,341</u>

9. CONTINGENT LIABILITY

The First Nation has a housing program with CMHC. The financial results of that program are subject to review by CMHC and it is possible that adjustments could be made based on the results of their review.

10. ECONOMIC DEPENDENCE

The First Nation indirectly receives a significant portion of its revenue from Indigenous Services Canada (ISC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by ISC 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 treaties.

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

11. 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 the following segments:

Operations:

Includes revenue and expenses related to general administration, education, health, capital projects and social services of the Nation.

Enterprise:

Includes revenue and expenses related to government business entities.

Social Housing:

Includes revenue and expenses related to CMHC supported housing.

12. Budget information

The disclosed budget information has been approved by the Chief and Council of the Hesquiat First Nation.

Budget information was not prepared for the full scope of activities performed by the Nation for the year ended March 31, 2023. Budget information was not prepared, available or approved for several departments.

HESQUIAHT FIRST NATION
Consolidated Expenses by Object
(Schedule 1)
Year Ended March 31, 2023

	Budget 2023	Total 2023	Total 2022
Honoraria	\$ 73,480	\$ 68,020	\$ 111,679
Advertising and promotion	-	-	15,199
Amortization	30,223	958,913	982,474
Licences and fees	22,271	11,935	12,439
Program fees	71,170	45,735	50,229
Utilities	28,800	36,720	28,800
Equipment rentals	-	35,250	-
Insurance	56,582	60,781	105,627
Interest and bank charges	9,412	9,044	10,627
Interest on long term debt	-	4,775	6,199
Social assistance	53,735	135,820	87,698
Admin fees	330,837	333,931	478,203
Office	46,412	73,967	75,505
Professional fees	52,500	94,309	44,870
Property taxes	19,171	33,715	19,171
Rental	45,600	79,120	56,624
Repairs and maintenance	544,781	245,512	257,657
Salaries and wages	681,472	794,586	918,029
Transfer to RRF	-	9,406	9,406
Contracted services	522,413	1,694,513	1,143,586
Supplies	397,619	149,998	229,159
Telephone	92,000	73,331	112,245
Training and workshops	17,000	31,593	35,785
Travel	519,456	989,088	1,036,833
Fuel	36,606	399,789	376,932
Segment - Social Housing (Schedule 4)	-	224,462	-
	<u>\$ 3,651,540</u>	<u>\$ 6,594,313</u>	<u>\$ 6,204,976</u>

HESQUIAHT FIRST NATION
Segment - Operations
(Schedule 2)
Year Ended March 31, 2023

	2023	2022
REVENUES		
Nuu-chah-nulth Tribal Council	\$ 3,347,619	\$ 4,176,051
Province of British Columbia	465,261	2,317,781
Interest income	154,286	33,335
Administration fees and recoveries	432,245	548,403
Rental income	80,590	47,770
Fisheries revenues	12,401	98,418
Other revenue	467,748	354,007
FNESC	126,060	116,649
Product sales	5,835	4,965
BCFN Gaming	674,462	383,725
Government of Canada	595,650	1,756,650
Income from modified equity investments	347,461	252,787
	<u>6,709,618</u>	<u>10,090,541</u>
EXPENSES		
Admin fees	333,931	476,251
Advertising and promotion	-	15,199
Interest and bank charges	8,763	10,366
Interest on long term debt	2,263	3,160
Amortization	930,233	954,321
Utilities	36,720	28,800
Insurance	55,770	101,032
Office	73,967	75,505
Licences and fees	11,935	12,439
Professional fees	81,994	44,870
Salaries and wages	794,586	918,029
Program fees	45,735	50,229
Honoraria	68,020	111,679
Social assistance	135,820	87,698
Supplies	139,548	229,159
Telephone	73,331	112,245
Training and workshops	31,593	35,785
Travel	985,888	1,036,833
Rental	79,120	56,624
Repairs and maintenance	239,612	255,657
Contracted services	1,677,513	1,143,586
Fuel	399,789	376,932
Equipment rentals	35,250	-
	<u>6,241,381</u>	<u>6,136,399</u>
ANNUAL SURPLUS (DEFICIT)	<u>468,237</u>	<u>3,954,142</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>29,407,260</u>	<u>25,475,097</u>
TRANSFERS		
Transfers between programs	<u>(259,712)</u>	<u>(21,980)</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ 29,615,785</u>	<u>\$ 29,407,259</u>

See notes to financial statements

HESQUIAHT FIRST NATION
Segment - Enterprise
(Schedule 3)
Year Ended March 31, 2023

	2023	2022
REVENUES	\$ -	\$ -
EXPENSES		
Professional fees	1,535	-
Property taxes	33,715	19,171
	35,250	19,171
ANNUAL SURPLUS	(35,250)	(19,171)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	1,003,691	1,000,881
TRANSFERS		
Transfers between programs	35,250	21,980
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ 1,003,691	\$ 1,003,690

HESQUIAHT FIRST NATION
Segment - Social Housing
(Schedule 4)
Year Ended March 31, 2023

	2023	2022
REVENUES		
CMHC - Special Contribution	\$ 1,000,000	\$ -
Interest income	7,816	703
CMHC	18,538	18,538
Rental income	52,825	31,366
Allocation to RRF	9,406	9,406
Other revenue	-	40,000
	<u>1,088,585</u>	<u>100,013</u>
EXPENSES		
Admin fees	-	1,953
Contracted services	17,000	-
Professional fees	10,780	-
Interest and bank charges	281	261
Interest on long term debt	2,512	3,039
Insurance	5,011	4,595
Amortization	28,679	28,153
Repairs and maintenance	5,900	2,000
Supplies	10,450	-
Travel	3,200	-
Transfer to RRF	9,406	9,406
	<u>93,219</u>	<u>49,407</u>
ANNUAL SURPLUS (DEFICIT)	<u>995,366</u>	<u>50,606</u>
ACCUMULATED SURPLUS	<u>(48,445)</u>	<u>(99,051)</u>
TRANSFERS		
Transfers between programs	<u>224,462</u>	<u>-</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ 1,171,383</u>	<u>\$ (48,445)</u>

See notes to financial statements