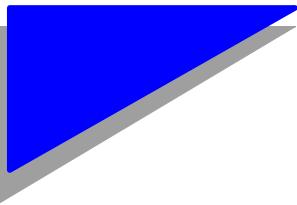


Vohora LLP
CPAs & Business Advisors

GITXAALA NATION
FINANCIAL STATEMENTS
MARCH 31, 2023



Vohora LLP
CPAs & Business Advisors

GITXAALA NATION
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MARCH 31, 2023

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GITXAALA NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

YEAR ENDED MARCH 31, 2023

The accompanying financial statements of the Gitxaala Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards which includes certain amounts based on judgments and estimates. Management has chosen the most appropriate method to determine the judgments/estimates to ensure that the financial statements are presented fairly, in all material respects.

The Gitxaala Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is reliable and accurate and that assets are adequately safeguarded.

The Nation is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Nation meets regularly with management and is available to meet with the external auditor to satisfy themselves that each party is properly discharging their responsibilities. The Nation also considers the engagement of the external auditor.

The financial statements have been audited by Carlyle Shepherd & Co. in accordance with Canadian generally accepted auditing standards on behalf of the Members. Carlyle Shepherd & Co. has full access to Chief and Council.


Chief


Councillor

INDEPENDENT AUDITOR'S REPORT

TO THE GITXAALA NATION

Opinion

We have audited the financial statements of the Gitxaala Nation, which comprise the statement of financial position as at March 31, 2023 and the statements of financial activities, cash flows and changes in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2023 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

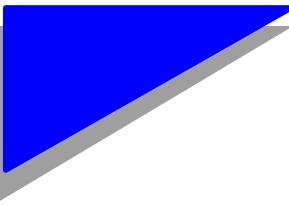
Other Matter

The financial statements for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on these financial statements on November 15, 2022.

Responsibilities of Management and Council for the Financial Statements

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

In preparing the 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 conditions exist that do not allow for the going concern basis to be used.



INDEPENDENT AUDITOR'S REPORT (continued)

Council is responsible for overseeing the Nation's financial reporting process.

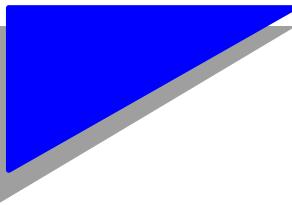
Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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.



Vohora LLP
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT (continued)

- 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 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 financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Prince Rupert, BC
November 20, 2023

Vohora LLP
Chartered Professional Accountants

GITXAALA NATION
STATEMENT OF FINANCIAL POSITION

MARCH 31

	2023	2022
	\$	\$
Financial Assets		<i>Restated</i>
Cash (note 1)	33,747,780	29,397,280
Marketable securities (note 1)	1,373,869	1,477,356
Accounts receivable (note 2)	2,774,426	7,599,648
Investments (note 7)	34,668,323	34,764,015
Ottawa trust funds (note 3)	<u>948,191</u>	<u>915,302</u>
	<u>73,512,589</u>	<u>74,153,601</u>
Liabilities		
Accounts payable and accruals (note 4)	1,807,863	967,962
Deferred revenue - CHMC Rapid Housing (note 1)	-	3,999,152
Replacement reserve (note 5)	101,904	95,904
Bank and other loans (note 6)	<u>201,206</u>	<u>261,726</u>
	<u>2,110,973</u>	<u>5,324,744</u>
Net Financial Assets	<u>71,401,616</u>	<u>68,828,857</u>
Non-Financial Assets		
Prepaid expenses	72,029	131,080
Property and equipment (notes 1 and 8)	29,445,177	25,287,096
Investments (notes 1 and 7)	<u>23,457,770</u>	<u>20,973,080</u>
	<u>52,974,976</u>	<u>46,391,256</u>
	<u>124,376,592</u>	<u>115,220,113</u>
Nation Position		
Operating surplus (note 9)	70,726,660	68,306,361
Equity in Ottawa trust funds (note 3)	948,191	915,302
Equity in property and equipment (note 10)	29,243,971	25,025,370
Equity in investments (note 7)	<u>23,457,770</u>	<u>20,973,080</u>
	<u>124,376,592</u>	<u>115,220,113</u>
CONTINGENT LIABILITIES (note 11)		

APPROVED ON BEHALF OF COUNCIL

 _____ Chief
 _____ Councillor

GITXAALA NATION			
STATEMENT OF FINANCIAL ACTIVITIES			
YEAR ENDED MARCH 31			
	Unaudited Budget 2023	2023	Restated 2022
	\$	\$	\$
REVENUE			
ISC	8,383,090	8,383,090	8,815,323
CMHC	4,030,210	4,030,210	28,206
BC FN Gaming Revenue Sharing LP	577,433	1,015,634	577,433
Department of Fisheries and Oceans	264,700	231,749	264,700
First Nations Education Steering Committee	722,944	1,020,527	722,944
First Nations Health Authority	2,232,004	2,396,260	2,232,004
Investments	2,500,000	4,088,254	5,231,040
LNG proponent revenue	300,000	250,167	1,478,265
Marketable securities and interest	1,000,000	1,044,482	339,527
Ottawa trust funds	21,667	32,889	21,667
Province of British Columbia	1,500,000	1,674,983	4,404,862
Prince Rupert Port Authority	-	-	263,741
Rental	239,955	296,532	239,955
Other	<u>3,000,000</u>	<u>4,066,071</u>	<u>3,071,821</u>
	<u>24,772,003</u>	<u>28,530,848</u>	<u>27,691,488</u>
EXPENDITURE			
Capital Projects	1,152,313	1,393,796	587,123
Education	3,334,742	4,033,583	3,003,973
Forestry	-	-	50,229
Health	1,261,325	1,525,653	1,380,437
Housing	41,427	50,109	42,069
Local Services, Economic Development and Fisheries	6,914,768	8,363,853	5,967,957
Provincial Coastal and LNG Benefit Agreement	773,572	935,685	1,034,619
Social Services	974,852	1,179,146	1,039,789
Amortization	<u>1,400,000</u>	<u>1,392,544</u>	<u>1,237,518</u>
	<u>15,853,000</u>	<u>18,874,369</u>	<u>14,343,714</u>
REVENUE OVER EXPENDITURE	8,919,003	9,656,479	13,347,774
OPENING POSITION	<u>114,720,113</u>	<u>114,720,113</u>	<u>101,372,339</u>
CLOSING POSITION	<u>123,639,116</u>	<u>124,376,592</u>	<u>114,720,113</u>

GITXAALA NATION		
STATEMENT OF CASH FLOWS		
YEAR ENDED MARCH 31		
	<i>2023</i>	<i>Restated 2022</i>
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	9,656,479	13,347,774
Amortization	1,392,544	1,237,518
Accounts payable and accruals	839,901	-1,665,869
Deferred revenue	-3,999,152	3,999,152
Replacement reserve	6,000	6,000
Accounts receivable	4,325,222	7,890,971
Ottawa trust funds	-32,889	-21,667
Prepaid expenses	<u>59,051</u>	<u>-41,792</u>
	<u>12,247,156</u>	<u>24,752,087</u>
FINANCING ACTIVITIES		
Bank and other loans	<u>-60,520</u>	<u>-120,855</u>
INVESTING ACTIVITIES		
Property and equipment additions	-5,550,625	-257,039
Investments	-2,388,998	-41,255,884
Marketable securities	<u>103,487</u>	<u>-113,290</u>
	<u>-7,836,136</u>	<u>-41,626,213</u>
CHANGE IN CASH	4,350,500	-16,994,981
OPENING CASH BALANCE	<u>29,397,280</u>	<u>46,392,261</u>
CLOSING CASH BALANCE	<u>33,747,780</u>	<u>29,397,280</u>

GITXAALA NATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	<i>Restated</i>	
	2023	2022
	\$	\$
Revenue over expenditure	9,656,479	13,347,774
Amortization	1,392,544	1,237,518
Property and equipment additions	-5,550,625	-257,039
Prepaid expenses	59,051	-41,792
Investments	<u>-2,484,690</u>	<u>-6,491,869</u>
 CHANGE IN NET FINANCIAL ASSETS	 3,072,759	 7,794,592
 OPENING NET FINANCIAL ASSETS	 <u>68,328,857</u>	 <u>60,534,265</u>
 CLOSING NET FINANCIAL ASSETS	 <u>71,401,616</u>	 <u>68,328,857</u>

GITXAALA NATION

NOTES

MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Indigenous Services Canada (ISC) which include compliance with the Public Sector Accounting Handbook.

b) Property and Equipment

Property and equipment are reported at cost.

Amortization is calculated on the declining balance method at the following annual rates:

Buildings	4%
Infrastructure	4%
Equipment	15% & 20%

Purchases of Social Housing Fund assets are reported at cost. Amortization is provided on these assets at a rate equal to the annual principal reduction of the related mortgage that approximates consumption of the asset for accounting purposes.

Purchases costing more than \$5,000 are capitalized.

c) Loans

Economic development and member loans issued and repaid under the fund accounting method are reported as expenditures and revenue respectively.

d) Accrual Accounting

Government grants and subsidy revenue are recognized as the Nation becomes entitled to the funding under the applicable agreement. Funding from external parties restricted by agreement or legislation is reported as deferred revenue until used for the purposes specified.

Interest and other income are recognized when earned.

Expenditures are reported in the period the goods or services are rendered or products received.

e) Investments

Band controlled enterprises and investments in limited partnerships are reported using the modified equity method. Other long-term investments are reported at cost. Losses are only recognized to the extent of the investment.

GITXAALA NATION

NOTES

MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards require management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

g) Financial Instruments

The Nation measures financial assets and liabilities at market value at the date of acquisition except for marketable securities as described in note 1.h. It is management's opinion that the Nation's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks except for marketable securities.

h) Marketable Securities

Marketable securities classified as held for trading are reported at market value.

2. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Canada Revenue Agency - GST	133,746	551,585
Other Federal	160,315	740,386
Province of British Columbia	666,607	4,388,883
Social housing rent	430,442	461,148
Trade and other	<u>1,963,465</u>	<u>2,125,171</u>
Allowance for doubtful accounts	<u>3,354,575</u>	<u>8,267,173</u>
	<u>580,149</u>	<u>667,525</u>
	<u><u>2,774,426</u></u>	<u><u>7,599,648</u></u>

GITXAALA NATION

NOTES

MARCH 31, 2023

3. OTTAWA TRUST FUNDS

ISC holds funds in trust for the Nation. These funds are designated as revenue or capital funds as is required by the Indian Act. The Nation is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Nation and its members. The expenditure of capital funds must be for projects of a capital nature and require the consent of the Minister of ISC.

	Revenue	Capital	Total
Opening balance	\$ 910,855	\$ 4,447	\$ 915,302
Interest	<u>32,889</u>	<u>-</u>	<u>32,889</u>
Closing balance	<u>\$ 943,744</u>	<u>\$ 4,447</u>	<u>\$ 948,191</u>

4. ACCOUNTS PAYABLE AND ACCRUALS

	2023	2022
	\$	\$
Governmental payables	14,529	42,406
Trade and other	1,524,950	675,796
Wages and benefits	<u>268,384</u>	<u>249,760</u>
	<u>1,807,863</u>	<u>967,962</u>

5. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited annually. These funds, with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as approved by CMHC. As at March 31, 2023, the required funds are in a separate bank account.

Opening balance	\$ 95,904
Current provision	<u>6,000</u>
Closing balance	<u>\$ 101,904</u>

GITXAALA NATION

NOTES

MARCH 31, 2023

6. BANK AND OTHER LOANS

Royal Bank of Canada, capital lease, \$1,318/month including interest at 7.98%; secured by equipment.	\$ 49,138
All Nations Trust Company, mortgage, \$2,233/month including interest at 1.86% per annum.	<u>152,068</u>
	<u><u>\$ 201,206</u></u>

Scheduled principal repayment during the next five years is as follows:

2024	\$ 73,319
2025	24,635
2026	25,097
2027	25,568
2028	<u>26,047</u>
	<u><u>\$ 174,666</u></u>

7. INVESTMENTS

	Opening balance	Contribution (distribution)	Income (loss)	Closing balance
Partnership				
Gitxaala Enterprises LP	\$ 53,965,738	\$ -1,699,256	\$ 3,824,404	\$ 56,090,886
Non-controlled enterprises				
North Coast Skeena CFE	1,641,431	-	322,820	1,964,251
North-Co-Corp Ferry Services Ltd.				
Shares – 33.33% interest	<u>129,926</u>	<u>-</u>	<u>-58,970</u>	<u>70,956</u>
	\$ 55,737,095	\$ -1,699,256	\$ 4,088,254	\$ 58,126,093
Financial Assets				<u><u>34,668,323</u></u>
Non-Financial Assets				<u><u>\$ 23,457,770</u></u>

GITXAALA NATION

NOTES

MARCH 31, 2023

8. PROPERTY AND EQUIPMENT

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Land	208,000	-	208,000	-	-	-	208,000	208,000
Buildings	15,824,322	5,317,350	21,141,672	8,717,785	477,031	9,194,816	11,946,856	7,106,537
Infrastructure	29,303,504	-	29,303,504	12,451,872	674,065	13,125,937	16,177,567	16,851,632
Equipment	2,392,069	233,275	2,625,344	1,858,985	153,272	2,012,257	613,087	533,084
Vessels	909,451	-	909,451	321,608	88,176	409,784	499,667	587,843
	<u>48,637,346</u>	<u>5,550,625</u>	<u>54,187,971</u>	<u>23,350,250</u>	<u>1,392,544</u>	<u>24,742,794</u>	<u>29,445,177</u>	<u>25,287,096</u>

GITXAALA NATION

NOTES

MARCH 31, 2023

9. OPERATING SURPLUS

	2023	2022
	\$	\$
Capital Projects	2,317,107	2,499,412
Education	10,390,091	9,873,433
Forestry	3,193,657	2,814,985
Health	3,148,867	2,687,596
Housing	114,270	203,996
Local Services, Economic Development and Fisheries	37,662,258	36,376,694
Provincial Coastal and LNG Benefit Agreements	12,016,568	12,076,181
Social Services	<u>1,883,842</u>	<u>1,274,064</u>
	<u>70,726,660</u>	<u>67,806,361</u>

10. EQUITY IN PROPERTY AND EQUIPMENT

Opening balance	\$ 25,025,370
Contribution from operations	5,496,723
Principal repayment	114,422
Amortization	<u>-1,392,544</u>
 Closing balance	 <u>\$ 29,243,971</u>

11. CONTINGENT LIABILITIES

Guarantor on Royal Bank of Canada loan for Tyee Building Supplies LP to \$2,502,000.

Guarantor on Royal Bank of Canada loan for Coast Industrial Construction Partnership to a maximum of \$13,500,000.

12. PRIOR YEAR ADJUSTMENT

The comparatives have been restated to remove the Gitxaala Trust from the Nation's financial statements. The Trust operates as a separate entity with its own Board and should not be consolidated with the Nation's financial statements. The impact on the March 31, 2022 comparatives is as follows:

Decrease in cash	\$ 22,188,177
Decrease in accounts receivable	500,000
Decrease in operating surplus	22,688,177

GITXAALA NATION

NOTES

MARCH 31, 2023

13. SEGMENT DISCLOSURE

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in note one. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the year are as follows:

GITXAALA NATION

NOTES

MARCH 31, 2023

13. SEGMENT DISCLOSURE (continued)

	Budget Total 2023	Local Services, Provincial										Restated	
		Capital Projects	Education	Forestry	Health	Housing	Economic Development and Fisheries	LNG Benefit Agreements	Social Services	Amortization	Total 2023	Total 2022	
											\$	\$	
REVENUE													
ISC	8,383,090	809,912	3,223,384	-	-	-	2,567,209	-	1,782,585	-	8,383,090	8,815,323	
CMHC	4,030,210	4,007,778	-	-	-	22,432	-	-	-	-	4,030,210	28,206	
BC FN Gaming Revenue Sharing LP	577,433	-	-	-	-	-	1,015,634	-	-	-	1,015,634	577,433	
Department of Fisheries and Oceans	264,700	-	-	-	-	-	231,749	-	-	-	231,749	264,700	
FNESC	722,944	-	1,020,527	-	-	-	-	-	-	-	1,020,527	722,944	
First Nations Health Authority Investments	2,232,004	-	-	-	2,201,120	-	-	195,140	-	-	2,396,260	2,232,004	
LNG proponent revenue	300,000	-	-	-	-	-	4,088,254	-	-	-	4,088,254	5,231,040	
Marketable securities and interest	1,000,000	-	-	-	-	-	250,167	-	-	-	250,167	978,265	
Ottawa trust funds	21,667	-	-	-	-	-	1,044,482	-	-	-	1,044,482	339,527	
Province of British Columbia	1,500,000	-	-	353,800	-	-	654,576	666,607	-	-	1,674,983	4,904,862	
Prince Rupert Port Authority	-	-	-	-	-	-	-	-	-	-	-	263,741	
Rental	239,955	5,464	-	-	-	111,692	179,376	-	-	-	296,532	239,955	
Other	3,000,000	127,682	468,040	24,872	13,779	-	3,379,034	14,325	38,339	-	4,066,071	3,071,821	
	24,772,003	4,950,836	4,711,951	378,672	2,214,899	134,124	13,443,370	876,072	1,820,924	-	28,530,848	27,691,488	
EXPENDITURE													
Administration	750,000	-	360,564	-	101,089	-	234,576	-	57,944	-	754,173	725,019	
Administration recovery	-750,000	-	-	-	-	-	-783,402	-	-	-	-783,402	-657,094	
Allowances	2,000,000	-	598,618	-	-	-	1,092,448	157,732	883,556	-	2,732,354	2,004,808	
Amortization	1,400,000	-	-	-	-	-	-	-	-	-	1,392,544	1,237,518	
Bad debts (recovery)	-	-	-	-	-	-	-56,669	-	-	-	-56,669	-226,486	
Bank charge and interest	53,000	-	-	-	248	2,883	50,262	-	-	-	53,393	52,280	
Chief and Council	400,000	-	-	-	-	-	407,778	-	-	-	407,778	221,441	
Contract services	3,000,000	400,614	694,560	-	143,681	-	1,970,846	166,541	19,910	-	3,396,152	2,930,116	
Insurance	175,000	11,400	7,699	-	-	30,077	134,481	1,900	-	-	185,557	155,568	
Materials and supplies	3,000,000	530,583	449,068	-	284,066	14,448	1,941,725	329,792	88,528	-	3,638,210	2,535,929	
Professional services	275,000	-	76,039	-	-	2,500	170,013	-	-	-	248,552	266,370	
Telephone and utilities	350,000	854	3,656	-	35,475	-	160,057	25,979	1,565	-	227,586	348,864	
Travel and workshops	700,000	11,710	157,940	-	515,855	-	670,499	60,617	20,650	-	1,437,271	698,891	
Wages and benefits	4,500,000	438,635	1,685,439	-	445,239	201	2,371,239	193,124	106,993	-	5,240,870	4,050,490	
	15,853,000	1,393,796	4,033,583	-	1,525,653	50,109	8,363,853	935,685	1,179,146	1,392,544	18,874,369	14,343,714	
REVENUE OVER EXPENDITURE	8,919,003	3,557,040	678,368	378,672	689,246	84,015	5,079,517	-59,613	641,778	-1,392,544	9,656,479	13,347,774	
TRANSFERS	-	991,628	-77,842	-	-227,975	-150,000	-503,811	-	-32,000	-	-	-	
ANNUAL SURPLUS (DEFICIT)	8,919,003	4,548,668	600,526	378,672	461,271	-65,985	4,575,706	-59,613	609,778	-1,392,544	9,656,479	13,347,774	