

Shackan Indian Band
Financial Statements
March 31, 2023

Shackan Indian Band Contents

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Management's Responsibility

To the Members of Shackan Indian Band

The accompanying financial statements of Shackan Indian Band are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Shackan Indian Band Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 28, 2023

 Chief

Shackan Indian Band
Statement of Financial Position
As at March 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents	1,527,221	1,462,192
Accounts receivable	4,538,552	4,665,239
Portfolio investments (Note 4)	1,097,607	1,136,339
Restricted cash (Note 5)	13,644	13,644
Investments (Note 6)	9,290	9,290
Investments in Nation business entities (Note 7)	1,997,557	1,847,981
Funds held in trust (Note 8)	447,637	433,937
Total of financial assets	9,631,508	9,568,622
Liabilities		
Accounts payable and accruals	173,825	1,986,672
Deferred revenue (Note 10)	861,093	2,811,637
Long-term debt (Note 11)	115,717	125,151
Reforestation obligation	34,954	34,954
Total of financial liabilities	1,185,589	4,958,414
Net financial assets	8,445,919	4,610,208
Commitments (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	8,445,423	8,636,783
Prepaid expenses	81,244	48,350
Total non-financial assets	8,526,667	8,685,133
Accumulated surplus (Note 13)	16,972,586	13,295,341
Accumulated surplus is comprised of:		
Accumulated surplus	16,986,363	13,295,341
Accumulated remeasurement losses	(13,777)	-
	16,972,586	13,295,341

Approved on behalf of the Council



Chief



Councilor

Independent Auditor's Report

To the Members of Shackan Indian Band:

Opinion

We have audited the financial statements of Shackan Indian Band (the "First Nation"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows 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 First Nation as at March 31, 2023, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets and its 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. 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 judgment 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 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 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.

Chilliwack, British Columbia

July 28, 2023

MNP LLP

Chartered Professional Accountants

Shackan Indian Band
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

	2023 Budget	2023	2022
Revenue			
Indigenous Services Canada	8,125,476	9,021,756	4,196,938
Band contracts and other income	879,465	953,116	523,582
Province of British Columbia	496,730	636,859	21,060
First Nation Education Steering Committee	64,056	98,902	43,956
Canada Mortgage and Housing Corporation	117,905	53,009	1,116,241
Citxw Nlaka'pamux Assembly	-	-	65,000
Investment income	403,732	382,869	163,122
Earnings (loss) from investment in Nation business entities	53,000	149,576	(155,728)
First Nation Health Authority	15,000	47,500	102,700
Government of Canada	-	-	59,940
Rental income	8,923	15,360	13,200
Ottawa Trust income	8,000	13,700	8,479
	10,172,287	11,372,647	6,158,490
Expenditures			
Administration	914,525	827,836	524,140
Band Revenue	43,559	43,964	121,179
Special Services	446,779	523,376	422,464
Housing	127,175	63,666	60,332
Education	96,016	124,073	114,934
Community Operations & Maintenance	7,684,756	5,785,946	3,151,632
Special Projects	13,691	265,708	93,393
Capital	10,889	47,056	4,019
Other Programs	-	-	66,750
	9,337,390	7,681,625	4,558,843
Annual surplus	834,897	3,691,022	1,599,647
Accumulated surplus, beginning of year	13,295,341	13,295,341	11,695,694
Accumulated surplus, end of year (Note 13)	14,130,238	16,986,363	13,295,341

The accompanying notes are an integral part of these financial statements

Shackan Indian Band
Statement of Remeasurement Gains and Losses
For the year ended March 31, 2023

	2023	2022
Accumulated remeasurement gains, beginning of year	-	-
Unrealized gains (losses) attributable to:		
Portfolio investments - beginning of year	47,770	-
Change in remeasurement losses	(61,547)	-
Accumulated remeasurement losses, end of year	(13,777)	-

The accompanying notes are an integral part of these financial statements

Shackan Indian Band
Statement of Changes in Net Financial Assets
For the year ended March 31, 2023

	<i>2023 Budget</i>	<i>2023</i>	<i>2022</i>
Annual surplus	834,897	3,691,022	1,599,647
Purchases of tangible capital assets	-	(153,977)	(1,381,849)
Amortization of tangible capital assets	-	345,337	311,566
Loss on impairment of tangible capital assets	-	-	66,749
	-	191,360	(1,003,534)
Acquisition of prepaid expenses	-	(81,245)	(48,350)
Use of prepaid expenses	-	48,350	29,003
Remeasurement losses	-	(13,776)	-
	-	(46,671)	(19,347)
Increase in net financial assets	834,897	3,835,711	576,766
Net financial assets, beginning of year	4,610,208	4,610,208	4,033,442
Net financial assets, end of year	5,445,105	8,445,919	4,610,208

The accompanying notes are an integral part of these financial statements

Shackan Indian Band
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	3,691,022	1,599,647
Non-cash items		
Amortization	345,337	311,566
Income on funds held in trust	(13,700)	(8,479)
Loss (earnings) from investment in Nation business entities	(149,576)	155,728
Forgiveness of note receivable	-	45,068
Investment income	38,732	4,582
Loss on impairment of tangible capital assets	-	66,749
Change in remeasurement losses for the year	(13,776)	-
	3,898,039	2,174,861
Changes in working capital accounts		
Accounts receivable	126,687	(4,464,416)
Prepaid expenses	(32,895)	(19,347)
Restricted cash	-	40
Accounts payable and accruals	(1,812,847)	266,062
Deferred revenue	(1,950,544)	1,143,625
	228,440	(899,175)
Financing activities		
Repayment of long-term debt	(9,434)	(9,227)
Capital activities		
Purchases of tangible capital assets	(153,977)	(1,381,849)
Investing activities		
Advances to Nation business entities	-	(600)
Increase (decrease) in cash resources	65,029	(2,290,851)
Cash resources, beginning of year	1,462,192	3,753,043
Cash resources, end of year	1,527,221	1,462,192
Supplementary cash flow information		
Interest paid	2,653	2,859

The accompanying notes are an integral part of these financial statements

Shackan Indian Band
Notes to the Financial Statements
For the year ended March 31, 2023

1. Operations

Shackan Indian Band (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Shackan Indian Band includes the First Nation's government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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 acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. A liability for asset retirement obligations reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Portfolio investments

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated operating surplus. Trust monies consist of:

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

Shackan Indian Band
Notes to the Financial Statements
For the year ended March 31, 2023

2. Significant accounting policies *(Continued from previous page)*

Investments in Nation business entities

The First Nation uses the modified equity method to account for its investment in Shackan Development Corporation, Spayum Holdings Limited Partnership, and K'en T'em Limited Partnership whereby the Nation records its proportionate share of annual earnings as revenue.

Other equity investments not traded in an active market are recorded at cost less impairment.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the following method at terms intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Term</i>
Automotive	straight-line	10 years
Buildings	straight-line	20 to 40 years
Bridges	straight-line	50 years
Equipment	straight-line	5 to 10 years
Roads	straight-line	10 to 75 years
Water Systems	straight-line	50 years
Housing	straight-line	40 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the First Nation determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Revenue recognition

Funding

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

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Housing Rental Income

Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

2. Significant accounting policies *(Continued from previous page)*

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Own source revenue

Own source revenue derived from such sources as resource based revenues, interest income and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investments in Nation business entities

The First Nation uses the modified equity method to account for its investment in Shackan Development Corporation, Spayum Holdings Limited Partnership, and K'en T'em Limited Partnership whereby the Nation records its proportionate share of annual earnings as revenue.

Retirement benefits

The First Nation has a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. There are no prior service costs. Contributions are discretionary, and are based on percentage of participants' contributions, up to a maximum. The First Nation contributions totaled \$18,325 (2022 - \$11,293).

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

2. Significant accounting policies *(Continued from previous page)*

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a First Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

3. Change in accounting policy

Effective April 1, 2022, the First Nation adopted the recommendations relating to the following accounting policies, as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 3450 Financial Instruments
- PS 3280 Asset Retirement Obligation

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. The adoption of PS 3450 and PS 3280 did not have a material impact on the financial statements.

4. Portfolio investments

The market value of the marketable securities at March 31, 2023 is \$1,097,607 (2022 - \$1,136,339).

Shackan Indian Band
Notes to the Financial Statements
For the year ended March 31, 2023

5. Restricted cash

	2023	2022
Replacement Reserve	<u>13,644</u>	<u>13,644</u>

Operating Reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC"), the First Nation established the following:

An operating reserve resulting from annual surplus after the payment of all costs and expenses including allocation to the replacement reserve. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as otherwise mutually agreed to by the Band and CMHC. These funds may only be used for the ongoing operating costs of the housing projects committed under the agreement with CMHC. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. At March 31, 2023 (and March 31, 2022) there was no operating reserve surplus and thus no requirement to set funds aside.

Replacement Reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the Band established a replacement reserve, funded by an annual allocation of \$2,000 (2022 - \$2,000), to ensure replacement of buildings financed by CMHC. At March 31, 2023, \$13,644 (2022 - \$13,644) has been set aside to fund this reserve. At March 31, 2023, the reserve was overfunded by \$6,095 (2022 - overfunded by \$8,095).

In accordance with terms of the agreement, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

6. Investments

	2023	2022
Measured at cost:		
All Nations Trust Company - 9,180 Class A Common Shares	9,180	9,180
BC First Nations Gaming Revenue Sharing LP	100	100
BC First Nations Gaming Revenue Sharing General Partner Ltd.	10	10
	<u>9,290</u>	<u>9,290</u>

Shackan Indian Band
Notes to the Financial Statements
For the year ended March 31, 2023

7. Investment in Nation business entities

The First Nation has investments in the following business entities and partnerships:

			2023	
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Partnership and Business Entities - Modified Equity				
Shackan Development Corporation (100%)	120	1,722,909	(1,031,375)	691,654
K'en T'em Limited Partnership (12.50%)	100	400,000	286,556	686,656
Spayum Holdings Limited Partnership (20%)	120	188,428	430,699	619,247
	340	2,311,337	(314,120)	1,997,557

			2022	
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Partnership and Business Entities - Modified Equity				
Shackan Development Corporation (100%)	120	1,722,909	(1,072,675)	650,354
K'en T'em Limited Partnership (12.50%)	100	400,000	174,535	574,635
Spayum Holdings Limited Partnership (20%)	120	188,428	434,444	622,992
	340	2,311,337	(463,696)	1,847,981

The First Nation's investment in the following investments was established for the purposes of development and management of own source revenue contracts and economic development opportunities with third parties.

Summary financial information for each First Nation business entity, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Shackan Development Corporation As at March 31, 2023</i>	<i>K'en T'em Limited Partnership As at December 31, 2022</i>	<i>Spayum Holdings Limited Partnership As at March 31, 2023</i>
Assets			
Current assets	1,348,846	1,451,474	967,571
Long-term assets	25,823	4,179,136	4,377,084
Total assets	1,374,669	5,630,610	5,344,655
Liabilities			
Current liabilities	111,961	137,134	2,983,360
Long-term liabilities	2,294,082	-	207,773
Equity (deficit)	(1,031,374)	5,493,476	2,153,522
Total liabilities and equity	1,374,669	5,630,610	5,344,655
Total revenue	2,124,530	2,080,690	223,855
Total expenses	2,083,230	1,188,808	242,575
Net income (loss)	41,300	891,882	(18,720)

Shackan Indian Band
Notes to the Financial Statements
For the year ended March 31, 2023

8. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2023	2022
Capital Trust		
Balance, beginning/end of year	26,344	26,344
Revenue Trust		
Balance, beginning of year	407,593	399,114
Interest	13,412	8,186
Provincial grants	288	293
Balance, end of year	421,293	407,593
	447,637	433,937

9. Bank indebtedness

Under a line of credit arrangement with the Royal Bank of Canada, the First Nation may borrow up to \$100,000 in revolving increments of \$5,000. The line of credit bears interest at bank's prime rate plus 2%. The prime rate at March 31, 2023 was 6.70% (2022 - 2.70%). This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2023 the unused portion of the line of credit was \$100,000 (2022 - \$100,000).

10. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Recognized</i>	<i>Balance, end of year</i>
CMHC Rapid Housing Initiative	230,512	-	46,904	183,608
Indigenous Services Canada - housing subdivision	236,161	-	10,889	225,272
Indigenous Services Canada - flood response	2,344,364	-	2,344,364	-
Indigenous Services Canada - housing renovations	-	406,613	-	406,613
Indigenous Services Canada - project administration	-	45,000	-	45,000
Other deferred income	600	-	-	600
	2,811,637	451,613	2,402,157	861,093

Shackan Indian Band
Notes to the Financial Statements
For the year ended March 31, 2023

11. Long-term debt

	2023	2022
All Nation's Trust Company mortgage, payments of \$1,009 per month including interest at 2.22%, secured by the building with a carrying value of \$226,263, renewal in January 2024.	115,717	125,151

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2024	9,637
2025	9,853
2026	10,074
2027	10,299
2028	10,531

12. Commitments

The First Nation has committed to leasing office equipment under three long-term leases which expire September 2023, December 2024, and January 2026. Future minimum lease payments in each of the next three years as at March 31, 2023 are as follows:

2024	13,587
2025	11,891
2026	7,350

13. Accumulated operating surplus

Accumulated operating surplus consists of the following:

	2023	2022
Equity in Ottawa Trust Funds	447,637	433,937
CMHC Replacement Reserve	13,644	13,644
Operating surplus	6,188,528	2,478,857
Equity in Tangible Capital Assets	8,329,706	8,511,632
Equity in Investments	9,290	9,290
Equity in Nation business entities	1,997,557	1,847,981
Accumulated remeasurement loss	(13,776)	-
	16,972,586	13,295,341

14. Segments

The First Nation conducts its business through nine reportable segments. These segments are differentiated by major activities, accountability and control relationships.

Administration - Includes general operation, support, and financial management of the First Nation.

Band Revenue - Includes activities related to administering projects the First Nation is involved in annually and on an on-going basis relating to the overall objectives of the First Nation.

Special Services - Includes services offered to community members. Services include, but are not limited to, income assistance, child and family support, assisted living, and early childhood development.

Housing - Includes activities related to the administration and management of social housing and band-owned housing units, and renovation projects for private homeowners.

Education - Includes activities related to education at all levels, including elementary, secondary and post-secondary. Additional services include transportation, accommodation, and guidance and counselling.

Community Operations & Maintenance - Includes activities related to construction contracts, general community maintenance, fire protection, and public works.

Special Projects - Includes activities related to development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, as well as research and advocacy. It also manages economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects.

Capital - Includes activities related to capital projects within the community undertaken to support growth and/or maintenance of the First Nation's infrastructure.

Other - Other activities include administration and management of Ottawa Trust Funds and Tangible Capital Assets.

15. Economic dependence

Shackan Indian Band receives a significant portion of its revenue from Indigenous Services Canada ("ISC") 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.

16. Budget information

The disclosed budget information has been approved by the Chief and Council of the Shackan Indian Band. The budget information is projected based on operating expenses to be incurred during the year on a program by program basis.

17. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair Value of Financial Instruments

Financial instruments measured at fair value on the statement of financial position include portfolio investments quoted in active markets.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The First Nation is exposed to interest rate price risk with respect to mortgages included in long term debt which have fixed rates of interest.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The First Nation enters into transactions to purchase and sell portfolio investments for which the market price fluctuates.

Shackan Indian Band
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended March 31, 2023

	<i>Roads</i>	<i>Buildings</i>	<i>Water Systems</i>	<i>Automotive</i>	<i>Equipment</i>	<i>Housing</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	208,058	6,499,048	2,882,025	401,057	307,419	372,677	10,670,284
Acquisition of tangible capital assets	-	57,792	-	58,509	37,676	-	153,977
Write down of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	208,058	6,556,840	2,882,025	459,566	345,095	372,677	10,824,261
Accumulated amortization							
Balance, beginning of year	137,412	707,679	647,891	263,259	230,713	137,097	2,124,051
Annual amortization	2,774	177,677	124,916	16,236	14,417	9,317	345,337
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	140,186	885,356	772,807	279,495	245,130	146,414	2,469,388
Net book value of tangible capital assets	67,872	5,671,484	2,109,218	180,071	99,965	226,263	8,354,873
2022 Net book value of tangible capital assets	70,646	5,791,369	2,234,134	137,798	76,706	235,580	8,546,233

Shackan Indian Band
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended March 31, 2023

	<i>Subtotal</i>	<i>Land</i>	<i>2023</i>	<i>2022</i>
Cost				
Balance, beginning of year	10,670,284	90,550	10,760,834	9,635,724
Acquisition of tangible capital assets	153,977	-	153,977	1,381,849
Write down of tangible capital assets	-	-	-	(256,739)
Balance, end of year	10,824,261	90,550	10,914,811	10,760,834
Accumulated amortization				
Balance, beginning of year	2,124,051	-	2,124,051	2,002,475
Annual amortization	345,337	-	345,337	311,566
Accumulated amortization on disposals	-	-	-	(189,990)
Balance, end of year	2,469,388	-	2,469,388	2,124,051
Net book value of tangible capital assets	8,354,873	90,550	8,445,423	8,636,783
2022 Net book value of tangible capital assets	8,546,233	90,550	8,636,783	

Shackan Indian Band
Schedule 2 - Segmented Information
For the year ended March 31, 2023

	Administration	Band Revenue	Special Services	Education	Community Maintenance	Capital	Special Projects	Housing	Other	2023
Revenue										
Indigenous Services Canada	\$ 361,976	\$ -	\$ 265,428	\$ 121,213	\$ 7,781,255	\$ 10,889	\$ 436,576	\$ 44,419	\$ -	\$ 9,021,756
Other government	47,000	50,000	50,581	98,902	352,381	25,000	157,478	69,484	-	850,826
Economic activities and other	517,412	170,971	523,698	2,867	142,454	-	125,078	3,885	13,700	1,500,065
	926,388	220,971	839,707	222,982	8,276,090	35,889	719,132	117,788	13,700	11,372,647
Expenses										
Amortization	-	-	-	-	335,904	-	-	9,434	-	345,338
Operating expenses	674,013	44,814	40,266	1,552	5,002,213	6,280	46,208	33,905	-	5,849,251
Salaries, wages and benefits	86,616	-	288,788	1,292	227,196	40,776	32,582	20,328	-	697,578
Program and services delivery expenses	67,204	(850)	194,322	121,229	220,634	-	186,919	-	-	789,458
	827,836	43,964	523,376	124,073	5,785,946	47,056	265,708	63,666	-	7,681,625
Surplus (deficit) before transfers	98,552	177,007	316,331	98,909	2,480,144	(11,167)	453,424	54,122	13,700	3,691,022
Transfers between programs	875,245	(50,000)	(90,295)	-	(215,134)	(10,889)	(616,002)	(46,904)	153,977	-
Annual surplus (deficit)	\$ 973,797	\$ 127,007	\$ 226,036	\$ 98,909	\$ 2,275,010	\$ (22,056)	\$ (162,578)	\$ 7,218	\$ 167,677	\$ 3,691,022

	Administration	Band Revenue	Special Services	Education	Community Maintenance	Capital	Special Projects	Housing	Other	2022
Revenue										
Indigenous Services Canada	\$ 243,309	\$ -	\$ 361,965	\$ 112,259	\$ 3,337,762	\$ 91,203	\$ 15,000	\$ 35,440	\$ -	\$ 4,196,938
Other government	-	15,850	165,390	34,260	152,155	-	5,000	1,128,241	293	1,501,190
Economic activities and other	332,361	(89,117)	2,966	11,472	5,000	-	188,294	1,200	8,186	460,363
	575,670	(73,267)	530,321	157,991	3,494,917	91,203	208,294	1,164,881	8,479	6,158,490
Expenses										
Amortization	-	-	-	-	302,339	-	-	9,228	-	311,566
Operating expenses	369,750	86,696	16,423	13,839	2,537,321	-	59,956	21,379	66,750	3,172,113
Salaries, wages and benefits	140,260	34,483	174,539	24,647	157,791	4,019	-	28,885	-	564,624
Program and services delivery expenses	14,130	-	231,502	76,448	154,182	-	33,437	840	-	510,539
	524,140	121,179	422,464	114,934	3,151,632	4,019	93,393	60,332	66,750	4,558,843
Surplus (deficit) before transfers	51,530	(194,446)	107,857	43,057	343,285	87,184	114,901	1,104,549	(58,272)	1,599,647
Transfers between programs	(1,628)	-	(103,834)	-	(67,598)	(98,653)	-	(1,110,136)	1,381,849	-
Annual surplus (deficit)	\$ 49,902	\$ (194,446)	\$ 4,023	\$ 43,057	\$ 275,687	\$ (11,469)	\$ 114,901	\$ (5,587)	\$ 1,323,578	\$ 1,599,647