

ESK'ETEMC
Consolidated Financial Statements
Year Ended March 31, 2024

ESK'ETEMC**Index to Consolidated Financial Statements****Year Ended March 31, 2024**

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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 fulfils 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, 2024, 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, 2024, 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.

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 Charterd Professional
Accountants LLP*

ESK'ETEMC**Consolidated Statement of Financial Position****Year Ended March 31, 2024**

	2024	2023
Financial Assets		
Cash	\$ 17,006,071	\$ 8,697,936
Short term investments (Note 4)	2,677,400	2,521,520
Cash restricted as to use (Note 5)	66,780	63,845
Trade accounts receivable (Note 6)	4,368,976	5,002,865
Ottawa Trust Accounts (Note 7)	686,042	661,058
Inventory	80,093	72,585
Investments (Note 8)	4,495,196	3,462,179
	29,380,558	20,481,988
Liabilities		
Accounts payable and accrued liabilities (Note 10)	2,524,034	1,229,748
Silviculture responsibility	1,231,965	1,784,884
Deferred revenue - CMHC housing	2,591,579	-
Long term debt (Note 11)	274,870	298,885
	6,622,448	3,313,517
Net financial assets	22,758,110	17,168,471
Non-financial assets		
Prepaid expenses	55,130	5,198
Tangible capital assets (Note 12)	36,581,011	33,013,151
	36,636,141	33,018,349
Band equity	\$ 59,394,251	\$ 50,186,820
Band equity		
Accumulated surplus (Note 13) - page 6	\$ 59,081,861	\$ 49,834,716
Replacement reserve (Note 14)	127,441	167,155
Contributed surplus (Note 15)	184,949	184,949
	\$ 59,394,251	\$ 50,186,820

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, 2024**

	2024 Budget (unaudited)	2024	2023
Net revenue for the year	\$ 8,101,279	\$ 9,247,145	\$ 4,327,684
Amortization	-	1,275,849	1,206,906
Net contribution by replacement reserve	-	(39,714)	79,588
Change in prepaid expenses	-	(49,932)	179,569
Tangible capital asset acquisitions	-	(4,843,709)	(2,701,817)
Loss (gain) on disposal of tangible capital assets	-	-	34,873
Proceeds on disposal	-	-	10,264
Increase (decrease) in net financial assets	8,101,279	5,589,639	3,126,803
Net financial assets - beginning of year	17,168,471	17,168,471	14,031,404
Net financial assets - end of year	<u>\$ 25,269,750</u>	<u>\$ 22,758,110</u>	<u>\$ 17,168,471</u>

See notes to financial statements

ESK'ETEMC**Consolidated Statement of Operations****Year Ended March 31, 2024**

	2024 Budget (Unaudited)	2024	2023
Revenues <i>(from Schedule 1)</i>	\$ 22,468,480	\$ 23,989,174	\$ 20,004,672
Expenses <i>(from Schedule 2)</i>	14,367,201	21,120,079	18,760,146
Net revenue before the following	8,101,279	2,869,095	1,244,526
Other income			
Surplus recoveries	-	(25,207)	-
Operating results of Band enterprises	-	1,005,156	351,977
Change in silviculture liability	-	552,919	64,237
Tangible capital assets purchases	-	4,843,709	2,701,817
Gain (loss) on disposal of tangible capital assets	-	-	(34,873)
Net revenue for the year	8,101,279	9,245,672	4,327,684
Interfund transfers			
Replacement reserve transferred to surplus	-	1,473	-
Net change in surplus	8,101,279	9,247,145	4,327,684
Accumulated surplus - beginning of year	49,834,716	49,834,716	45,507,032
Accumulated surplus - end of year - page 4	\$ 57,935,995	\$ 59,081,861	\$ 49,834,716

See notes to financial statements

ESK'ETEMC**Consolidated Revenues****(Schedule 1)****Year Ended March 31, 2024**

	2024 Budget (Unaudited)	2024	2023
Revenues			
Federal Government			
ISC Operating	\$ 9,210,707	\$ 7,247,032	\$ 9,211,216
First Nations Health Authority	1,327,985	2,825,267	2,259,205
CMHC	5,307,288	2,741,466	145,757
CCATEC	75,673	121,763	185,178
Department of Justice	30,192	42,649	45,890
Natural Resources	743,010	754,540	259,910
First Nations Education Steering Committee	944,341	901,002	680,683
Province of British Columbia	2,361,934	4,191,752	1,540,186
Enbridge	-	80,000	50,000
Insurance proceeds	-	116,091	342,936
Store sales	-	1,235,253	1,212,132
Investment income (loss)	231,000	838,946	218,123
Wage subsidy	-	-	20,560
BC Hydro	79,738	79,738	79,738
Rental income	711,684	653,635	782,456
Royalties	-	-	1,000,000
Administration	(711,710)	4,342	4,272
New Relationship Trust	-	77,670	10,000
Service agreement	54,695	160,132	156,132
FN Drinking Water Settlement	-	63,080	500,000
Daycare fees	-	(14,453)	19,660
All other sources	2,101,943	1,869,269	1,280,638
	<u>\$ 22,468,480</u>	<u>\$ 23,989,174</u>	<u>\$ 20,004,672</u>

See notes to financial statements

ESK'ETEMC**Consolidated Expenses****(Schedule 2)****Year Ended March 31, 2024**

	2024 Budget (Unaudited)	2024	2023
Administration and economic development	\$ 3,075,199	\$ 3,481,580	\$ 3,495,888
Amortization	-	1,275,849	1,206,906
Capital improvement projects	-	3,440,592	1,328,011
Education	3,262,444	3,730,416	3,695,796
Health and well-being	1,432,153	2,484,804	2,016,267
Housing	291,245	557,715	826,332
Natural resources	1,228,614	978,092	646,090
Public works	1,682,883	1,475,070	2,187,110
Social development	2,294,435	2,284,209	2,004,752
Internal Transfers (should net to \$0)	1,100,228	-	-
Store - Alkali Enterprises	-	1,411,752	1,352,994
	\$ 14,367,201	\$ 21,120,079	\$ 18,760,146

See notes to financial statements

ESK'ETEMC**Consolidated Statement of Cash Flows****Year Ended March 31, 2024**

	2024	2023
Cash flows from operating activities		
Net revenue for the year	\$ 9,247,145	\$ 4,327,684
Items not affecting cash:		
Amortization	1,275,849	1,206,906
Loss (gain) on disposal of tangible capital assets	-	34,873
Operating results of Band enterprises	(1,005,156)	(351,977)
	<u>9,517,838</u>	<u>5,217,486</u>
Changes in non-cash working capital:		
Accounts receivable	633,889	(773,904)
Replacement reserve	(39,714)	107,939
Cash restricted as to use	(2,935)	30,363
Inventory	(7,508)	(5,174)
Accounts payable and accrued liabilities	1,294,286	190,472
Silviculture responsibility	(552,919)	(64,237)
Deferred revenue	2,591,579	-
Prepaid expenses	(49,932)	179,569
	<u>3,866,746</u>	<u>(334,972)</u>
Cash flows from operating activities	<u>13,384,584</u>	<u>4,882,514</u>
Cash flows used (from) by investing activities		
Proceeds on disposal of tangible capital assets	-	10,264
Change in trust funds held by Canada	(24,984)	(45,419)
Advances from related parties	(27,861)	-
	<u>(52,845)</u>	<u>(35,155)</u>
Cash flows from (used by) investing activities	<u>(52,845)</u>	<u>(35,155)</u>
Cash flows from (used by) financing activities		
Repayment of long term debt	(24,015)	(1,083,224)
	<u>(24,015)</u>	<u>(1,083,224)</u>
Cash flows used by financing activities	<u>(24,015)</u>	<u>(1,083,224)</u>
Cash flows used by capital activities		
Tangible capital asset acquisitions	(4,843,709)	(2,701,817)
	<u>(4,843,709)</u>	<u>(2,701,817)</u>
Increase in cash flow	<u>8,464,015</u>	<u>1,062,318</u>
Cash - beginning of year	<u>11,219,456</u>	<u>10,157,138</u>
Cash - end of year	<u>\$ 19,683,471</u>	<u>\$ 11,219,456</u>
Represented by:		
Cash	\$ 17,006,071	\$ 8,697,936
Marketable securities	2,677,400	2,521,520
	<u>\$ 19,683,471</u>	<u>\$ 11,219,456</u>

See notes to financial statements

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, 2024**

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 policiesCash 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)

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

	2024	2023
Forest and Range Capital, at fair market value	\$ 1,472,702	\$ 1,397,416
Silviculture, at fair market value	1,204,698	1,124,104
	<u>\$ 2,677,400</u>	<u>\$ 2,521,520</u>

The cost amount of the above marketable securities are \$1,429,184 and \$1,108,221 respectively as at March 31, 2024. 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, 2024****5. Cash restricted as to use**

	<u>2024</u>	<u>2023</u>
Replacement reserve	\$ 66,780	\$ 63,845

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

	<u>2024</u>	<u>2023</u>
Due from members:		
Rent	\$ 993,001	\$ 760,007
Due from others:		
First Peoples Cultural Council	37,654	42,054
West Fraser Mills	31,535	-
Enbridge	-	50,000
ISC	1,063,516	2,829,195
FNESC	-	42,812
CCATEC	89,413	115,136
GST recoverable	126,045	61,967
CMHC	2,146	122,146
Province of British Columbia	1,314,128	329,053
First Nation Health Authority	98,800	80,558
All others	492,171	440,805
Northern Development Initiative Trust	-	104,132
Shuswap Nations Tribal Council Society	-	20,000
Natural Resources Canada	-	5,000
Alkali Resource Management	120,567	-
	\$ 4,368,976	\$ 5,002,865

The above accounts receivable are presented net of an allowance for doubtful accounts in the amount of \$773,050 (2023 - \$773,050).

7. Trust funds held by Canada

	<u>2024</u>	<u>2023</u>
Ottawa Trust Accounts	\$ 686,042	\$ 661,058

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, 2024****8. Investments**

Investment in Ecolink Forest Services Ltd.

	2024	2023
Shareholder's Loan, due on demand, interest free, unsecured, no specific terms of repayment	\$ 64,739	\$ 64,739
Equity income in Ecolink	666,624	660,082
	731,363	724,821

Investment in Alkali Resource Management Ltd.

1 share of 1 share issued, at cost, held in Trust by
Esk'etemc Band Council

Investment in Alkali Resource Management Ltd.	1	1
Equity gain (loss) in Alkali Resource Management Ltd.	1,419,457	1,689,392
	1,814,315	499,855

Subtotal

Dog Creek Ranch Ltd., 100 shares at cost, Sole ownership

Equity in Cariboo Aboriginal Forestry Enterprises LP, 50%
partner

	3,233,773	2,189,248
	400,000	400,000
	130,060	148,110
	3,763,833	2,589,248
	\$ 4,495,196	\$ 3,314,069

During the year, the Band become a 50% limited partner in Cariboo Aboriginal Forestry Enterprises Limited Partnership ("CAFE LP"). CAFE LP has a December 31, 2023 year end and the Band has recorded 50% of this equity in the year ended March 31, 2024. CAFE LP incurred a loss of \$37,099 for the year ended December 31, 2023 and the Band has recorded 50% of this loss, \$17,049.

A summary of the unaudited financial statements of Alkali Resource Management Ltd. (A.R.M.), for the year ended April 30, 2023, and for Ecolink for the year ended December 31, 2023 follows:

	A.R.M.	EcoLink
Statement of Financial Position		
Current assets	\$ 2,766,232	\$ 1,022,335
Long-term assets	823,567	1,411,057
	\$ 3,589,799	\$ 2,433,392
Current liabilities	\$ 352,524	\$ 784,997
Long term liabilities	3,502	315,147
Due to shareholders	1,419,457	-
Share capital	1	200
Surplus	1,814,315	1,333,048
	\$ 3,589,799	\$ 2,433,392
Statement of Operations		
Revenue	\$ 10,054,124	\$ 2,940,535
Expenses	9,939,664	2,927,450
Net Income	114,460	13,085
Prior period adjustment	-	-

(continues)

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2024****8. Investments (continued)**

	<u>2024</u>	<u>2023</u>
Surplus, beginning of year	<u>1,699,855</u>	<u>1,319,963</u>
Surplus, end of year	<u>\$ 1,814,315</u>	<u>\$ 1,333,048</u>

9. Bank indebtedness

<u>2024</u>	<u>2023</u>
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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, 2024.

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, 2024.

As at March 31, 2024, the bank's prime rate was 7.20%.

10. Accounts payable and accrued liabilities

	<u>2024</u>	<u>2023</u>
Trade accounts	<u>\$ 2,479,244</u>	<u>\$ 1,191,213</u>
Payroll and withholding taxes	<u>44,790</u>	<u>38,535</u>
	<u>\$ 2,524,034</u>	<u>\$ 1,229,748</u>

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2024****11. Long term debt**

	<u>2024</u>	<u>2023</u>
CMHC mortgage, repayable in monthly instalments of \$1,440 including interest at 1.86%, maturing April 1, 2034.	\$ 158,856	\$ 173,318
CMHC mortgage, repayable in monthly instalments of \$901 including interest at 1.3%, maturing November 1, 2035.	<u>116,014</u>	<u>125,567</u>
	<u>\$ 274,870</u>	<u>\$ 298,885</u>

The above CMHC mortgages are secured by a ministerial guarantee.

Principal repayments are scheduled as follows:

2025	\$ 24,521
2026	24,823
2027	25,130
2028	25,441
2029	25,825
Thereafter	<u>149,130</u>
	<u>\$ 274,870</u>

12. Tangible capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land improvements - cost	\$ 71,952	\$ -	\$ 71,952	\$ 71,952
Automotive equipment	2,899,853	1,919,575	980,278	780,562
Buildings and Infrastructure	45,920,259	11,749,432	34,170,827	30,551,098
Computer and office equipment	3,444,223	2,936,719	507,504	684,876
CMHC Social Housing	1,195,268	641,041	554,227	578,243
Alkali Enterprises	863,892	567,668	296,224	346,421
	\$ 54,395,447	\$ 17,814,435	\$ 36,581,012	\$ 33,013,152

Tangible capital asset acquisitions during the year:

2023 Ford School Bus	\$ 239,821
2023 GMC Acadia	60,000
2024 GMC Sierra 3500	89,961
2023 Ford F350	103,606
Toshiba E-Studio Copier	18,522
Solid Waste Transfer Station in progress	571,150
NAHS housing projects	133,881
Dome greenhouse	57,940
Rapid start housing program	2,737,532
Training centre and gym	58,622
Housing major renovations	219,616
Wastewater service upgrades	132,992
On-site wastewater disposal system	146,460
Flood assessment and mitigation ongoing	47,946
School custom curriculum	225,660
	\$ 4,843,709

13. Band equity - accumulated surplus

	2024	2023
Operating and Capital Projects Fund	\$ 55,130,147	\$ 46,941,613
CMHC Social Housing Fund	404	(206)
Ottawa Trust Fund	686,042	661,058
Investment in Business Enterprises	3,265,268	2,232,251
	\$ 59,081,861	\$ 49,834,716

ESK'ETEMC**Notes to Consolidated Financial Statements****Year Ended March 31, 2024****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:

	<u>2024</u>	<u>2023</u>
CMHC replacement reserve - beginning of year	\$ 167,155	\$ 59,216
Interest	2,935	1,637
Contributions required	6,700	6,700
Expenditures for replacements	(47,876)	(32,000)
CMHC required adjustment	(1,474)	11,602
CMHC supplemental assistance	-	120,000
CMHC replacement reserve - end of year	<u>\$ 127,440</u>	<u>\$ 167,155</u>

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:

	<u>2024</u>	<u>2023</u>
Band construction contribution	\$ 184,949	\$ 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, 2024 was \$25,757 (2022 - \$145,757). 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, 2024****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 \$672,592. As at March 31, 2024 the balances outstanding were:

CMHC Housing Program	<u>\$ 274,870</u>
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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	<u>\$ 7,247,032</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 \$211,601 to the plan during the year ended March 31, 2024 (March 31, 2023 - \$211,284), to match its employees' required contributions.

21. Expenses by object

	<u>2024</u>	<u>2023</u>
Amortization	\$ 1,275,849	\$ 1,206,906
Contracted services	5,437,907	2,049,490
Honouraria	195,143	200,131
Bad debts	-	105,548
Insurance	260,456	289,853
Interest and bank charges	96,993	118,293
Materials and supplies	2,176,243	1,997,169
Rent, maintenance and utilities	1,171,916	1,913,835
Salaries, wages and benefits	6,609,512	6,617,086
Social assistance	1,381,010	1,649,349
Store purchases	915,680	852,228
Travel	758,629	831,980
Tuition and education	840,741	928,278
	<u>\$ 21,120,079</u>	<u>\$ 18,760,146</u>

22. Comparative figures

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

Esk'etemc
Statement of Operations by Reporting Segment
Year Ended March 31, 2024

Schedule 3

	Administration	Economic Development	Education	Social Development	Health	Housing	Operations & Maintenance	Land Resource Management	Capital Projects	Ottawa Trust Funds	CMHC	Band-Owned Enterprises	Totals
Revenue													
ISC	\$ 603,533	\$ 74,683	\$ 2,543,094	\$ 2,927,018	\$ -	\$ 59,633	\$ 616,317	\$ -	\$ 422,754	\$ -	\$ -	\$ -	\$ 7,247,032
Other	7,056,278	212,413	1,473,515	210,650	4,313,768	336,169	666,516	1,654,518	7,564,792	24,984	59,920	1,033,017	24,606,540
Total	7,659,811	287,096	4,016,609	3,137,668	4,313,768	395,802	1,282,833	1,654,518	7,987,546	24,984	59,920	1,033,017	31,853,572
Expenses	5,006,514	193,242	3,582,343	2,381,652	3,016,121	645,593	1,506,682	1,141,672	5,073,295	-	99,027	-	22,646,141
Net revenue for the year	2,653,297	93,854	434,266	756,016	1,297,647	(249,791)	(223,849)	512,846	2,914,251	24,984	(39,107)	1,033,017	9,207,431
Transfers	(532,817)	164,891	42,371	(18,124)	(484,708)	96,565	243,284	391,038	97,500	-	-	-	-
Surplus (deficit), Beginning	7,443,936	149,543	2,632,282	3,797,139	1,767,578	(964,172)	(771,017)	55,993	32,830,330	661,058	351,899	2,232,251	50,186,820
Surplus (Deficit), ending	\$ 9,564,416	\$ 408,288	\$ 3,108,919	\$ 4,535,031	\$ 2,580,517	\$ (1,117,398)	\$ (751,582)	\$ 959,877	\$ 35,842,081	\$ 686,042	\$ 312,792	\$ 3,265,268	\$ 59,394,251