

Vohora LLP
CPAs & Business Advisors

LAX KW'ALAAMS BAND
FINANCIAL STATEMENTS
MARCH 31, 2023

LAX KW'ALAAMS BAND
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MARCH 31, 2023

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LAX KW'ALAAMS BAND
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2023

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.

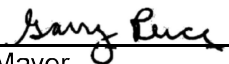
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards which includes certain amounts based on judgments and estimates. Management has chosen the most appropriate method to determine the judgments/estimates to ensure the financial statements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

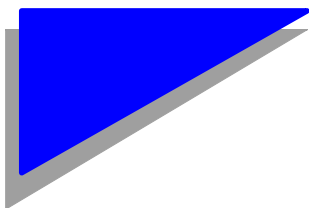
The financial statements have been audited by Vohora LLP, in accordance with generally accepted auditing standards on behalf of the members. Vohora LLP have full and free access to the Band Council.



Mayor



Band Administrator



Vohora LLP
CPAs & Business Advisors

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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, 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 Band 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 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.

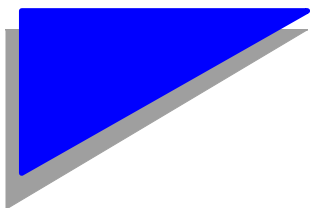
In preparing the financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless conditions exist that do not allow for the going concern 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





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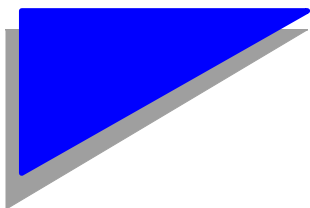
INDEPENDENT AUDITOR'S REPORT *(continued)*

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 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.



Vohora LLP

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INDEPENDENT AUDITOR'S REPORT *(continued)*

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
December 1, 2023

Vohora LLP

Chartered Professional Accountants

LAX KW'ALAAMS BAND

STATEMENT OF FINANCIAL POSITION

MARCH 31

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	51,961,880	33,234,252
Accounts receivable (note 3)	7,362,832	4,650,889
Inventory (notes 1 and 4)	390,746	464,264
Ottawa Trust funds (note 5)	<u>1,529,988</u>	<u>1,475,589</u>
	<u>61,245,446</u>	<u>39,824,994</u>
LIABILITIES		
Accounts payable and accruals (note 7)	4,709,350	2,368,563
Long-term debt (note 8)	<u>9,111,203</u>	<u>9,568,387</u>
	<u>13,820,553</u>	<u>11,936,950</u>
NET FINANCIAL ASSETS	<u>47,424,893</u>	<u>27,888,044</u>
NON-FINANCIAL ASSETS		
Investments (notes 1 and 10)	42,521,885	45,283,826
Prepaid expenses (note 6)	316,933	141,292
Property and equipment (notes 1 and 9)	<u>67,729,915</u>	<u>60,903,969</u>
	<u>110,568,733</u>	<u>106,329,087</u>
	<u>157,993,626</u>	<u>134,217,131</u>
BAND POSITION		
Surplus (note 11)	46,211,838	26,553,747
Equity in Ottawa Trust funds (note 5)	1,529,988	1,475,589
Equity in property and equipment (note 12)	67,729,915	60,903,969
Equity in investments (note 10)	<u>42,521,885</u>	<u>45,283,826</u>
	<u>157,993,626</u>	<u>134,217,131</u>
APPROVED ON BEHALF OF COUNCIL		

 _____ Mayor

 _____ Band Administrator

LAX KW'ALAAMS BAND**STATEMENT OF FINANCIAL ACTIVITIES****YEAR ENDED MARCH 31**

	Unaudited Budget 2023 \$	2023 \$	2022 \$
REVENUE			
ISC	38,083,961	38,054,263	15,981,857
DFO	365,750	246,330	252,937
First Nations Health Authority	3,540,989	3,002,960	2,558,296
Interest	165,000	1,536,723	226,781
Investments	-	1,256,606	81,966
Ottawa Trust funds	-	54,399	36,556
Province of British Columbia	4,543,061	5,362,140	2,183,321
Resource agreements	3,000,000	4,431,465	3,563,652
Sales and rental	2,736,492	2,365,318	2,272,074
Settlement trust	12,469	43,428	7,838
Other	8,192,749	6,386,559	3,801,236
	<u>60,640,471</u>	<u>62,740,191</u>	<u>30,966,514</u>
EXPENDITURE			
Administration	5,863,470	4,811,796	3,440,907
Amortization	1,800,000	1,870,891	1,731,900
Capital Development	42,893,663	5,556,837	1,904,470
Community Health	4,312,423	2,953,862	2,478,991
Community Project Funds	5,528,147	6,286,580	5,770,454
Economic Development	1,869,045	4,265,776	1,925,356
Education	6,854,046	7,482,413	5,452,732
Public Works	4,911,869	4,184,528	3,040,709
Social Assistance	1,905,893	1,551,013	1,245,805
	<u>75,938,556</u>	<u>38,963,696</u>	<u>26,991,324</u>
REVENUE OVER EXPENDITURE	-15,298,085	23,776,495	3,975,190
OPENING POSITION	<u>134,217,131</u>	<u>134,217,131</u>	<u>130,241,941</u>
CLOSING POSITION	<u>118,919,046</u>	<u>157,993,626</u>	<u>134,217,131</u>

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

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	23,776,495	3,975,190
Amortization	1,870,891	1,731,900
Investments (gain)	761,941	72,314
Accounts payable and accruals	2,340,787	-600,100
Accounts receivable	-2,711,943	3,571,543
Inventory	73,518	-241,466
Prepaid expenses	-175,641	33,077
Ottawa Trust funds	-54,399	-36,556
	<u>25,881,649</u>	<u>8,505,902</u>
FINANCING ACTIVITIES		
Long-term debt	<u>-457,184</u>	<u>-415,860</u>
INVESTING ACTIVITIES		
Investments	2,000,000	2,000,000
Property and equipment additions (net)	<u>-8,696,837</u>	<u>-1,987,919</u>
	<u>-6,696,837</u>	<u>12,081</u>
CHANGE IN CASH	18,727,628	8,102,123
OPENING CASH BALANCE	<u>33,234,252</u>	<u>25,132,129</u>
CLOSING CASH BALANCE	<u>51,961,880</u>	<u>33,234,252</u>

LAX KW'ALAAMS BAND

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	Unaudited Budget	2023	2022
	\$	\$	\$
Revenue over expenditure	-15,298,085	23,776,495	3,975,190
Amortization	1,800,000	1,870,891	1,731,900
Property and equipment additions (net)	-10,000,000	-8,696,837	-1,987,919
Investments	3,000,000	2,761,941	2,072,314
Prepaid expenses	<u>25,000</u>	<u>-175,641</u>	<u>33,077</u>
 Change in net financial assets	 -20,473,085	 19,536,849	 5,824,562
 Opening net financial assets	 <u>27,888,044</u>	 <u>27,888,044</u>	 <u>22,063,482</u>
 Closing net financial assets	 <u>7,414,959</u>	 <u>47,424,893</u>	 <u>27,888,044</u>

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2023

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 \$3,366,331 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, 2023

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

	2023	2022
Operating accounts	\$ 51,758,004	\$ 32,898,129
Secured revenue trust	<u>203,876</u>	<u>336,123</u>
	<u>\$ 51,961,880</u>	<u>\$ 33,234,252</u>

3. ACCOUNTS RECEIVABLE

	2023	2022
ISC	\$ 180,143	\$ 21,080
Member receivables	54,985	57,409
Other	<u>7,978,594</u>	<u>5,388,286</u>
	8,213,722	5,466,775
Allowance for doubtful accounts	<u>850,890</u>	<u>815,886</u>
	<u>\$ 7,362,832</u>	<u>\$ 4,650,889</u>

LAX KW'ALAAMS BAND**NOTES****MARCH 31, 2023****4. INVENTORY**

	2023	2022
Cigarettes	\$ 99,603	\$ 143,649
Fuel	291,143	307,426
Supplies	<u>-</u>	<u>10,189</u>
	<u>\$ 390,746</u>	<u>\$ 464,264</u>

5. OTTAWA TRUST FUNDS

	Revenue	Capital	Suspense	Total 2023	Total 2022
Opening balance	\$ 775,075	\$ 687,508	\$ 13,006	\$ 1,475,589	\$ 1,439,033
Income	<u>53,997</u>	<u>-</u>	<u>402</u>	<u>54,399</u>	<u>36,556</u>
Closing balance	<u>\$ 775,075</u>	<u>\$ 687,508</u>	<u>\$ 13,006</u>	<u>\$ 1,529,988</u>	<u>\$ 1,475,589</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

	2023	2022
Post-secondary allowances	\$ 90,627	\$ 103,203
Prepaid expenses	189,548	-
Legal retainer and other	<u>36,758</u>	<u>38,089</u>
	<u>\$ 316,933</u>	<u>\$ 141,292</u>

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2023

7. ACCOUNTS PAYABLE AND ACCRUALS

	2023	2022
Trade payable and accruals	\$ 3,895,572	\$ 1,491,163
Wages and benefits	<u>813,778</u>	<u>877,400</u>
	<u>\$ 4,709,350</u>	<u>\$ 2,368,563</u>

8. LONG-TERM DEBT

First Nations Finance Authority short-term loan, \$30,283/month including interest at 2.9% per annum.	\$ 5,139,266
Less debt reserve fund	<u>389,626</u>
Net promissory note	<u>4,749,640</u>
First Nations Finance Authority short-term loan, \$29,594/month including interest at 2.985% per annum.	4,740,119
Less debt reserve fund	<u>378,556</u>
Net promissory note	<u>4,361,563</u>
	<u>\$ 9,111,203</u>

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

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2023

9. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT				ACCUMULATED AMORTIZATON				NET BOOK VALUE	
	Opening Balance \$	Additions \$	Disposals \$	Closing Balance \$	Opening Balance \$	Disposals \$	Annual Amortization \$	Closing Balance \$	2023 \$	2022 \$
Land	714,407		-	714,407	-	-	-	-	714,407	714,407
Buildings	56,106,417	1,393,846	-	57,500,263	19,187,076	-	861,931	20,049,007	37,451,256	36,919,341
Infrastructure	40,979,213	6,733,863	-	47,713,076	19,297,250	-	577,483	19,874,733	27,838,343	21,681,963
Equipment	8,338,253	604,522	329,638	8,613,137	6,749,995	294,244	431,477	6,887,228	1,725,909	1,588,258
	<u>106,138,290</u>	<u>8,732,231</u>	<u>329,638</u>	<u>114,540,883</u>	<u>45,234,321</u>	<u>294,244</u>	<u>1,870,891</u>	<u>46,810,968</u>	<u>67,729,915</u>	<u>60,903,969</u>

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2023

10. INVESTMENTS

	2023	2022
Coast Tsimshian Resources Limited Partnership	\$ 9,069,085	\$ 10,141,391
Lax Kw'alaams Fishing Enterprises Limited Partnership	3,059,805	3,476,467
Lax Kw'alaams (MV Nucleus) LLP	243,073	128,073
Lax Kw'alaams Business Development LP	27,096,707	30,168,294
Lax Kw'alaams Holdings LP	<u>3,053,215</u>	<u>1,369,601</u>
	<u>\$ 42,521,885</u>	<u>\$ 45,283,826</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 do not have any value as they are either inactive or have operational deficits in excess of the Band's investment.

11. SURPLUS (DEFICIT)

	2023	2022
Administration	\$ 6,639,013	\$ 8,451,929
Capital Development	15,705,496	553,259
Community Health	2,849,259	2,641,371
Community Project Funds	13,870,712	11,096,109
Economic Development	3,799,047	1,688,038
Education	1,948,702	1,109,441
Public Works	-	278,578
Social Assistance	959,333	596,284
Treaty Process	<u>440,276</u>	<u>138,738</u>
	<u>\$ 46,211,838</u>	<u>\$ 26,553,747</u>

LAX KW'ALAAMS BAND

NOTES

MARCH 31, 2023

12. EQUITY IN PROPERTY AND EQUIPMENT

	2023	2022
Opening balance	\$ 60,903,969	\$ 60,647,950
Contributions from operations	8,696,837	1,987,919
Amortization	<u>-1,870,891</u>	<u>-1,731,900</u>
Closing balance	<u>\$ 67,729,915</u>	<u>\$ 60,903,969</u>

13. CONTINGENT LIABILITIES AND COMMITMENTS

Guarantor of Band member mortgages to \$587,413 (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.

Guarantor of Lax Kw'alaams Business Development LP loan to \$3,000,000.

Committed to \$1,145,500 contribution towards CMHC funded twenty-unit affordable housing project. Expected mortgage \$7,920,534.

Committed to 15% contribution towards CMHC funded eight-unit affordable housing project. Cost yet to be determined.

Committed to \$1,293,000 CMHC mortgage for six units. No advances.

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, 2023

14. Segment Disclosure (continued)

	Budget	Administration	Capital Development	Community Health	Community Project Funds	Economic Development	Education	Public Works	Social Assistance	Amortization	Total 2023	Total 2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE												
ISC	38,083,961	3,281,434	24,602,861	210,835	635,512	243,494	6,041,152	1,315,496	1,723,479	-	38,054,263	15,981,857
DFO	365,750	-	-	-	246,330	-	-	-	-	-	246,330	252,937
First Nations Health Authority	3,540,989	-	-	3,002,960	-	-	-	-	-	-	3,002,960	2,558,296
Investments	-	-	-	-	-	1,256,606	-	-	-	-	1,256,606	81,966
Resource agreements	3,000,000	-	-	-	4,431,465	-	-	-	-	-	4,431,465	3,563,652
Province of British Columbia	4,543,061	3,408,592	-	-	970,548	983,000	-	-	-	-	5,362,140	2,183,321
Other	11,106,710	3,706,507	195,011	-	3,306,772	678,365	1,697,343	800,634	1,795	-	10,386,427	6,344,485
	<u>60,640,471</u>	<u>10,396,533</u>	<u>24,797,872</u>	<u>3,213,795</u>	<u>9,590,627</u>	<u>3,161,465</u>	<u>7,738,495</u>	<u>2,116,130</u>	<u>1,725,274</u>	<u>-</u>	<u>62,740,191</u>	<u>30,966,514</u>
EXPENDITURE												
Administration	3,031,498	467,556	756,376	281,905	122,587	117,273	511,149	452,982	225,260	-	2,935,088	2,510,229
Advances to affiliated entities	3,649,500	-	2,932,600	-	-	2,018,547	-	-	-	-	4,951,147	-
Allowances	5,104,235	-	-	302,395	1,833,161	-	1,883,744	-	882,718	-	4,902,018	4,712,109
Amortization	1,800,000	-	-	-	-	-	-	-	-	1,870,891	1,870,891	1,731,900
Contract services and fees	41,157,583	826,173	487,972	563,250	689,778	200	533,762	307,387	9,965	-	3,418,487	2,499,353
Council												
Honoraria	760,000	766,720	-	-	-	-	-	-	-	-	766,720	687,220
Travel	450,000	260,334	-	-	-	-	-	-	-	-	260,334	176,105
Equipment rental and repairs	1,340,634	30,097	-	-	540,791	445,553	55,297	883,078	12,691	-	1,967,507	1,410,550
Materials, supplies and other	5,126,582	375,256	909,038	807,852	2,807,047	85,712	938,228	581,338	127,366	-	6,631,837	3,735,340
Professional services	295,525	417,776	-	-	123,057	86,478	-	-	-	-	627,311	1,666,073
Telephone and utilities	593,925	60,946	-	14,322	5,035	12,045	18,481	260,866	921	-	372,616	377,166
Travel and workshops	821,128	157,314	5,111	105,630	15,728	5,355	304,675	115,032	9,379	-	718,224	458,806
Wages and benefits	11,807,946	1,449,624	465,740	878,508	149,396	1,494,613	3,237,077	1,583,845	282,713	-	9,541,516	7,026,473
	<u>75,938,556</u>	<u>4,811,796</u>	<u>5,556,837</u>	<u>2,953,862</u>	<u>6,286,580</u>	<u>4,265,776</u>	<u>7,482,413</u>	<u>4,184,528</u>	<u>1,551,013</u>	<u>1,870,891</u>	<u>38,963,696</u>	<u>26,991,324</u>
REVENUE OVER EXPENDITURE	<u>-15,298,085</u>	<u>5,584,737</u>	<u>19,241,035</u>	<u>259,933</u>	<u>3,304,047</u>	<u>-1,104,311</u>	<u>256,082</u>	<u>-2,068,398</u>	<u>174,261</u>	<u>-1,870,891</u>	<u>23,776,495</u>	<u>3,975,190</u>