

ESK'ETEMC
Consolidated Financial Statements
Year Ended March 31, 2023

ESK'ETEMC**Index to Consolidated Financial Statements****Year Ended March 31, 2023**

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Operations	6
Consolidated Revenues (<i>Schedule 1</i>)	7
Consolidated Expenses (<i>Schedule 2</i>)	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 21

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Esk'etemc are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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

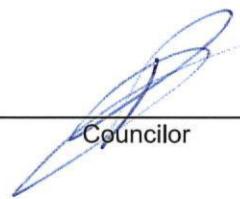
The Chief and Council are responsible for ensuring the integrity of Esk'etemc's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the laws and that management fulfills its responsibilities for financial reporting. The Chief and Council are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review Esk'etemc's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the independent auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

The consolidated financial statements have been audited by FBB Chartered Professional Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. FBB Chartered Professional Accountants LLP has full access to the Chief and Council.



Chief



Councilor



INDEPENDENT AUDITOR'S REPORT

To the Members of Esk'etemc

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Esk'etemc as at March 31, 2023, and its financial performance 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

(continues)



INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

*FBB Chartered Professional
Accountants LLP*

ESK'ETEMC
Consolidated Statement of Financial Position
Year Ended March 31, 2023

	2023	2022
Financial Assets		
Cash	\$ 8,697,936	\$ 7,428,489
Short term investments (Note 4)	2,521,520	2,728,649
Cash restricted as to use (Note 5)	63,845	94,208
Trade accounts receivable (Note 6)	5,002,865	4,228,961
Ottawa Trust Accounts (Note 7)	661,058	615,639
Inventory	72,585	67,411
Investments (Note 8)	<u>3,462,179</u>	<u>3,110,202</u>
	<u>20,481,988</u>	<u>18,273,559</u>
Liabilities		
Accounts payable and accrued liabilities (Note 10)	1,229,748	1,039,276
Silviculture responsibility	1,784,884	1,849,121
Long term debt (Note 11)	<u>298,885</u>	<u>1,382,109</u>
	<u>3,313,517</u>	<u>4,270,506</u>
Net financial assets	<u>17,168,471</u>	<u>14,003,053</u>
Non-financial assets		
Prepaid expenses	5,198	184,767
Tangible capital assets (Note 12)	<u>33,013,151</u>	<u>31,563,377</u>
	<u>33,018,349</u>	<u>31,748,144</u>
Band equity	<u>\$ 50,186,820</u>	<u>\$ 45,751,197</u>
Band equity		
Accumulated surplus (Note 13) - page 6	\$ 49,834,716	\$ 45,507,032
Replacement reserve (Note 14)	167,155	59,216
Contributed surplus (Note 15)	<u>184,949</u>	<u>184,949</u>
	<u>\$ 50,186,820</u>	<u>\$ 45,751,197</u>

Contingencies (Note 18)

Approved on behalf of Esk'etemc


 Chief


 Councilor

ESK'ETEMC**Consolidated Statement of Changes in Net Financial Assets****Year Ended March 31, 2023**

	2023 Budget (unaudited)	2023	2022
Net revenue for the year	\$ 4,327,684	\$ 4,327,684	\$ 7,307,572
Amortization	-	1,206,906	1,078,587
Net contribution by replacement reserve	-	79,588	(2,980)
Change in prepaid expenses	-	179,569	(67,467)
Tangible capital asset acquisitions	-	(2,701,817)	(3,326,804)
Loss (gain) on disposal of tangible capital assets	-	34,873	-
Proceeds on disposal	-	10,264	-
Increase (decrease) in net financial assets	(1,020,413)	3,137,067	4,988,908
Net financial assets - beginning of year	14,031,404	14,031,404	9,042,496
Net financial assets - end of year	\$ 8,022,083	\$ 17,168,471	\$ 14,031,404

ESK'ETEMC
Consolidated Statement of Operations
Year Ended March 31, 2023

	2023 Budget (Unaudited)	2023	2022
Revenues (from Schedule 1)	\$ 12,167,992	\$ 20,004,672	\$ 19,342,717
Expenses (from Schedule 2)	12,405,614	18,760,146	15,890,272
Net revenue before the following	(237,622)	1,244,526	3,452,445
Other income			
Surplus recoveries	-	-	(62,180)
Operating results of Band enterprises	-	351,977	1,235,061
Change in silviculture liability	-	64,237	(644,558)
Tangible capital assets purchases	-	2,701,817	3,326,804
Gain (loss) on disposal of tangible capital assets	-	(34,873)	-
Net revenue for the year	(237,622)	4,327,684	7,307,572
Interfund transfers			
Replacement reserve transferred to surplus	-	-	-
Net change in surplus	(237,622)	4,327,684	7,307,572
Accumulated surplus - beginning of year	30,289,948	45,507,032	38,199,460
Accumulated surplus - end of year - page 4	\$ 30,052,326	\$ 49,834,716	\$ 45,507,032

ESK'ETEMC**Consolidated Revenues****(Schedule 1)****Year Ended March 31, 2023**

	2023 Budget (Unaudited)	2023	2022
Revenues			
Federal Government			
ISC Operating	\$ 5,125,534	\$ 9,027,940	\$ 8,597,938
ISC Capital	-	183,276	1,223,796
First Nations Health Authority	1,874,380	2,259,205	1,994,489
CMHC	25,757	145,757	41,107
CCATEC	77,914	185,178	149,973
Department of Justice	30,192	45,890	35,804
Fisheries and Oceans (recovery)	-	-	1,500
Natural Resources	49,999	259,910	134,637
First Nations Education Steering Committee	577,130	680,683	638,701
Province of British Columbia	1,600,401	1,540,186	1,063,727
Enbridge	50,000	50,000	51,000
Store sales	868,411	1,212,132	1,250,100
Investment income (loss)	900	218,123	200,436
Wage subsidy	-	20,560	2,805
BC Hydro	79,738	79,738	79,738
Rental income	667,787	782,456	832,697
Royalties	-	1,000,000	-
Administration	-	4,272	1,838
New Relationship Trust	-	10,000	42,552
Service agreement	18,155	156,132	185,042
FN Drinking Water Settlement	-	500,000	-
Daycare fees	30,720	19,660	26,230
All other sources	1,090,974	1,623,574	2,788,607
	\$ 12,167,992	\$ 20,004,672	\$ 19,342,717

ESK'ETEMC
Consolidated Expenses
Year Ended March 31, 2023

(Schedule 2)

	2023 Budget (Unaudited)	2023	2022
Administration and economic development	\$ 3,587,790	\$ 3,495,888	\$ 2,804,244
Amortization	-	1,206,906	1,078,587
Capital improvement projects	-	1,328,011	1,555,642
Education	2,651,988	3,695,796	2,490,270
Health and well-being	1,605,766	2,016,267	1,920,070
Housing	1,190,310	826,332	1,067,376
Natural resources	107,453	646,090	652,345
Public works	918,985	2,187,110	1,261,072
Social development	2,343,322	2,004,752	1,781,710
Store - Alkali Enterprises	-	1,352,994	1,278,956
	<hr/> \$ 12,405,614	<hr/> \$ 18,760,146	<hr/> \$ 15,890,272

ESK'ETEMC
Consolidated Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
Cash flows from operating activities		
Net revenue for the year	\$ 4,327,684	\$ 7,307,572
Items not affecting cash:		
Amortization	1,206,906	1,073,587
Loss (gain) on disposal of tangible capital assets	34,873	-
Operating results of Band enterprises	<u>(351,977)</u>	<u>(1,235,061)</u>
	<u>5,217,486</u>	<u>7,151,098</u>
Changes in non-cash working capital:		
Accounts receivable	(773,904)	(1,789,299)
Replacement reserve	107,939	(2,980)
Cash restricted as to use	30,363	-
Inventory	(5,174)	(37,019)
Accounts payable and accrued liabilities	190,472	127,087
Silviculture responsibility	(64,237)	644,558
Deferred revenue	-	-
Prepaid expenses	<u>179,569</u>	<u>(67,467)</u>
	<u>(334,972)</u>	<u>(1,125,120)</u>
Cash flows from operating activities	<u>4,882,514</u>	<u>6,025,978</u>
Cash flows used (from) by investing activities		
Proceeds on disposal of tangible capital assets	10,264	-
Change in trust funds held by Canada	(45,419)	(130,396)
Advances from related parties	-	1,200,000
Cash flows from (used by) investing activities	<u>(35,155)</u>	<u>1,069,604</u>
Cash flows from (used by) financing activities		
Repayment of long term debt	<u>(1,083,224)</u>	<u>(62,578)</u>
Cash flows used by financing activities	<u>(1,083,224)</u>	<u>(62,578)</u>
Cash flows used by capital activities		
Tangible capital asset acquisitions	<u>(2,701,817)</u>	<u>(3,326,804)</u>
Increase in cash flow	<u>1,062,318</u>	<u>3,706,200</u>
Cash - beginning of year	<u>10,157,138</u>	<u>6,450,938</u>
Cash - end of year	<u>\$ 11,219,456</u>	<u>\$ 10,157,138</u>
Represented by:		
Cash	\$ 8,697,936	\$ 7,428,489
Marketable securities	<u>2,521,520</u>	<u>2,728,649</u>
	<u>\$ 11,219,456</u>	<u>\$ 10,157,138</u>

ESK'ETEMC

Notes to Consolidated Financial Statements

Year Ended March 31, 2023

1. Basis of presentation

In order to satisfy the Reporting Guide's Financial Reporting Requirements of Indigenous Services Canada ("ISC") these consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the CPA Canada Public Sector Accounting Handbook, which encompasses the following:

- a. The focus of PSAB statements is on the financial position of Esk'etemc and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of Esk'etemc. Financial assets are economic resources controlled by Esk'etemc as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of Esk'etemc to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.
- b. Esk'etemc uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operation of each fund are set out in the supplementary schedules.

Esk'etemc maintains the following funds:

- The Operations Fund which reports the general activities of Esk'etemc.
- The Capital Fund which reports the capital projects of Esk'etemc together with their related financing, other than those tangible capital assets funded by CMHC.
- The Investment Fund which reports Esk'etemc's investments in related entities.
- The Trust Fund which reports on the trust funds owned by Esk'etemc and held by third parties.
- The CMHC Social Housing Fund which reports assets, liabilities, revenues, expenses and reserves specifically related to housing funded by CMHC.
- The Treaty Self-Government Fund which reports on activities related to treaty negotiations.

c. Reporting entity and principles of financial reporting

The Esk'etemc reporting entity includes Esk'etemc and all related entities which are accountable to the Chief and Council and are either owned or controlled by Esk'etemc.

The consolidated financial statements include the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Band government administration (Operating and Capital funds)
- Band Investment Fund
- Band Trust Fund (comprising the Ottawa Trust Funds)
- Band CMHC Social Housing Fund
- Treaty Self-Government Fund

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

(continues)

ESK'ETEMC

Notes to Consolidated Financial Statements

Year Ended March 31, 2023

1. Basis of presentation (*continued*)

Business entities, which are owned or significantly influenced by Esk'etemc and which are not dependent on Esk'etemc for their continuing operations, are included in the consolidated financial statements using the modified equity method. These include:

- Ecolink Forest Services Ltd.
- Alkali Resource Management Ltd.
- Cariboo Aboriginal Forestry Enterprises Limited Partnership

2. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

Inventory

Inventory is stated at the lower of cost and net realizable value. Inventory is valued using the first-in, first-out (FIFO) method.

(continues)

2. Summary of significant accounting policies (continued)**Tangible capital assets**

Tangible capital assets are non-financial assets having physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuing basis; and
- Are not for sale in the ordinary course of operations.

Tangible capital assets purchased are recorded at cost. Tangible capital assets contributed are recorded at the fair market value as at the date of the contribution.

Tangible capital assets are amortized over their expected useful life using the declining balance method at the following rates:

Buildings	2%
Buildings and Infrastructure	1.25%
Automotive equipment	20%
Equipment and machinery	20%
Computer and office equipment	30%

Assets under construction are not amortized as they are not available for use.

Housing tangible capital assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in the related long term debt, as required for Canada Mortgage and Housing Corporation reporting purposes.

Surplus recoveries and deficit funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

Trust funds held by Canada (Ottawa Trust Fund)

Ottawa Trust Fund operating account revenues are recorded on an accrual basis, and include interest earned on the Ottawa Trust account.

Ottawa Trust Fund capital account revenues are recorded when Esk'etemc is notified of their deposit by ISC.

(continues)

ESK'ETEMC

Notes to Consolidated Financial Statements

Year Ended March 31, 2023

2. Summary of significant accounting policies (*continued*)

Revenue recognition

Revenue is recognized as it becomes receivable and collection is reasonably assured under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Expenses are accounted for in the period the goods and services are acquired and a liability is incurred, or transfers are due.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Esk'etemc retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Use of estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, and rates for depreciation and amortization. Actual results could differ from those estimates.

Liability for contaminated sites

Esk'etemc has reviewed the implications of the CPA Canada Public Sector Accounting Handbook Section PS 3260 - *Liability for Contaminated Sites* and has concluded that it is not exposed to any contaminated sites. It has therefore not recorded any liability for remediation of contaminated sites.

3. Economic dependence

Esk'etemc receives a significant portion of its revenues pursuant to funding arrangements with ISC. Esk'etemc's ability to continue operations would be severely impacted should this funding be discontinued.

4. Marketable Securities

	2023	2022
Forest and Range Capital, at fair market value	\$ 1,397,416	\$ 1,577,135
Silviculture, at fair market value	<u>1,124,104</u>	<u>1,151,513</u>
	\$ 2,521,520	\$ 2,728,648

The cost amount of the above marketable securities are \$1,374,197 and \$1,084,487 respectively as at March 31, 2023. The above investment mix is approximately 70% equity investments and 30% fixed income and cash and cash equivalents and the investment portfolio is held by Raymond James.

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2023****5. Cash restricted as to use**

	2023	2022
Replacement reserve	\$ 63,845	\$ 94,208

Under the terms of the Band's Social Housing Agreement with Canada Mortgage and Housing Corporation, a separate replacement reserve account is maintained. The funds in this account may only be used for repairs and maintenance as approved by Canada Mortgage and Housing Corporation.

6. Accounts receivable

	2023	2022
Due from members:		
Rent	\$ 760,007	\$ 843,530
Due from others:		
First Peoples Cultural Council	42,054	37,654
School District 27	-	10,000
Enbridge	50,000	50,000
ISC	2,829,195	704,315
FNESC	42,812	129,649
CCATEC	115,136	79,192
GST recoverable	61,967	39,285
CMHC	122,146	-
Province of British Columbia	329,053	121,456
First Nation Health Authority	80,558	129,649
All others	440,805	556,864
Northern Development Initiative Trust	104,132	112,132
Shuswap Nations Tribal Council Society	20,000	15,235
Natural Resources Canada	5,000	-
Cariboo Aboriginal Forestry Enterprises Limited Partnership	-	1,400,000
	\$ 5,002,865	\$ 4,228,961

The above accounts receivable are presented net of an allowance for doubtful accounts in the amount of \$773,050 (2022 - \$773,050).

7. Trust funds held by Canada

	2023	2022
Ottawa Trust Accounts	\$ 661,058	\$ 615,639

The Ottawa Trust Accounts arise from monies from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is governed primarily by Sections 63 and 69 of the *Indian Act*.

Funds on deposit in the Ottawa Trust Accounts may be withdrawn by Band Council Resolution.

ESK'ETEMC

Notes to Consolidated Financial Statements

Year Ended March 31, 2023

8. Investments

Investment in Ecolink Forest Services Ltd.

	2023	2022
Shareholder's Loan, due on demand, interest free, unsecured, no specific terms of repayment	\$ 64,739	\$ 64,739
Equity income in Ecolink	<u>660,082</u>	<u>631,221</u>
	<u>724,821</u>	<u>695,960</u>

Investment in Alkali Resource Management Ltd.

1 share of 1 share issued, at cost, held in Trust by Esk'etemc Band Council	1	1
Investment in Alkali Resource Management Ltd.	1,689,392	1,689,393
Equity gain (loss) in Alkali Resource Management Ltd.	<u>499,855</u>	<u>266,608</u>
	<u>2,189,248</u>	<u>1,956,002</u>
Subtotal	<u>400,000</u>	<u>400,000</u>
Dog Creek Ranch Ltd., 100 shares at cost, Sole ownership	<u>148,110</u>	<u>58,241</u>
	<u>2,737,358</u>	<u>2,356,002</u>
	<u>\$ 3,462,179</u>	<u>\$ 3,051,962</u>

During the year, the Band became a 50% limited partner in Cariboo Aboriginal Forestry Enterprises Limited Partnership ("CAFE LP"). CAFE LP has a December 31, 2022 year end and the Band has recorded 50% of this equity in the year ended March 31, 2023.

A summary of the unaudited financial statements of Alkali Resource Management Ltd. (A.R.M.), for the year ended April 30, 2022, and for Ecolink for the year ended December 31, 2022 follows:

Statement of Financial Position	A.R.M.	EcoLink
Current assets	\$ 3,012,078	\$ 899,506
Long-term assets	<u>681,495</u>	<u>1,942,839</u>
	<u>\$ 3,693,573</u>	<u>\$ 2,842,345</u>
Current liabilities	\$ 574,260	\$ 832,205
Long term liabilities	-	689,977
Due to shareholders	1,419,457	-
Share capital	1	200
Surplus	<u>1,699,855</u>	<u>1,319,963</u>
	<u>\$ 3,693,573</u>	<u>\$ 2,842,345</u>
Statement of Operations		
Revenue	\$ 10,321,692	\$ 3,485,676
Expenses	<u>9,753,338</u>	<u>3,427,954</u>
	<u>568,354</u>	<u>57,722</u>
Net Income	<u>(335,107)</u>	<u>-</u>
Prior period adjustment	<u>1,466,608</u>	<u>1,262,241</u>
Surplus, beginning of year		
	<u>\$ 1,699,855</u>	<u>\$ 1,319,963</u>
Surplus, end of year		

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2023****9. Bank indebtedness**

2023	2022
-------------	-------------

Esk'etemc has negotiated a line of credit with the Royal Bank of Canada to a maximum of \$450,000 with interest at the bank prime rate plus 0.25%, secured by a general security agreement. The facility was unused as at March 31, 2023.

The bank indebtedness for the store is in the form of an operating line payable to the Royal Bank of Canada to a maximum of \$200,000 with interest at the bank prime plus 0.75%, secured by a general security agreement. The facility was unused as at March 31, 2023.

As at March 31, 2023, the bank's prime rate was 6.70%.

10. Accounts payable and accrued liabilities

	2023	2022
Trade accounts	\$ 1,191,213	\$ 974,810
Payroll and withholding taxes	<u>38,535</u>	<u>36,115</u>
	<u>\$ 1,229,748</u>	<u>\$ 1,010,925</u>

ESK'ETEMC
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

11. Long term debt

	2023	2022
Royal Bank of Canada non-revolving term loan, repayable in monthly instalments including interest at bank prime plus 0.5% (March 31, 2022 - 3.7%), secured by a general security agreement and guarantee and postponement of claim in the amount of \$260,000 signed by Dog Creek Ranch Ltd. and a general security agreement over all assets of Dog Creek Ranch, due July 2044.	\$ -	\$ 1,060,238
CMHC mortgage, repayable in monthly instalments of \$1,440 including interest at 1.86%, maturing April 1, 2034.	173,318	186,982
CMHC mortgage, repayable in monthly instalments of \$901 including interest at 1.3%, maturing November 1, 2035.	<u>125,567</u>	134,889
	<u>\$ 298,885</u>	<u>\$ 1,382,109</u>

The above CMHC mortgages are secured by a ministerial guarantee.

Principal repayments are scheduled as follows:

2024	\$ 23,213
2025	23,686
2026	24,168
2027	24,810
2028	25,550
Thereafter	<u>177,458</u>
	<u>\$ 298,885</u>

ESK'ETEMC
Notes to Consolidated Financial Statements
Year Ended March 31, 2023
12. Tangible capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land improvements - cost	\$ 71,952	\$ -	\$ 71,952	\$ 71,952
Automotive equipment	2,406,464	1,625,903	780,561	762,635
Buildings and Infrastructure	41,588,460	11,037,360	30,551,100	29,312,550
Computer and office equipment	3,425,701	2,740,825	684,876	421,085
CMHC Social Housing	1,195,268	617,025	578,243	601,229
Alkali Enterprises	863,892	517,471	346,421	393,927
	\$ 49,551,737	\$ 16,538,584	\$ 33,013,153	\$ 31,563,378

Tangible capital asset acquisitions during the year:

Building additions - School, Elders, Timber Frame project	\$ 362,660
Solid waste transfer station	55,631
NAHS project	266,110
Housing projects	231,903
Water system	86,244
Flood assessment & mitigation	111,102
Old school renovations	732,774
Duncan Sticks Cemetery Memorial	44,720
Office furniture and fixtures - Lands dept	22,434
2x40' Containers	19,800
Drying Kiln	86,571
Terex Girslift	48,000
Kubota Loader	62,975
Hitachi Excavator	152,500
Woodmizer Sawmill	61,289
Alkali Enterprises store renovations	9,600
Various vehicles, trailers and attachments	307,950
Misc. Office and computer equipment	39,554
	\$ 2,701,817

There were no asset write-downs during the year (2022 - \$nil). A 2015 Toyota Highlander, 2018 Buick Regal and 2018 Ford F350 were disposed during the year.

13. Band equity - accumulated surplus

	2023	2022
Operating and Capital Projects Fund	\$ 46,941,613	\$ 43,034,070
CMHC Social Housing Fund	(206)	(22,951)
Ottawa Trust Fund	661,058	615,639
Investment in Business Enterprises	2,232,251	1,880,274
	\$ 49,834,716	\$ 45,507,032

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2023****14. Replacement reserve**

The replacement reserve represents funds set aside by Esk'etemc to fund future anticipated costs. The replacement fund balance consists of the following amounts:

	2023	2022
CMHC replacement reserve - beginning of year	\$ 59,216	\$ 62,196
Interest	1,637	-
Contributions required	6,700	6,700
Expenditures for replacements	(32,000)	(9,680)
CMHC required adjustment	11,602	-
CMHC supplemental assistance	<u>120,000</u>	-
CMHC replacement reserve - end of year	<u>\$ 167,155</u>	\$ 59,216

Under the terms of the mortgage agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$6,700 annually. These funds, along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada Mortgage and Housing Corporation.

15. Contributed surplus

Contributed surplus consists of the following:

	2023	2022
Band construction contribution	<u>\$ 184,949</u>	\$ 184,949

16. Financial instruments and risk management

Esk'etemc's financial instruments consist of cash, cash restricted as to use, accounts receivable, trust funds held by Canada, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that Esk'etemc is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Esk'etemc is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which Esk'etemc provides services may experience financial difficulty and be unable to fulfill their obligations.

Esk'etemc is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and does not hold any financial instruments that mitigate this risk.

17. Federal assistance payments

Esk'etemc Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2023 was \$145,757 (2022 - \$41,107). This assistance will continue, providing Esk'etemc is not in default of the agreement.

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2023****18. Contingent liability**Esk'etemc member loans

Esk'etemc has guaranteed loans made in previous years by various financial institutions under the CMHC Housing Program. The original balances on these loans were \$2,141,013. As at March 31, 2023 the balances outstanding were:

CMHC Housing Program	<u>\$ 298,885</u>
----------------------	-------------------

19. Reconciliation of ISC Comprehensive Funding Arrangement Revenue

Pursuant to the ISC's Reporting Guide's Financial Reporting Requirements, the following reconciliation has been prepared:

Revenue as per Statement of Operations	
ISC Operating	\$ 9,027,940
ISC Capital	<u>183,276</u>
	<u>\$ 9,211,216</u>

20. Band registered pension plan

Esk'etemc provides a defined contribution pension plan to qualifying employees. Under the plan, the defined members' contributions, the Esk'etemc contributions, and the related plan earnings comprise the members' money purchase amount. The plan is registered with the Canada Revenue Agency.

Esk'etemc contributed \$211,284 to the plan during the year ended March 31, 2023 (March 31, 2022 - \$177,385), to match its employees' required contributions.

21. Expenses by object

	2023	2022
Amortization	\$ 1,206,906	\$ 1,073,587
Contracted services	2,049,490	2,212,975
Honouraria	233,165	129,509
Bad debts	105,548	-
Insurance	289,853	203,946
Interest and bank charges	118,293	73,251
Materials and supplies	2,227,297	1,939,829
Rent, maintenance and utilities	1,918,464	2,035,068
Salaries, wages and benefits	6,637,646	5,614,077
Social assistance	1,361,004	799,403
Store purchases	852,228	859,655
Travel	845,573	326,295
Tuition and education	914,679	567,669
	<u>\$ 18,760,146</u>	<u>\$ 15,890,264</u>

ESK'ETEMC
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

22. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.