

**HUPACASATH FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2024

**HUPACASATH FIRST NATION
CONSOLIDATED INDEX
March 31, 2024**

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HUPACASATH FIRST NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
March 31, 2024

The accompanying consolidated financial statements of Hupacasath First Nation are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

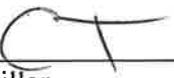
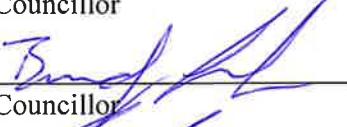
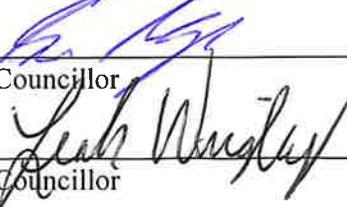
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets 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 consolidated financial statements and the external auditor's report.

The external auditors, Sabo, Jang Co. Ltd., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Hupacasath First Nation and meet when required.

On behalf of Hupacasath First Nation:


Councillor

Councillor

Councillor
Leah Wugley

Oct 23/2024
Date

Oct 23, 2024
Date

Oct 23, 2024
Date

Oct 23, 2024
Date



Independent Auditor's Report

To the Members of Hupacasath First Nation

Qualified Opinion

We have audited the consolidated financial statements of Hupacasath First Nation (First Nation), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of revenue, expenditures and accumulated surplus, change 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, 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 assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As noted in Note 1 - Basis of Presentation and Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with the Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in capital assets.

We were unable to verify that Hupacasath First Nation Council formally approved the budget for the year ending March 31, 2024 (*Note 12*). 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 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.

Emphasis of Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements of First Nation taken as a whole. The supplementary information included on the schedules on pages 37-61 is presented for the purposes of additional analysis and is not a part of the audited financial statements. As such the supplementary information provided is not included under this report and we give no formal opinion on the information provided.

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.

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 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.
- 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.

Parksville, B.C.
August 30, 2023

Saito, Jiang & Co. Ltd.
Chartered Professional Accountants

HUPACASATH FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash	\$ 2,596,747	\$ 3,689,366
Restricted cash (Note 2)	1,560,992	977,305
Accounts receivable	869,062	1,746,657
Due from related parties (Note 3)	2,528,978	2,049,033
Deposits	73,000	30,000
Loan receivable (Note 4)	1,667,140	2,267,805
Investment in First Nation business partnerships & enterprises (Note 5)	1,322,381	1,839,686
Excise tax recoverable	30,308	24,344
Reserves (Note 8)	6,286	-
	<u>10,654,894</u>	<u>12,624,196</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	577,916	544,778
Deferred revenue (Note 7)	676,669	2,008,120
Reserves (Note 8)	-	88,984
Long-term debt (Note 9)	4,281,146	5,384,543
	<u>5,535,731</u>	<u>8,026,425</u>
NET FINANCIAL ASSETS	<u>5,119,163</u>	<u>4,597,771</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	5,463,778	5,094,237
Prepaid expenses	134,105	157,172
	<u>5,597,883</u>	<u>5,251,409</u>
ACCUMULATED SURPLUS & CONTRIBUTED EQUITY (Note 11)	<u>\$ 10,717,046</u>	<u>\$ 9,849,180</u>

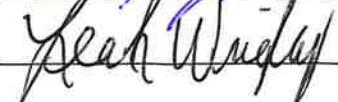
Contingent liability (Note 17)

Approved on behalf of the Hupacasath First Nation

, Councillor

, Councillor

, Councillor

, Councillor

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended March 31, 2024

	2024	2023
ANNUAL SURPLUS	\$ 867,865	\$ 2,184,381
Acquisition of tangible capital assets	(864,403)	(359,779)
Amortization of tangible capital assets	494,862	468,612
	<u>(369,541)</u>	<u>108,833</u>
Consumption (acquisition) of prepaid assets	23,068	(27,493)
Disposition of inventories held for use	-	79,077
Increase in net financial assets	521,392	2,344,798
Net Financial Assets at beginning of year	4,597,771	2,252,973
Net Financial Assets at end of year	\$ 5,119,163	\$ 4,597,771

Budgeted Figures (Note 12)

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
CONSOLIDATED STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED
SURPLUS
For the year ended March 31, 2024

	2024	2023
REVENUE		
Nuu-chah-nulth Tribal Council	\$ 2,390,924	\$ 2,224,153
Province of BC	2,036,265	954,937
Logging revenue	1,434,921	3,353,923
Grants	653,743	167,490
Department of Fisheries and Oceans	647,890	569,681
BC First Nations Gaming revenue	494,918	339,588
Interest income	335,879	202,673
Canada Mortgage and Housing Corporation	199,758	138,431
Rental income	138,044	156,130
First Nation Education Steering Committee	94,734	11,164
School District #70 contribution	64,800	99,000
Administration recoveries	49,980	90,180
First Nations Health Authority	44,416	34,902
Own source revenue	44,384	42,816
Donations and other	21,734	27,149
Nuu-chah-nulth Economic Development Corporation	-	13,687
Net losses - Business Partnerships (Note 5)	(117,305)	(84,224)
	8,535,085	8,341,680
EXPENDITURES (Note 13)		
Operating Fund	5,534,775	3,945,555
Social Housing Fund	183,748	231,652
Enterprise Fund	1,944,792	1,976,104
Treaty Fund	3,905	3,988
	7,667,220	6,157,299
ANNUAL SURPLUS	867,865	2,184,381
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		
As previously stated	7,804,185	5,558,361
Prior period adjustment (Note 15)	-	61,443
As restated	7,804,185	5,619,804
ACCUMULATED SURPLUS AT END OF YEAR	\$ 8,672,050	\$ 7,804,185
Budgeted Figures (Note 12)		

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31, 2024

	2024	2023
Cash flows from Operating activities		
ANNUAL SURPLUS	\$ 867,865	\$ 2,184,381
Items not affecting cash		
Amortization	494,862	468,612
	1,362,727	2,652,993
Change in non-cash operating working capital		
Accounts receivable	877,595	(1,279,304)
Prepaid expenses	23,068	(27,493)
Deposits	(43,000)	(29,647)
Inventory	-	79,077
Accounts payable and accrued liabilities	33,139	43,102
Deferred revenue	(1,331,451)	1,950,800
Reserves	(95,270)	66,125
Excise tax payable	-	(1,466)
Excise tax recoverable	(5,964)	(24,344)
	820,844	3,429,843
Capital activities		
Acquisition of tangible capital assets	(864,403)	(377,787)
Disposition of tangible capital assets	-	18,000
	(864,403)	(359,787)
Investing activities		
Decrease in long-term investments	517,305	84,247
Increase in restricted cash	(583,687)	(571,729)
Increase in due from related parties	(479,945)	(481,949)
Decrease in loan receivable	600,665	577,075
	54,338	(392,356)
Cash and Cash Equivalents Available Before Financing Activities	10,779	2,677,700
Financing activities		
Long-term debt	(1,103,398)	(821,377)
Increase (decrease) in cash and cash equivalents	(1,092,619)	1,856,323
Cash and cash equivalents, beginning of year	3,689,366	1,833,043
Cash and cash equivalents, end of year	\$ 2,596,747	\$ 3,689,366
Supplementary information		
Interest paid	\$ 248,792	\$ 240,855
Interest received	\$ 335,879	\$ 202,673

See accompanying Notes to Financial Statements.

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and are rounded to the nearest dollar for presentation purposes.

(a) Fund accounting

The Hupacasath First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual, or voluntary actions. The various funds have been amalgamated for the purposes of presentation in the consolidated financial statements. Detail of the operations of each fund are set out in the supplementary schedules.

(b) Reporting entity principles of financial reporting

The Hupacasath First Nation reporting entity includes the Hupacasath First Nation and all related entities which are accountable to the Council, and which are either owned, directly or indirectly, or controlled by the Hupacasath First Nation.

The controlled business of the First Nation meeting the definition of a government business partnership or enterprise have been recorded by the First Nation using the modified equity method where applicable. Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise or government business partnership and their share of the entities net income and other changes in equity are recorded. No adjustments are made for accounting policies of the entities that are different from those of the First Nation.

Government business partnerships and entities, which are partially or wholly-owned by the First Nation, are included in the consolidated financial statements using the modified equity method are as follows:

- 1328914 Cardlock Limited Partnership
- Ahahswinis Green Investments Ltd.
- HFN Environmental Waste Disposal Services Limited Partnership
- Kleekhoot Gold Limited Partnership
- Tsuma-as Tseafoods Limited Partnership
- Upnit Power Limited Partnership

See Note 5 on Investment in First Nation business partnerships and enterprises.

The First Nation also prepares Financial Statements that consolidate the assets, liabilities and results of operations for the following entities which lend themselves to consolidation:

1. Operating Fund
2. Trust Fund
3. Social Housing Fund
4. Enterprise Fund
5. Treaty Fund

All inter-fund balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

on the individual schedules.

(c) 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 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.

(d) Net financial assets

The First Nation's consolidated financial statements have been presented to highlight net financial assets as the measurement of financial position. Net financial assets of the First Nation are reported as the difference between liabilities and financial assets. Net financial assets added with non-financial assets calculates the accumulated surplus as a second indicator of financial position.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits.

(f) 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.

Amortization is provided for on a straight line basis over their estimated useful lives as follows:

Automotive equipment	5 years Straight line
Boats	8 years Straight line
Buildings	20 years Straight line
Cardlock	20 years Straight line
Computer equipment	3 years Straight line
Computer software	3 years Straight line
Equipment (5 year)	5 years Straight line
Equipment (7 year)	7 years Straight line
Equipment (10 year)	10 years Straight line
Fencing	10 years Straight line
Infrastructure	20 years Straight line
Lines (6 year)	6 years Straight line
Lines (20 year)	20 years Straight line
Nets	3 years Straight line
Roads and Parking lots	20 years Straight line
Signage	3 years Straight line
Storage and sheds	5 years Straight line

Social Housing capital assets have been amortized in an amount equal to the principal reduction of

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

the mortgage, as required for Canada Mortgage Housing Corporation ("CMHC") reporting purposes.

(g) Revenue recognition

Revenues with performance obligations are recognized as obligations are satisfied by providing the promised goods or services. 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.

Non-exchange transactions are recognized as revenues, at realizable value, when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.

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

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

Deferred revenue includes funding that is received but restricted for a specific use and is not in the applicable statement of revenue, expenditures and surplus. Deferred revenue is recognized once the related expenses are incurred.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Significant items subject to estimates include the valuation of accounts receivable, prepaid expenses, estimated useful life of tangible assets and accrued liabilities. Actual results could differ from those estimates.

(i) Comparative figures

Comparative figures have been reclassified, where applicable, to conform to current presentation.

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

2. RESTRICTED CASH

	2024	2023
In Trust for Membership	\$ 347,470	\$ 336,386
Term deposit	1,005,448	508,835
Ottawa Trust Funds	45,503	43,239
Social Housing reserve bank	76,571	58,845
Externally restricted cash	86,000	30,000
	<hr/> \$ 1,560,992	<hr/> \$ 977,305

In trust for membership funds are held in a GIC earning 5.50% (2023 - 3.05%) of interest. This amount includes \$67,091 which is committed as security for the BMO loan to ensure that the First Nation has cash reserves to cover the monthly payments of the BMO loan for Upnit Power Limited Partnership, if Upnit Power Limited Partnership is unable to make its monthly loan payment to the First Nation.

The term deposit is funds held in two GICs earning 5.00% (2023 - 4.80%) and 5.33% (2023 - N/A) of interest that are internally restricted by those charged with governance until council has approved purpose for use of funds.

Ottawa trust fund 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Social Housing funds held in Replacement and Operating Reserves according to the terms of the agreements with CMHC under Section 95 of the National Housing Act of Canada are presented on the Statements of Funded Reserves with the Social Housing Fund financial information.

Under the terms of the agreements with CMHC these funds, along with accumulated interest, must be held in separate bank accounts and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise may be mutually agreed to by the First Nation and CMHC. Withdrawals from the reserves are credited to interest first and then to principal.

The externally restricted cash is restricted by contributors for specific purpose spending. The \$86,000 in current year is comprised of funds restricted for the purchase of the Gill School (2023 - \$30,000 of funds restricted for the purchase of a tractor).

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

3. DUE FROM RELATED PARTIES

	2024	2023
1054423 Fisheries Limited Partnership	\$ 136,154	\$ 149,854
1328914 Cardlock Limited Partnership	229,478	147,174
Ahahswinis Green Investments Ltd	1,108,121	1,005,336
HFN Environmental Waste Disposal Services Limited Partnership	281,479	197,172
Kleekhoot Gold Limited Partnership	344,506	385,611
Tsuma-as Tseafoods Limited Partnership	54,544	79,496
Upnit Power Limited Partnership	374,696	84,390
	<hr/> \$ 2,528,978	<hr/> \$ 2,049,033

Advances due from/to related entities are unsecured and without interest or any fixed terms of repayment. Related party transactions are measured at the exchange amount and are not measurably different in value than what would have been otherwise charged if the parties were not related.

1054423 Fisheries Limited Partnership is a related entity. It is controlled by Tsuma-as Tseafoods Limited Partnership, which is controlled by the First Nation as described in Note 5, and the Tseshah First Nation.

The above entities are related due to the Nation having control over them. Details of ownership are outlined in Note 5.

4. LOAN RECEIVABLE

	2024	2023
Upnit Power Limited Partnership, repayable at \$56,697 per month including interest at 4.00% per annum, guaranteed by a General Security Agreement, maturity date October, 2026.	<hr/> \$ 1,667,140	<hr/> \$ 2,267,805

Loans receivable, initially recorded at cost, are valued at the lower of cost and net realizable value. Valuation allowances are used to reflect the collectability and risk of loss of receivables. No valuation allowance was recorded during the year and interest earned is recorded as received.

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS & ENTERPRISES

	2024	2023
Ahahswinis Green Investments Ltd.	\$ (1,091,559)	\$ (949,587)
HFN Environmental Waste Disposal Services Limited Partnership	(216,436)	(167,696)
Kleekhoot Gold Limited Partnership	(329,483)	(289,497)
Tsuma-as Tseafoods Limited Partnership	562,871	735,496
Upnit Power Limited Partnership	2,469,095	2,522,509
1328914 Cardlock Limited Partnership	(72,107)	(11,539)
 Total Investment in Business Partnerships & Enterprises	 \$ 1,322,381	 \$ 1,839,686

The First Nation owns 100% of the common shares of Ahahswinis Green Investments Ltd. Ahahswinis Green Investments Ltd. is a cannabis production and wholesale company.

The First Nation holds 10 of 11 issued Partner Units, representing 90.91% of the total Partner Units of HFN Environmental Waste Disposal Services Limited Partnership. The Limited Partner is allocated its proportionate share of 99.99% of the remaining Net Income (Loss) after the General Partner has been allocated its 0.01% share of Net Income (Loss), subject to a maximum allocation of \$100. HFN Environmental Waste Disposal Services Limited Partnership operates a waste collection and disposal operation that services its membership and the general public.

The First Nation holds 10 of 11 issued Partner Units, representing 90.91% of the total Partner Units of Kleekhoot Gold Limited Partnership. The Limited Partner is allocated its proportionate share of 99.99% of the remaining Net Income (Loss) after the General Partner has been allocated its 0.01% share of Net Income (Loss), subject to a maximum allocation of \$100. Kleekhoot Gold Limited Partnership operates a maple syrup production and bottling company that sells its products.

The First Nation holds 10 of 11 issued Partner Units, representing 90.91% of the total Partner Units of Tsuma-as Tseafoods Limited Partnership. The Limited Partner is allocated its proportionate share of 99.99% of the remaining Net Income (Loss) after the General Partner has been allocated its 0.01% share of Net Income (Loss), subject to a maximum allocation of \$100. Tsuma-as Tseafoods Limited Partnership manages fishing operations for the First Nation.

The First Nation holds 3,262,500 of 4,500,000 issued Partner Units, representing 72.50% of the total Partner Units of Upnit Power Limited Partnership. The Limited Partner is allocated its proportionate share of the Net Income (Loss). Upnit Power Limited Partnership operates a micro hydro, 6.5MW, run-of-river, green hydroelectric project.

The First Nation holds 10 of 11 issued Partner Units, representing 90.91% of the total Partner Units of 1328914 Cardlock Limited Partnership. The Limited Partner is allocated its proportionate share of 99.99% of the remaining Net Income (Loss) after the General Partner has been allocated its 0.01% share of Net Income (Loss), subject to a maximum allocation of \$100. 1328914 Cardlock Limited Partnership operates a Cardlock for internal use and for use by the membership of the First Nation.

Events related to and transactions of the partnerships and enterprises during the intervening period between their last reporting date of December 31, 2023, and March 31, 2024 were estimated to not have a significant effect on the Nations results from operations or statement of financial position.

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS & ENTERPRISES, continued

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their December 31, 2023 year ends is as follows:

	HFN				Tsuma-as			
	Ahahswinis	Environmental	Kleekhoot Gold	Tseafoods	Upnit Power	Cardlock Limited	Partnership	2023 Total
	Green	Waste Disposal Services Limited	Limited Partnership	Limited Partnership	Limited Partnership	Partnership	Partnership	
	Investments Ltd.							
Cash	\$ 1,681	\$ 21,255	\$ 2,727	\$ 146,043	\$ 44,214	\$ 36,656	\$ 252,576	
Accounts receivable	1,225	15,328	1,010	166,064	283,581	9,602	476,810	
Prepaid expenses	5,000	-	-	-	63,032	2,313	70,345	
Tangible capital assets	-	-	34,580	-	5,871,988	-	5,906,568	
Due from related parties	-	9,351	9,978	11,264	5,435	1,805	37,833	
Investments	-	-	-	909,723	-	-	909,723	
Inventory	-	-	40,722	-	-	100,731	141,453	
Assets held in trust	-	-	-	39,470	-	-	39,470	
Total assets	\$ 7,906	\$ 45,934	\$ 89,017	\$ 1,272,564	\$ 6,268,250	\$ 151,107	\$ 7,834,778	
Accounts payable	\$ 16,045	\$ 30,990	\$ 9,390	\$ 102,248	\$ 47,535	\$ 8,163	\$ 214,371	
Current portion of callable debt	-	-	-	-	28,282	-	28,282	
Current portion of long term debt	-	-	-	-	638,665	-	638,665	
Deferred revenue	-	14,765	-	-	-	-	-	14,765
Due to related parties	-	231,400	394,384	167,849	474,438	215,057	1,483,128	
Due to shareholder	1,083,420	-	-	-	-	-	1,083,420	
Callable debt	-	-	-	-	452,360	-	452,360	
Long term debt	-	-	-	-	1,548,900	-	1,548,900	
Amounts held in trust	-	-	-	39,470	-	-	39,470	
Total liabilities	\$ 1,099,465	\$ 262,390	\$ 418,539	\$ 309,567	\$ 3,190,180	\$ 223,220	\$ 5,503,361	
Equity	(1,091,559)	(216,456)	(329,522)	962,997	3,078,070	(72,113)	2,331,417	
Total liabilities and equity	\$ 7,906	\$ 45,934	\$ 89,017	\$ 1,272,564	\$ 6,268,250	\$ 151,107	\$ 7,834,778	

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS & ENTERPRISES, continued

	HFN						
	Environmental			Tsuma-as			
	Ahahswinis	Waste Disposal	Tseafoods	Kleekhoot	Upnit Power	Cardlock	
	Green	Services		Limited	Limited	Limited	
	Investments	Limited		Gold Limited	Partnership	Partnership	
	Ltd.	Partnership		Partnership	Partnership	Partnership	
							Total
Revenue	\$ -	\$ 108,174	\$ 504	\$ 538,059	\$ 1,322,283	\$ 340,610	\$ 2,309,630
Expenses	141,972	156,919	40,494	310,664	1,395,957	401,184	2,447,190
Net Income (Loss)	\$ (141,972)	\$ (48,745)	\$ (39,990)	\$ 227,395	\$ (73,674)	\$ (60,574)	\$ (137,560)

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS & ENTERPRISES, continued

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their December 31, 2022 year ends is as follows:

	HFN								
	Ahahswinis	Green	Investments Ltd.	Environmental Services Limited Partnership	Kleekhoot Gold Limited Partnership	Tsuma-as Tseafoods Limited Partnership	Uptnit Power Limited Partnership	Cardlock Limited Partnership	2022 Total
Cash	\$ 516	\$ 7,288	\$ 25,123	\$ 194,654	\$ 268,991	\$ 48,138	\$ 544,710		
Accounts receivable	1,565	5,212	-	176,684	80,209	39,186	302,856		
Prepaid expenses	5,000	-	-	-	30,613	-	35,613		
Tangible capital assets	7,330	-	-	40,218	-	6,142,180	-	6,189,728	
Due from related parties	-	7,497	8,101	9,764	3,775	-	1	29,138	
Investments	-	-	-	703,814	-	-	-	703,814	
Inventory	-	-	41,020	-	-	-	111,488	152,508	
Total assets	\$ 14,411	\$ 19,997	\$ 114,462	\$ 1,084,916	\$ 6,525,768	\$ 198,813	\$ 7,958,367		
Accounts payable	\$ 14,588	\$ 26,519	\$ 5,116	\$ 177,414	\$ 31,405	\$ 5,580	\$ 260,622		
Current portion of callable debt	-	-	-	-	26,799	-	26,799		
Current portion of long term debt	2,486	2,466	2,486	2,486	615,647	-	625,571		
Deferred revenue	-	-	14,874	-	-	-	14,874		
Due to related parties	-	158,723	381,518	-	33,556	204,772	778,569		
Due to shareholder	971,000	-	-	-	-	-	971,000		
Callable debt	-	-	-	-	482,831	-	482,831		
Long term debt	-	-	-	169,417	2,183,785	-	2,353,202		
Total liabilities	988,074	187,708	403,994	349,317	3,374,023	210,352	5,513,468		
Equity	(973,663)	(167,711)	(289,532)	735,599	3,151,745	(11,539)	2,444,899		
Total liabilities and equity	\$ 14,411	\$ 19,997	\$ 114,462	\$ 1,084,916	\$ 6,525,768	\$ 198,813	\$ 7,958,367		

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS & ENTERPRISES, continued

	HFN					Tsuma-as			1328914		
	Environmental					Tseafoods			Cardlock		
	Ahahswinis	Waste Disposal	Kleekhoot	Tseafoods	Upmit Power	Limited	Limited	Partnership	Partnership	Limited	Total
	Green	Services	Gold Limited	Limited	Partnership	Partnership	Partnership	Partnership	Partnership	Partnership	
	Investments	Limited	Gold Limited	Partnership	Partnership	Partnership	Partnership	Partnership	Partnership	Partnership	
	Ltd.										
Revenue	\$ 14,238	\$ 110,519	\$ 20,410	\$ 529,227	\$ 1,497,263	\$ 225,372	\$ 2,397,029				
Expenses	- 339,157	- 147,638	- 23,943	- 307,814	- 1,398,655	- 236,922	- 2,454,129				
Net Income (Loss)	\$ -	\$ (324,919)	\$ (37,119)	\$ (3,533)	\$ 221,413	\$ 98,608	\$ (11,550)	\$ (57,100)			

HUPACASA TH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

5. INVESTMENT IN FIRST NATION BUSINESS PARTNERSHIPS & ENTERPRISES, continued

The 5 year loan principal repayment schedule for each entity is as follows:

Upnit Power Limited Partnership	\$	666,947
2025		694,829
2026		559,673
2027		56,566
2028		59,710
2029		630,482
Thereafter		
Total	 	\$ 2,668,207

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade payables	\$ 400,124	\$ 413,116
Wages payable	26,600	21,320
Vacation and overtime payable	83,222	54,597
Government remittances	42,714	29,731
Interest on long term debt accrual	18,095	21,284
<u>Pensions payable</u>	<u>7,161</u>	<u>4,730</u>
	<hr/> \$ 577,916	<hr/> \$ 544,778

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5.5% (2023 - 5.0%) of their salary and the First Nation is required to match their contribution of 5.5% (2023 - 5.0%). 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 \$45,744 (2023-\$36,902) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2024.

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

7. DEFERRED REVENUE

	2024	2023
Province of BC - Stop Raw Salmon Exports Project Funding	\$ -	\$ 800,000
Province of BC - Island Rail Corridor Grant	- -	600,000
First Nations Drinking Water Class Action Settlement	500,000	500,000
First Nations Early Learning and Child Care - Gill School Grant	85,800	-
SPARC BC - Homelessness Community Action Grant	56,250	56,250
Mosaic Forest Management Holdback	34,619	-
Province of BC - Community and Family Support Grant	- -	30,000
United Way - Food Infrastructure Grant	- -	20,000
Deposit on rental income	- -	1,870
	<hr/> \$ 676,669	<hr/> \$ 2,008,120

The First Nations Drinking Water Class Action Settlement is funding received from a Court approved Settlement between Canada and affected First Nations and their members who were subject to a drinking water advisory that lasted at least one year between November 20, 1995, and June 20, 2021. The Settlement also includes commitments to fund the construction, operation, and maintenance of infrastructure to provide First Nations and Individual Class Members with regular access to safe drinking water in their homes. The funds are deferred until council has determined an approved purpose for use of funds.

The First Nations Early Learning and Child Care Grant from the British Columbia Ministry of Education and Child Care is funding received to support the early learning and child care priorities for children under the age of six. The funds deferred as they are internally restricted for the purposes of the Gill School purchase.

The Homelessness Community Action Grant is funding received from SPARC BC for the purposes of building a deeper understanding of the existing service needs and service gaps, as well as to help identify new pathways forward for the community. The funds are deferred as the related performance obligations have not yet been satisfied.

The Mosaic Forest Management holdback is monies withheld by Mosaic Forest Management for reforestation related to logging performed by the First Nation in October 2023.

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

8. RESERVES

	2024	2023
Social Housing replacement reserve	\$ 6,108	\$ (89,645)
Social Housing operating reserve	178	661
	<hr/> \$ 6,286	<hr/> \$ (88,984)

The Social Housing reserves represent the projected balance based on contributions from the First Nation, any interest income earned and expenses incurred. However, this projection is not reflective of the actual reserve balance. As of March 31, 2024, the reserves are in a deficit, indicating that additional funding is required to bring the projected balance back to zero. This deficit highlights a shortfall in meeting the financial obligations needed to maintain the reserves at the required levels.

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

9. LONG-TERM DEBT

	2024	2023
Bank of Montreal loan, was repaid during the year.	\$ -	\$ 357,834
All Nations Trust Company loan, repayable at \$2,006 per month including interest at 1.86% per annum, guaranteed by Hupacasath First Nation and the Federal Government, renewal date is April 2024 (matures April 2026).	49,247	72,210
All Nations Trust Company loan, repayable at \$3,040 per month including interest at 3.70% per annum, guaranteed by Hupacasath First Nation and the Federal Government, renewal date is December 2027 (matures October 2032).	269,125	295,298
NEDC loan, repayable at \$2,808 per month including interest prime (7.20%) + 2.00% per annum, matures January 2026; secured by PPSA and a promissory note of the First Nation.	48,183	76,189
NEDC loan, repayable at \$10,144 including interest at prime (7.20%) + 2.00% per annum; guaranteed by a general security agreement, matures in April 2040.	1,373,708	1,372,302
BMO loan, repayable at \$54,853 per month including interest at 2.99% per annum, matures September 2026; secured by the Upnit Power LP assets (see Note 5 for carrying value) and a general security agreement.	1,567,124	2,161,954
All Nations Trust Company loan, repayable at \$3,536 per month including interest at 1.83% per annum, guaranteed by the Hupacasath First Nation and the Federal Government, renewal date is December 2024 (matures December 2044).	767,910	796,106
NEDC loan, repayable at \$2,909 per month including interest at 6.00% per annum, guaranteed by a general security agreement, matures in March 2026.	55,164	85,741
NEDC loan, repayable at \$1,363 per month including interest at 5.00% per annum, guaranteed by a general security agreement, matures in December 2032.	114,580	124,909
NEDC loan, repayable at \$946 per month including interest at 12% per annum, guaranteed by a general security agreement, matures in April 2028.	<u>36,105</u>	<u>42,000</u>
	<hr/> <u>\$ 4,281,146</u>	<hr/> <u>\$ 5,384,543</u>

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

9. LONG-TERM DEBT, continued

Principal portion of long-term debt due within the next five years:

2025	\$ 798,582
2026	807,860
2027	438,640
2028	119,552
<u>2029 and thereafter</u>	<u>2,116,512</u>
	<hr/>
	\$ 4,281,146
	<hr/>

HUPACASSATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

10. TANGIBLE CAPITAL ASSETS

Tangible capital asset continuity schedule for 2024

	Cost	Accumulated amortization				
		Balance, beginning of year	Additions	Disposals	Balance, end of year	Amortization on disposals
Automotive equipment	\$ 1,159,429	\$ 32,195	\$ (31,780)	\$ 1,159,844	\$ 850,432	\$ 89,286
Boats	347,887	203,255	-	551,142	301,278	30,045
Buildings	4,919,079	75,061	-	4,994,140	3,142,203	110,814
Cardlock	308,890	-	-	308,890	23,167	15,445
Computer equipment	280,211	9,306	-	289,517	228,049	29,267
Computer software	79,855	14,527	-	94,382	73,410	7,898
Equipment (5 year)	714,544	131,053	-	845,597	635,495	38,337
Equipment (7 year)	-	245,082	-	245,082	-	17,506
Equipment (10 year)	358,702	13,062	-	371,764	309,442	7,209
Fencing	75,695	-	-	75,695	35,384	6,510
Lines (6 year)	-	20,752	-	20,752	-	1,729
Lines (20 year)	-	58,205	-	58,205	-	1,455
Infrastructure	1,685,271	38,629	-	1,723,900	1,284,518	43,824
Land	316,875	-	-	316,875	-	-
Nets	11,378	-	-	11,378	7,144	2,043
Roads and Parking Lots	244,554	23,276	-	267,830	123,740	12,810
Signage	3,100	-	-	3,100	3,100	-
Social Housing	2,367,718	-	-	2,367,718	761,589	80,684
	\$ 12,873,188	\$ 864,403	\$ (31,780)	\$ 13,705,811	\$ 7,778,951	\$ 494,862
						\$ (31,780)
						\$ 8,242,033
						\$ 5,463,778

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

TANGIBLE CAPITAL ASSETS, continued

Tangible capital asset continuity schedule for 2023

	Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year	Accumulated amortization on disposals	Accumulated amortization	Balance, beginning of year	Amortization on disposals	Accumulated amortization	Balance, end of year	2023 Net book value
Automotive equipment	\$ 945,725	\$ 231,704	\$ (18,000)	\$ 1,159,429	\$ 788,272	\$ 62,160	\$ 850,432	\$ 308,997				
Boats	318,539	29,348	-	347,887	273,693	27,585	-	301,278	46,609			
Buildings	4,917,176	1,903	-	4,919,079	3,014,488	127,715	-	3,142,203	1,776,876			
Cardlock	308,890	-	-	308,890	7,722	15,445	-	23,167	285,723			
Computer equipment	246,333	33,878	-	280,211	200,726	27,323	-	228,049	52,162			
Computer software	79,855	-	-	79,855	60,516	12,894	-	73,410	6,445			
Equipment (5 year)	686,557	27,987	-	714,544	603,998	31,497	-	635,495	79,049			
Equipment (10 year)	343,902	14,800	-	358,702	286,981	22,461	-	309,442	49,260			
Fencing	50,768	24,927	-	75,695	30,573	4,811	-	35,384	40,311			
Infrastructure	1,685,271	-	-	1,685,271	1,243,113	41,405	-	1,284,518	400,753			
Land	316,875	-	-	316,875	-	-	-	-	316,875			
Nets	5,248	6,130	-	11,378	4,373	2,771	-	7,144	4,234			
Roads and Parking Lots	237,444	7,110	-	244,554	111,690	12,050	-	123,740	120,814			
Signage	3,100	-	-	3,100	3,100	-	-	3,100	-			
Social Housing	2,367,718	-	-	2,367,718	681,316	80,273	-	761,589	1,606,129			
												\$ 5,094,237
	\$ 12,513,401	\$ 377,787	\$ (18,000)	\$ 12,873,188	\$ 7,310,561	\$ 468,390	\$ -	\$ 7,778,951	\$ 5,094,237			

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

11. ACCUMULATED SURPLUS

	2024	2023
Accumulated surplus at end of year	\$ 8,672,046	\$ 7,804,180
Contributed equity	2,045,000	2,045,000
	<hr/> <u>\$ 10,717,046</u>	<hr/> <u>\$ 9,849,180</u>

The First Nation has committed the cumulative surplus of the following programs for the future expenditures in only those specific programs.

	2024	2023
Community and Human Services	\$ 1,756,312	\$ 1,302,054
Capital - Residential	49,576	287,051
Capital - Non-residential	702,137	718,348
Natural Resources	1,736,491	843,153
	<hr/> <u>\$ 4,244,516</u>	<hr/> <u>\$ 3,150,606</u>

These balances are included in the accumulated surplus at end of year line of the table above and are not supported by separate assets.

12. BUDGETED FIGURES

Canadian public sector accounting ("PSA") standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses based on the original approved budget. The First Nation prepared a budget for the year ended March 31, 2024, 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.

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

13. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2024	2023
Advertising	\$ 66,736	\$ 45,629
Amortization	494,862	468,612
Bad debts	3,204	-
Bank charges and service fees	8,839	8,015
Basic needs and other social development costs	380,303	348,071
COVID-19 support	-	39,050
Community support programs	200,568	86,642
Consultant fees	62,900	25,076
Contracts	150,955	612,121
Contribution to salmon processing plant	780,706	-
Creel survey costs	31,226	41,657
Cultural site	26,277	-
Deadpitch	1,922	-
Election costs	5,539	4,670
Fire protection	29,062	39,880
Fuel	27,556	22,309
Funding refunds	70,610	-
Honorariums	112,278	86,080
Insurance	165,596	145,264
Interest on long-term debt	248,792	240,855
Licences, dues and fees	11,161	33,643
Materials and supplies	84,063	37,524
Meetings	29,796	12,267
Membership distribution	206,400	99,300
National Child Tax Benefit	32,590	27,600
Office and other	126,865	79,005
Operating reserve transfers	-	(5,818)
Patient transportation	42,860	22,951
Production costs - logging	1,336,368	1,351,595
Professional fees	58,727	93,038
Rental property costs	5,632	3,370
Repairs and maintenance	594,845	281,755
Replacement reserve transfers	17,600	86,600
Security	6,476	13,627
Special infrastructure projects	17,041	-
Special needs	196,102	72,603
Student allowances	22,452	15,949
Telecommunications	38,255	33,690
Tradition and culture	5,135	-
Training	15,290	18,187
Travel	55,935	24,234
Treatments	22,787	-
Utilities	143,304	130,436
Wages and benefits	1,729,605	1,511,812
	\$ 7,667,220	\$ 6,157,299

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

14. SEGMENTED INFORMATION

The First 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:

Operating

Includes general operations, support and financial management of the First Nation. Additionally, it includes activities related to education, health and community infrastructure.

Trust

Includes activities related to funds held in trust and a specific claim trust.

Social Housing

Includes revenue and expenses relating to the social housing of the members of the Hupacasath First Nation.

Enterprise

Includes activities related to the growth of revenue producing projects with the First Nation such as the First Nation business partnerships outlined in Note 5.

Treaty

Includes activities related to the treaty negotiation with the Federal Government.

Segmented information is a summary of the activities of each of the segments. The revenues and expenditures include amounts eliminated on consolidation and capital asset purchases.

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

14. SEGMENTED INFORMATION, continued

	Operating Fund		Trust Fund		Social Housing Fund	
	2024 Actual	2023 Actual	2024 Actual	2023 Actual	2024 Actual	2023 Actual
Revenues						
Nuu-chah-nulth Tribal Council	\$ 2,364,662	\$ 2,015,291	\$ -	\$ -	\$ -	\$ -
Department of Fisheries and Oceans	647,890	569,681	-	-	-	-
Province of BC	1,759,687	762,184	-	-	-	-
Interest income	328,049	199,288	1,498	1,285	6,331	2,100
Canada Mortgage and Housing Corporation	128,677	-	-	-	71,081	138,431
Rental income	36,429	38,157	-	-	95,611	97,370
Other revenue	1,527,094	1,375,072	765	768	20,325	3,351
Total revenue	6,792,488	4,959,673	2,263	2,053	193,348	241,252
Expenses						
Wages and benefits	1,625,642	1,415,927	-	-	-	-
Contracts	114,361	383,108	-	-	-	-
Amortization	266,974	269,178	-	-	80,684	80,274
Repairs and maintenance	538,478	264,046	-	-	11,117	5,645
Other expenses	3,446,895	1,946,678	-	-	101,547	155,333
Total expenses	5,992,350	4,278,937	-	-	193,348	241,252
Annual surplus (deficit)	\$ 800,138	\$ 680,736	\$ 2,263	\$ 2,053	\$ -	\$ -

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

14. SEGMENTED INFORMATION, continued

	Enterprise Fund		Treaty Fund	
	2024 Actual	2023 Actual	2024 Actual	2023 Actual
Revenues				
Logging revenue	\$ 1,434,921	\$ 3,353,922	\$ -	\$ -
Province of BC	276,578	192,753	-	-
Nuu-chah-nulth Tribal Council	-	183,080	26,261	25,782
Rental income	6,004	20,603	-	-
Net losses - Business Partnerships	(117,305)	(84,224)	-	-
Other revenue	250,453	48,254	-	-
Total revenue	1,850,651	3,714,388	26,261	25,782
Expenses				
Wages and benefits	103,963	95,884	-	-
Consultant fees	6,750	-	-	-
Production costs - logging	1,336,368	1,351,595	-	-
Other expenses	797,711	1,117,141	3,905	3,988
Total expenses	2,244,792	2,564,620	3,905	3,988
Annual surplus (deficit)	\$ (394,141)	\$ 1,149,768	\$ 22,356	\$ 21,794

HUPACASATH FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

15. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made in the 2023 fiscal year to correct accounts payable. The effect of the correction was a decrease in accounts payable of \$38,098, a decrease in subcontractor expense of \$38,098 and an increase in accumulated surplus of \$38,098. A second prior period adjustment was made to correct Ahahswinis Green Investments Ltd. share of income. The effect of the correction was a decrease in loss of \$25,090, an increase of \$25,090 in the investment in Ahahswinis Green Investments Ltd., and an increase in accumulated surplus of \$25,090. The net impact of all adjustments to accumulated surplus is an increase of \$61,443.

The comparative figures have been restated to reflect these changes.

16. ECONOMIC DEPENDENCE

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

17. CONTINGENT LIABILITY

The First Nation is contingently liable for guarantees of mortgages of members' residences situated on reserve. The total amount of such mortgages as at March 31, 2024 is \$1,357,055 (2023 - \$1,047,766).

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18. FINANCIAL INSTRUMENTS

The First Nation is exposed, through its operations, to the following financial risks: credit risk, liquidity risk and interest rate risk. The First Nation is exposed to risks that arise from its use of financial instruments. This note describes the First Nation's objectives, policies and processes for managing those risks and the methods used to measure them. There have been no substantive changes in the First Nation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

The principal financial instruments used by the First Nation, from which financial instrument risk arises, are as follows:

Cash and cash equivalents,
Trade and other receivables,
Loans receivable,
Trade and other payables,
Debt.

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, and trade and other payables. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

Council has overall responsibility for the determination of the First Nation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority or designing and operating processes that ensure the effective implementation of the objectives and policies to the Partnership's finance function. The overall objective of the Council is to set policies that seek to reduce risk as far as possible without unduly affecting the Partnership's operations or flexibility.

The First Nation is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the First Nation's risk exposure and concentration as of March 31, 2024.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. No allowance for credit losses on financial assets was required as of March 31, 2024. The First Nation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, loans receivable.

Liquidity Risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation manages liquidity risk by monitoring forecasted and actual cash flows, maintaining sufficient current liquid assets and managing the maturity profiles of financial assets and financial liabilities to minimize re-financing risk. The First Nation is exposed to this risk mainly in respect of its receipt of funds from its accounts receivable, loans receivable, amounts due from related parties, investment business partnerships and enterprises, accounts payable, and debt.

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18. FINANCIAL INSTRUMENTS, continued

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate risk primarily through its floating interest rate for debt and other credit facilities.