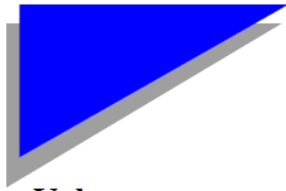


Vohora LLP
CPAs & Business Advisors

LAX KW'ALAAMS BAND
FINANCIAL STATEMENTS
MARCH 31, 2022



Vohora LLP
CPAs & Business Advisors

LAX KW'ALAAMS BAND
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MARCH 31, 2022

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LAX KW'ALAAMS BAND
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2022

The accompanying financial statements of the Lax Kw'alaams Band and all the information in this annual report are the responsibility of management and have been approved by the Mayor 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 the financial statements are presented fairly, in all material respects.

The Lax Kw'alaams Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Band's assets are appropriately accounted for and adequately safeguarded.

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

The Band Council 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 Band Council also considers the engagement of the external auditor.

The financial statements have been audited by Vohora LLP, Chartered Professional Accountants, in accordance with generally accepted auditing standards on behalf of the members. Vohora LLP has full and free access to the Band Council.



Mayor



Band Administrator

INDEPENDENT AUDITOR'S REPORT

TO MAYOR AND COUNCIL - LAX KW'ALAAMS BAND

Opinion

We have audited the financial statements of Lax Kw'alaams Band, which comprise the statement of financial position as at March 31, 2022 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 Band as at March 31, 2022 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. We are independent of the Band 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.

Responsibilities of Management and Council for the Financial Statements

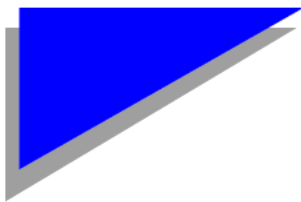
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free of material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

In preparing the financial statements, management is responsible for assessing the Band'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.

The Council is responsible for overseeing the Band'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



Vohora LLP

CPAs & Business Advisors

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 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 Band'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 Band'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 First 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
March 15, 2023

Vohora LLP

Chartered Professional Accountants

LAX KW'ALAAMS BAND

STATEMENT OF FINANCIAL POSITION

MARCH 31

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	33,234,252	25,132,129
Accounts receivable (note 3)	4,650,889	8,222,432
Inventory (notes 1 and 4)	464,264	222,798
Ottawa Trust funds (note 5)	1,475,589	1,439,033
	<u>39,824,994</u>	<u>35,016,392</u>
LIABILITIES		
Accounts payable and accruals (note 7)	2,368,563	2,968,663
Long-term debt (note 8)	9,568,387	9,984,247
	<u>11,936,950</u>	<u>12,952,910</u>
NET FINANCIAL ASSETS	<u>27,888,044</u>	<u>22,063,482</u>
NON-FINANCIAL ASSETS		
Investments (notes 1 and 10)	45,283,826	47,356,140
Prepaid expenses (note 6)	141,292	174,369
Property and equipment (notes 1 and 9)	60,903,969	60,647,950
	<u>106,329,087</u>	<u>108,178,459</u>
	<u>134,217,131</u>	<u>130,241,941</u>
BAND POSITION		
Surplus (note 11)	26,553,747	20,798,818
Equity in Ottawa Trust funds (note 5)	1,475,589	1,439,033
Equity in property and equipment (note 12)	60,903,969	60,647,950
Equity in investments (note 10)	45,283,826	47,356,140
	<u>134,217,131</u>	<u>130,241,941</u>

APPROVED ON BEHALF OF COUNCIL



Mayor



Band Administrator

LAX KW'ALAAMS BAND

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget 2022	2022	2021
	\$	\$	\$
REVENUE			
ISC	18,620,197	15,981,857	18,020,898
BC Housing	-	-	680,627
DFO	199,560	252,937	469,313
First Nations Health Authority	2,784,387	2,558,296	2,608,702
Interest	165,000	226,781	187,283
Investments (loss)	-	81,966	-1,262,083
Ottawa Trust funds	-	36,556	25,292
Province of British Columbia	2,365,991	2,183,321	2,976,872
Resource agreements	1,031,872	3,563,652	4,581,977
Sales and rental	2,441,096	2,272,074	2,042,984
Settlement trust	-	7,838	1,717
Other	<u>7,054,699</u>	<u>3,801,236</u>	<u>4,636,730</u>
	<u>34,662,802</u>	<u>30,966,514</u>	<u>34,970,312</u>
EXPENDITURE			
Administration	4,346,145	3,440,907	2,928,020
Amortization	1,750,000	1,731,900	1,713,520
Capital Development	16,010,489	1,904,470	963,267
Community Health	3,208,862	2,478,991	1,702,246
Community Project Funds	2,673,025	5,770,454	5,918,641
Economic Development	1,843,854	1,925,356	2,044,078
Education	7,345,166	5,452,732	4,870,841
Public Works	3,807,914	3,040,709	2,186,310
Social Assistance	<u>1,503,382</u>	<u>1,245,805</u>	<u>1,475,521</u>
	<u>42,488,837</u>	<u>26,991,324</u>	<u>23,802,444</u>
REVENUE OVER EXPENDITURE	-7,826,035	3,975,190	11,167,868
OPENING POSITION	<u>130,241,941</u>	<u>130,241,941</u>	<u>119,074,073</u>
CLOSING POSITION	<u>122,415,906</u>	<u>134,217,131</u>	<u>130,241,941</u>

LAX KW'ALAAMS BAND
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2022	2021
	\$	\$

OPERATING ACTIVITIES

Revenue over expenditure	3,975,190	11,167,868
Amortization	1,731,900	1,713,520
Accounts payable and accruals	-600,100	527,097
Accounts receivable	3,571,543	-3,818,236
Inventory	-241,466	59,718
Prepaid expenses	33,077	-89,797
Ottawa Trust funds	-36,556	-25,292
	<u>8,433,588</u>	<u>9,534,878</u>

FINANCING ACTIVITIES

Long-term debt	<u>-415,860</u>	<u>-399,247</u>
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INVESTING ACTIVITIES

Investments	2,072,314	1,262,083
Property and equipment additions	<u>-1,987,919</u>	<u>-3,121,253</u>
	<u>84,395</u>	<u>-1,859,170</u>

CHANGE IN CASH	8,102,123	7,276,461
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OPENING CASH BALANCE	<u>25,132,129</u>	<u>17,855,668</u>
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CLOSING CASH BALANCE	<u>33,234,252</u>	<u>25,132,129</u>
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LAX KW'ALAAMS BAND

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	Unaudited Budget	2022	2021
	\$	\$	\$
Revenue over expenditure	-7,826,035	3,975,190	11,167,868
Amortization	1,750,000	1,731,900	1,713,520
Property and equipment additions	-2,000,000	-1,987,919	-3,121,253
Investments	2,000,000	2,072,314	1,262,083
Prepaid expenses	<u>25,000</u>	<u>33,077</u>	<u>-89,797</u>
Change in net financial assets	-6,051,035	5,824,562	10,932,421
Opening net financial assets	<u>22,063,482</u>	<u>22,063,482</u>	<u>11,131,061</u>
Closing net financial assets	<u>16,012,447</u>	<u>27,888,044</u>	<u>22,063,482</u>

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

a) Financial Statement Presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards. Interfund administration and rent charges and the offsetting revenue in the amount of \$2,730,971 has not been eliminated for consolidation purposes.

b) Inventory

Inventory held for resale is valued at the lower of cost and net realizable value (determined on the first-in, first-out basis).

c) Investments

Long-term investments are recorded as an expenditure in the related fund when acquired, and are reported using the modified equity method. Losses are recorded only to the extent of the Band's investment.

d) Property and Equipment

Property and equipment are reported at cost and are amortized using the declining balance method at the following annual rates:

Equipment	20%
Roads, sewer and water	2%
Buildings	2.5%

e) Use of Estimates

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

f) Recognition of Revenue and Expenditures

Revenue is recorded in the period in which the transactions or events that give rise to the revenue occur. Funding from external parties is reported as per the terms of the funding agreement.

Expenditures are accounted for in the period when the goods and services are acquired and the liability is incurred.

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments

It is management's opinion that the Band's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks. The reported value of bank debt approximates fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

The Band measures financial assets and liabilities at market value at the date of acquisition.

h) Budget Information

The unaudited budget information has been provided by management.

2. CASH

	2022	2021
Operating accounts	\$ 32,898,129	\$ 24,661,443
Secured revenue trust	<u>336,123</u>	<u>470,686</u>
	<u>\$ 33,234,252</u>	<u>\$ 25,132,129</u>

3. ACCOUNTS RECEIVABLE

	2022	2021
ISC	\$ 21,080	\$ 745,748
Member receivables	57,409	80,323
Other	<u>5,388,286</u>	<u>8,039,575</u>
	5,466,775	8,865,646
Allowance for doubtful accounts	<u>815,886</u>	<u>643,214</u>
	<u>\$ 4,650,889</u>	<u>\$ 8,222,432</u>

LAX KW'ALAAMS BAND**NOTES****MARCH 31, 2022****4. INVENTORY**

	2022	2021
Cigarettes	\$ 146,649	\$ 107,165
Fuel	307,426	115,633
Supplies	<u>10,189</u>	<u>-</u>
	<u>\$ 464,264</u>	<u>\$ 222,798</u>

5. OTTAWA TRUST FUNDS

	Revenue	Capital	Suspense	Total 2022	Total 2021
Opening balance	\$ 738,765	\$ 687,508	\$ 12,760	\$ 1,439,033	\$ 1,413,741
Income	<u>36,310</u>	<u>-</u>	<u>246</u>	<u>36,556</u>	<u>25,292</u>
Closing balance	<u>\$ 775,075</u>	<u>\$ 687,508</u>	<u>\$ 13,006</u>	<u>\$ 1,475,589</u>	<u>\$ 1,439,033</u>

The trust funds arise from monies derived from capital and revenue sources as outlined in Section 62 of the Indian Act. These funds are held 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 Act.

6. PREPAID EXPENSES

	2022	2021
Post-secondary allowances	\$ 103,203	\$ 61,459
Legal retainer and other	<u>38,089</u>	<u>112,910</u>
	<u>\$ 141,292</u>	<u>\$ 174,369</u>

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2022

7. ACCOUNTS PAYABLE AND ACCRUALS

	2022	2021
Trade payable and accruals	\$ 1,491,163	\$ 2,608,109
Wages and benefits	<u>877,400</u>	<u>360,554</u>
	<u>\$ 2,368,563</u>	<u>\$ 2,968,663</u>

8. LONG-TERM DEBT

First Nations Finance Authority short-term loan, \$30,283/month including interest at 2.9% per annum.	\$ 5,348,642
Less debt reserve fund	<u>369,243</u>
Net promissory note	<u>4,979,399</u>
First Nations Finance Authority short-term loan, \$29,594/month including interest at 2.985% per annum.	4,947,740
Less debt reserve fund	<u>358,752</u>
Net promissory note	<u>4,588,988</u>
	<u>\$ 9,568,387</u>

Scheduled principal repayment during the next five years is \$346,688 per annum.

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2022

9. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals	Annual Amortization	Closing Balance	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	560,127	154,280	-	714,407	-	-	-	-	714,407	560,127
Buildings	55,717,042	389,375	-	56,106,417	18,304,083	-	882,993	19,187,076	36,919,341	37,412,959
Infrastructure	40,033,602	945,611	-	40,979,213	18,845,407	-	451,843	19,297,250	21,681,963	21,188,195
Equipment	7,839,600	498,653	-	8,338,253	6,352,931	-	397,064	6,749,995	1,588,258	1,486,669
	<u>104,150,371</u>	<u>1,987,919</u>	<u>-</u>	<u>106,138,290</u>	<u>43,502,421</u>	<u>-</u>	<u>1,731,900</u>	<u>45,234,321</u>	<u>60,903,969</u>	<u>60,647,950</u>

LAX KW'ALAAMS BAND**NOTES****MARCH 31, 2022****10. INVESTMENTS**

	2022	2021
Coast Tsimshian Resources Limited Partnership	\$ 10,141,391	\$ 8,688,861
Lax Kw'alaams Fishing Enterprises Limited Partnership	3,476,467	3,547,622
Lax Kw'alaams (MV Nucleus) LLP	128,073	868,119
Lax Kw'alaams Business Development LP	30,168,294	32,818,370
Lax Kw'alaams Holdings LP	1,369,601	1,433,168
	<u>\$ 45,283,826</u>	<u>\$ 47,356,140</u>

The Band also has partnership interests in several limited partnerships, membership in three societies and shareholdings in ten companies. For those entities that are active, the Band records their share of revenue and expenditures through the Band's records. The remainder of the entities have no value as they are either inactive or have operational deficits in excess of the Band's investment.

Lax Kw'alaams Business Development LP was organized to operate independently of Band control. As the Band has contributed a substantial portion of the company's revenue, management has determined that reporting using the modified equity method is appropriate.

11. SURPLUS (DEFICIT)

	2022	2021
Administration	\$ 8,451,929	\$ 5,528,736
Capital Development	553,259	-928,284
Community Health	2,641,371	2,616,437
Community Project Funds	11,096,109	10,390,571
Economic Development	1,688,038	2,176,856
Education	1,109,441	230,846
Public Works	278,578	534,272
Social Assistance	596,284	19,447
Treaty Process	138,738	229,937
	<u>\$ 26,553,747</u>	<u>\$ 20,798,818</u>

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2022

12. EQUITY IN PROPERTY AND EQUIPMENT

	2022	2021
Opening balance	\$ 60,647,950	\$ 59,240,217
Contributions from operations	1,987,919	3,121,253
Amortization	<u>-1,731,900</u>	<u>-1,713,520</u>
Closing balance	<u>\$ 60,903,969</u>	<u>\$ 60,647,950</u>

13. CONTINGENT LIABILITIES

Guarantor of Band member mortgages to \$458,334 (maximum program limit - \$1,000,000).

Lax Kw'alaams Ferry Corporation letter of credit to \$1,000,000 in favour of the Ministry of Transportation for use of the Aero Point facility.

Guarantor on Bank of Montreal operating line and demand loan for Coast Tsimshian Fish Plant Ltd. to \$1,800,000.

The ferry crew contract expired in 2019. Negotiations were not ratified at year-end. Retroactive pay has yet to be determined.

14. 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:

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2022

14. Segment Disclosure (continued)

	Budget	Administration	Capital Development	Community Health	Community Project Funds	Economic Development	Education	Public Works	Social Assistance	Amortization	Total 2022	Total 2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE												
ISC	18,620,197	2,279,570	2,119,985	-	1,834,812	228,323	6,201,196	1,497,547	1,820,424	-	15,981,857	18,020,898
DFO	199,560	-	-	-	252,937	-	-	-	-	-	252,937	469,313
First Nations Health Authority	2,784,387	-	-	2,558,296	-	-	-	-	-	-	2,558,296	2,608,702
Investments (loss)	-	-	-	-	-	81,966	-	-	-	-	81,966	-1,262,083
Resource agreements	1,031,872	-	-	-	3,563,652	-	-	-	-	-	3,563,652	4,581,977
Province of British Columbia	2,365,991	866,427	-	-	698,894	618,000	-	-	-	-	2,183,321	3,657,499
Other	9,660,795	3,344,094	-	-	1,748,746	646,318	102,796	500,313	2,218	-	6,344,485	6,894,006
	<u>34,662,802</u>	<u>6,490,091</u>	<u>2,119,985</u>	<u>2,558,296</u>	<u>8,099,041</u>	<u>1,574,607</u>	<u>6,303,992</u>	<u>1,997,860</u>	<u>1,822,642</u>	<u>-</u>	<u>30,966,514</u>	<u>34,970,312</u>
EXPENDITURE												
Administration	2,506,076	317,056	446,863	260,620	208,271	115,881	526,838	456,950	177,750	-	2,510,229	1,874,433
Advances to affiliates	4,500	-	-	-	-	-	-	-	-	-	-	84,992
Allowances	2,404,023	-	-	-	2,330,320	-	1,620,512	-	761,277	-	4,712,109	4,959,861
Amortization	1,750,000	-	-	-	-	-	-	-	-	1,731,900	1,731,900	1,713,520
Contract services and fees	15,662,901	-	16,342	601,814	1,010,574	-	549,369	318,201	3,053	-	2,499,353	5,836,979
Council												
Honoraria	700,000	687,220	-	-	-	-	-	-	-	-	687,220	622,720
Travel	450,000	176,105	-	-	-	-	-	-	-	-	176,105	108,468
Equipment rental and repairs	1,220,346	19,427	-	-	359,168	315,679	40,855	660,377	15,044	-	1,410,550	802,473
Materials, supplies and other	4,456,705	156,410	711,530	616,516	1,516,233	86,129	316,990	296,700	34,832	-	3,735,340	2,568,536
Professional services	3,160,732	968,224	344,264	-	223,119	130,466	-	-	-	-	1,666,073	433,374
Telephone and utilities	556,725	33,303	-	8,794	6,854	12,236	7,556	307,660	763	-	377,166	456,443
Travel and workshops	563,003	59,668	4,313	319,425	-	3,135	11,579	56,138	4,548	-	458,806	26,312
Wages and benefits	9,053,826	1,023,494	381,158	671,822	115,915	1,261,830	2,379,033	944,683	248,538	-	7,026,473	4,314,333
	<u>42,488,837</u>	<u>3,440,907</u>	<u>1,904,470</u>	<u>2,478,991</u>	<u>5,770,454</u>	<u>1,925,356</u>	<u>5,452,732</u>	<u>3,040,709</u>	<u>1,245,805</u>	<u>1,731,900</u>	<u>26,991,324</u>	<u>23,802,444</u>