

XATSULL FIRST NATION

CONSOLIDATED FINANCIAL
STATEMENTS

For the year ended March 31, 2022

**XATSULL FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022**

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MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying consolidated financial statements of Xatsull First Nation 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 judgements. 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.

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

The Chief and Council are responsible for ensuring the integrity of the Nation'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 Xatsull First Nation'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 Xatsull First Nation 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 Chief and Council.

Chief
September 15, 2022

Councillor



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INDEPENDENT AUDITOR'S REPORT

To the Chief and Council of

Xatsull First Nation

Opinion

We have audited the consolidated financial statements of Xatsull First Nation, which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and changes in net assets 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 consolidated financial position of the Nation as at March 31, 2022, and its consolidated results of operations and its consolidated 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 Nation in accordance with the 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 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 Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 judgment 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 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 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 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 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*

Quesnel, BC
September 15, 2022

FBB CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP

XATSULL FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash (note 3)	\$ 14,601,370	\$ 13,976,167
Investments (note 7)	5,091,267	1,893,400
Accounts receivable (note 5)	1,524,336	913,149
Trust funds held by Canada (note 6)	700,244	681,490
Restricted cash (note 4)	<u>282,221</u>	<u>356,676</u>
	<u>22,199,438</u>	<u>17,820,882</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 9)	611,921	592,704
Deferred revenue (note 10)	11,850	275,292
Long-term debt (note 11)	-	150,370
Due to related party (note 12)	<u>85,833</u>	<u>81,223</u>
	<u>709,604</u>	<u>1,099,589</u>
Net financial assets	<u>21,489,834</u>	<u>16,721,293</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (and deposits)	112,649	72,832
Ranch inventory	988,700	1,079,000
Tangible capital assets (note 8)	<u>10,657,373</u>	<u>9,550,943</u>
	<u>11,758,722</u>	<u>10,702,775</u>
	<u>\$ 33,248,556</u>	<u>\$ 27,424,068</u>
Replacement reserve (note 13)	\$ 360,583	\$ 652,110
Contributed surplus (note 14)	271,381	271,381
Accumulated surplus (note 15)	<u>32,616,592</u>	<u>26,500,577</u>
ACCUMULATED SURPLUS	<u>\$ 33,248,556</u>	<u>\$ 27,424,068</u>

On behalf of the Chief and Council

: _____ Chief

 _____ Councillor

See accompanying notes

XATSULL FIRST NATION
CONSOLIDATED CHANGES IN NET FINANCIAL ASSETS
As at March 31, 2022

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
(Deficiency) excess of revenues over expenses	\$ (1,345,528)	\$ 5,827,015	\$ 4,002,819
Acquisition of prepaid expenses (and deposits)	-	(39,817)	15,271
Change in ranch inventory	-	90,300	1,300
Acquisition of tangible capital assets	-	(1,601,530)	(967,843)
Amortization	-	495,100	350,677
	-	(1,106,430)	(617,166)
Change in replacement reserve	-	(2,527)	84,957
(Decrease) increase in net financial assets	(1,345,528)	4,768,541	3,487,181
Net financial assets, beginning of year	<u>16,721,293</u>	<u>16,721,293</u>	<u>13,234,112</u>
Net financial assets, end of year	<u>\$ 15,375,765</u>	<u>\$ 21,489,834</u>	<u>\$ 16,721,293</u>

See accompanying notes

XATSULL FIRST NATION**CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

For the year ended March 31, 2022

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
REVENUES, Schedule 1	\$ 5,424,845	\$ 9,426,824	\$ 10,436,003
EXPENSES, Schedule 2	<u>6,770,373</u>	<u>8,044,105</u>	<u>7,724,168</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(1,345,528)</u>	<u>1,382,719</u>	<u>2,711,835</u>
OTHER INCOME			
Equity income in investments	-	3,192,766	172,099
Tangible capital asset acquisitions	<u>-</u>	<u>1,251,530</u>	<u>1,118,885</u>
	<u>-</u>	<u>4,444,296</u>	<u>1,290,984</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	(1,345,528)	5,827,015	4,002,819
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	26,500,577	22,553,638
Transfer CMHC supplemental funding to replacement reserve	-	-	(55,880)
Contribution from CMHC replacement reserve to ISC funded housing project	<u>-</u>	<u>289,000</u>	<u>-</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ -</u>	<u>\$ 32,616,592</u>	<u>\$ 26,500,577</u>

See accompanying notes

XATSULL FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 5,827,015	\$ 4,002,819
Items not affecting cash		
Amortization	495,100	498,473
Gain on disposal of tangible capital assets	-	3,246
Incremental Treaty Agreement on Blue Lake parcel	<u>(350,000)</u>	<u>-</u>
	5,972,115	4,504,538
Change in non-cash working capital items		
Investments	(3,197,867)	(140,287)
Accounts receivable	(611,187)	(270,899)
Trust funds held by Canada	(18,754)	(4,318)
Accounts payable and accrued liabilities	19,217	192,292
Deferred revenue	(263,442)	(49,950)
Long-term debt	(150,370)	(55,032)
Prepaid expenses	(39,817)	15,271
Ranch inventory	<u>90,300</u>	<u>1,300</u>
	<u>1,800,195</u>	<u>4,192,915</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,251,530)	(1,136,885)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>18,000</u>
	<u>(1,251,530)</u>	<u>(1,118,885)</u>
FINANCING ACTIVITIES		
Advances to related party	4,610	(31,812)
Replacement reserve	(291,527)	84,957
Contribution from CMHC replacement reserve to ISC funded housing project	<u>289,000</u>	<u>-</u>
	<u>2,083</u>	<u>53,145</u>
INCREASE IN CASH	550,748	3,127,175
CASH, BEGINNING OF YEAR	<u>14,332,843</u>	<u>11,205,668</u>
CASH, END OF YEAR	<u><u>\$ 14,883,591</u></u>	<u><u>\$ 14,332,843</u></u>
CASH CONSISTS OF:		
Cash	\$ 14,601,370	\$ 13,976,167
Restricted cash	<u>282,221</u>	<u>356,676</u>
	<u><u>\$ 14,883,591</u></u>	<u><u>\$ 14,332,843</u></u>

See accompanying notes

XATSULL FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2022

1. Nature of operations

Xatsull First Nation (the "Nation") is a First Nation, formerly known as the Soda Creek Indian Band providing various municipal services to community members such as administration, capital improvements, education, health and well-being, housing, natural resource management, infrastructure, social development, archaeology, and treaty negotiation.

2. Accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards as required by the *Reporting Guide to Financial Reporting* as issued by Indigenous Services Canada ("ISC"). The significant accounting policies are detailed as follows:

(a) 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.

(b) Inventory

Inventory of ranch supplies is recorded at the lower of cost and net realizable value on the first-in first-out method. Biological assets, such as livestock ranch inventory are recorded at fair value less estimated costs to sell at the point of sale in accordance with IAS41 (International Accounting Standards), since Public Sector Accounting Standards does not address the treatment of biological assets.

(c) Tangible capital assets

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

- Are held for use in the production or supply of good 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 are recorded at cost. Tangible capital assets contributed are recorded at fair market value. The Nation provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	2-4%
Vehicles	20%
Office equipment	20%
Machinery and equipment	20%

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022

2. Accounting policies, continued

(c) Tangible capital assets, continued

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 by Canada Mortgage and Housing Corporation's reporting requirements.

(d) Investments

The Nation accounts for its investments in Nation owned enterprises using the equity method. Under this method, the investment is initially recorded at cost and then increased or decreased to recognize subsequent earnings or losses. The investment is also increased or decreased to reflect advances to or repayments from the limited partnerships.

Ottawa Trust Fund operating account revenues are recorded on the accrual basis and include all interest and distributions on the Ottawa Trust accounts.

(e) Liability for contaminated sites

The Nation recognizes a liability for contaminated sites when as at the reporting date:

- a) An environmental standard exists;
- b) Contamination exceeds the environmental standard;
- c) the government is directly responsible or accepts responsibility;
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

The Nation has reviewed the implications of the section and has concluded that it is not exposed to any contaminated sites it would be responsible for remediating. It has therefore not recorded any liability for remediation of contaminated sites.

(f) 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. The Nation retains all benefits of risk of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022

2. Accounting policies, continued

(g) 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.

(h) Use of estimates

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are the useful lives of assets and rates for depreciation and amortization.

(i) Basis of presentation

a. The focus of PSAB statements is on the consolidated financial position of the Nation and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the Nation. Financial assets are economic resources controlled by the Nation as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the Nation to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.

b. The Nation 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 consolidated for the purpose of presentation in the consolidated financial statements. Details of the operation of each fund are set out in the supplementary schedules.

The Nation maintains the following funds:

- The Operations Fund which reports the general activities of the Nation.
- The Capital Fund which reports the capital projects of the Nation together with their related financing, other than those tangible capital assets funded by CMHC and the Enterprise Fund.
- The Enterprise Fund which reports the Nation's investment in Nation owned enterprises.
- The Trust Fund which reports on the trust funds owned by the Nation 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.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022

2. Accounting policies, continued

Basis of presentation, continued

c. Reporting entity and principles of financial reporting: The Nation reporting entity includes the Nation and all related entities which are accountable to the Chief and Council and are either owned or controlled by the Nation.

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:

- Nation government administration (Operating and Capital funds)
- Nation Enterprise Fund
- Nation Trust Fund (comprising the Ottawa Trust Funds)
- Nation 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.

3. Cash

	<u>2022</u>	<u>2021</u>
Operations	\$ 6,275,220	\$ 5,635,376
CMHC housing program	95,457	46,862
Treaty self government program	3,665	90,264
Savings	<u>8,227,028</u>	<u>8,203,665</u>
	<u>\$ 14,601,370</u>	<u>\$ 13,976,167</u>

4. Restricted cash

	<u>2022</u>	<u>2021</u>
Replacement reserve	<u>\$ 282,221</u>	<u>\$ 356,676</u>

Under the terms of the Nation'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.

XATSULL FIRST NATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended March 31, 2022

5. Accounts receivable

	<u>2022</u>	<u>2021</u>
All other	\$ 92,909	\$ 85,557
ISC	253,930	43,689
Province of British Columbia	116,814	53,109
Government of Canada	-	82,650
Three Corners Health Services Society	80,757	84,900
Enbridge	4,210	6,210
CCATEC	5,025	99,535
First Nation Financial Management Board	7,500	-
CMHC	27,940	62,369
Northern Shuswap Treaty Society	108,504	-
Northern Shuswap Tribal Council	139,750	-
Barkerville Gold Mines Ltd.	204,198	167,426
Northern Development Initiative Trust	-	9,962
First Nations Health Authority	54,400	8,400
GST recoverable	10,521	6,093
Housing program	232,538	302,304
Tolko	20,000	-
Insurance claim	40,312	-
Celtic and Eldorado Construction	15,420	-
FNESC	10,885	-
Bank of Montreal funding in transit	152,965	-
Nenqayni Welless Centre Society	1,980	-
Terra Archaeology	2,415	-
Wildwoods Lumber	5,826	-
Telus	3,543	-
Xatsull T'micw Resources LLP	31,049	-
	<u>1,623,391</u>	<u>1,012,204</u>
Less: Allowance for doubtful accounts	<u>99,055</u>	<u>99,055</u>
	<u><u>\$ 1,524,336</u></u>	<u><u>\$ 913,149</u></u>

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022

6. Trust funds held by Canada

	<u>2022</u>	<u>2021</u>
Revenue account	\$ 44,684	\$ 25,930
Capital account	<u>655,560</u>	<u>655,560</u>
	<u>\$ 700,244</u>	<u>\$ 681,490</u>

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 by Sections 63 and 69 of the *Indian Act*.

7. Investments

	<u>2022</u>	<u>2021</u>
Xat'sull Limited Partnership equity interest	\$ 3,515,085	\$ 1,565,492
Likely Xat'sull Community Forest Ltd. equity interest	1,523,750	327,906
Xat'sull T'micw Resources LLP	52,430	-
Investment in Xat'sull Logging Ltd	1	1
Investment in Xat'sull Development Ltd.	<u>1</u>	<u>1</u>
	<u>\$ 5,091,267</u>	<u>\$ 1,893,400</u>
	<u>2022</u>	<u>2021</u>
Xat'Sull Limited Partnership interest - beginning of year	\$ 1,565,492	\$ 1,373,454
Share in net revenues of partnership	1,950,696	230,862
Distributions (by) to Limited Partnership	-	(31,812)
Difference in net revenues	<u>(1,103)</u>	<u>(7,012)</u>
Xat'Sull Limited Partnership interest - end of year	<u>\$ 3,515,085</u>	<u>\$ 1,565,492</u>

XATSULL FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2022

7. Investments, continued

The Nation holds a 99.99% interest in the Xat'Sull Limited Partnership (the "Partnership") and a 100% interest in the general partner. For the year ended March 31, 2022, the Partnership reported revenues of \$2,572,495, expenses of \$621,799, current assets of \$3,556,542, capital assets of \$74,579 and current liabilities of \$116,037 (including the amount as disclosed in Note 12).

During the year, the Nation entered into a limited liability partnership agreement with Terra Archaeology Limited to create Xatsull T'micw Resources LLP with the Nation holding a 51% interest. For the period from May 20, 2021 to March 31, 2022, the 51% interest in net income was \$47,330 along with an initial capital contribution of \$5,100 for a total investment of \$52,430.

The Nation also holds a 50% interest in the Likely Xat'Sull Community Forest along with the community of Likely, B.C. The Nation records its investment in the Community Forest using the modified equity method whereby it records its share of the net earnings or loss from the Community Forest. The year end of the Community Forest is August 31, 2021 which does not coincide with the year end of the Nation. The Nation has reported its 50% share of the loss in equity from the Community Forest in the amount of \$1,195,845 from the August 31, 2021 financial statements in the Nation's year ended March 31, 2022.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022

8. Tangible capital assets

	<u>2022</u>			<u>2021</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 687,995	\$ -	\$ 687,995	\$ 337,995
Buildings	15,559,264	6,319,413	9,239,851	8,340,066
Vehicles	776,476	385,063	391,413	489,266
Office equipment	232,043	220,665	11,378	14,223
Machinery and equipment	593,363	266,627	326,736	369,393
	<u>\$ 17,849,141</u>	<u>\$ 7,191,768</u>	<u>\$ 10,657,373</u>	<u>\$ 9,550,943</u>
Buildings consists of:				
Community building	\$ 4,191,929	\$ 461,701	\$ 3,730,228	\$ 3,806,356
Soda Creek Emporium	108,921	82,249	26,672	27,783
Campsite building	97,384	26,646	70,738	73,685
CMHC Buildings	1,689,637	1,573,852	115,785	150,191
Community infrastructure	7,426,124	3,221,068	4,205,056	3,145,205
Xat'sull Heritage Village buildings	147,542	84,902	62,640	65,250
Health Centre Building	1,897,727	868,995	1,028,732	1,071,596
	<u>\$ 15,559,264</u>	<u>\$ 6,319,413</u>	<u>\$ 9,239,851</u>	<u>\$ 8,340,066</u>

The Nation made the following purchases during the year ended March 31, 2022:

	<u>2022</u>
Flood risk assessment and remediation	\$ 22,302
Sonny Lane Road lift and repairs	61,500
Housing projects	861,125
Solid waste system	11,945
Landslide assessment	32,416
Water treatment plant	21,491
Rose Lake dam remediation	27,740
Sand storage shed	13,621
Deep Creek water system	150,120
Ranch water system	14,860
Ranch - Horst 265 haywagon	19,130
Ranch - 2022 Kawasaki Mule	15,280
	<u>1,251,530</u>
Blue Lake land parcel	<u>350,000</u>
	<u>\$ 1,601,530</u>

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022

8. Tangible capital assets, continued

During the year, the Nation was successful in obtaining an Incremental Treaty Agreement in the "Blue Lake" area from the Province of BC transferring the land parcel with an estimated market value of \$350,000. The Nation has recorded the value of the land at \$350,000 with a related deemed revenue of \$350,000.

9. Accounts payable and accrued liabilities

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 396,300	\$ 398,260
Accrued payroll and source deductions	198,621	177,444
Other accrued liabilities	<u>17,000</u>	<u>17,000</u>
	<u>\$ 611,921</u>	<u>\$ 592,704</u>

10. Deferred revenue

	<u>2022</u>	<u>2021</u>
Province of British Columbia	\$ -	\$ 89,900
Unearned rentals	850	450
Enbridge pipeline project	-	132,442
Forestry harvest revenues	-	25,000
Strategic Forestry Initiative	-	20,000
First Nations Financial Management Board	-	7,500
Shuswap Nation Tribal Council - Covid-19 support	<u>11,000</u>	<u>-</u>
	<u>\$ 11,850</u>	<u>\$ 275,292</u>

11. Long-term debt

	<u>2022</u>	<u>2021</u>
All Nations Trust mortgage repaid	\$ -	\$ 10,886
All Nations Trust mortgage repaid	<u>-</u>	<u>139,484</u>
	<u>\$ -</u>	<u>\$ 150,370</u>

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022

12. Due to related parties

- (a) During the year, the Nation entered into transactions with Xat'sull Limited Partnership and Xatsull T'micw Resources LLP, partnerships in which the Nation holds a 99.99% limited partnership interest and 51% limited partnership interest, respectively. The Nation also owns 100% of the shares of the general partner of Xat'sull Limited Partnership LP. The transactions are recorded at the exchange amount, which is the amount established and agreed to by the related parties.

- (b) Advances from related parties

	<u>2022</u>	<u>2021</u>
Due to Xat'Sull Limited Partnership	\$ 80,733	\$ 81,223
Due to Xatsull T'micw Resources LLP	<u>5,100</u>	<u>-</u>
	<u>\$ 85,833</u>	<u>\$ 81,223</u>

The balances due to related parties are unsecured, non-interest bearing with no specific terms of repayment.

13. Replacement reserve

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

	<u>2022</u>	<u>2021</u>
CMHC replacement reserve, beginning of year	\$ 417,110	\$ 392,621
Appropriation	8,698	15,320
Replacements	(78,788)	(50,078)
Interest	563	715
CMHC adjustments	-	2,652
Contribution to ISC funded housing projects	(289,000)	-
Equipment replacement reserves	302,000	235,000
CMHC supplemental funding	<u>-</u>	<u>55,880</u>
	<u>\$ 360,583</u>	<u>\$ 652,110</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 \$8,698 annually (CMHC phase 3 and 4 were paid off during the year so no CMHC replacement reserve provisions are required going forward). 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. During the year, the Nation paid off its CMHC mortgages in full and going forward will have no further reporting obligations with CMHC and replacement reserves will be transferred to the Nation's internal replacement reserves or operating surplus.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022

14. Contributed surplus

	<u>2022</u>	<u>2021</u>
Nation land contribution to social housing program	\$ 271,381	\$ 271,381

15. Accumulated surplus

	<u>2022</u>	<u>2021</u>
Operating and capital project funds	\$ 26,808,009	\$ 23,852,367
CMHC Social Housing Fund	(78,032)	(4,610)
Investment in Nation Business Enterprises	5,091,267	1,893,400
Ottawa Trust Funds	700,244	681,490
Treaty Self-Government Program	95,104	77,930
Replacement reserve	360,583	652,110
Contributed surplus	271,381	271,381
	<u>\$ 33,248,556</u>	<u>\$ 27,424,068</u>

16. Supplemental statement of cash flows information

Non-cash capital activities:

Incremental Treaty Agreement (ITA) - Land transfer Blue Lake parcel	\$ 350,000	\$ -
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17. Contingent liabilities

The Nation has guaranteed loans under the CMHC Housing Program with balances as at March 31, 2022 aggregating \$128,149 (2021 - \$280,490) and a loan made to a band member in the original amount of \$110,000 with a balance as at March 31, 2022 of \$Nil (2021 - \$6,883).

18. Financial instruments

The Nation'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 the Nation 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.

The Nation 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 the Nation provides services may experience financial difficulty and be unable to fulfill their obligations. The Nation 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.

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022

19. Federal assistance payments

The Xatsull First Nation 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, 2022 was \$14,612 (2021 - \$23,921). This assistance will continue, providing the Nation is not in default of the agreement.

20. Reconciliation of ISC Comprehensive Funding Arrangement Revenue

Pursuant to the Indigenous and Northern Affairs Canada Reporting Guide's Financial Reporting Requirements, the following reconciliation has been prepared:

	<u>2022</u>
ISC - Operating revenue	<u>\$ 3,159,312</u>
ISC 2021/2022 Funding Confirmation Report	<u>\$ 3,159,312</u>

21. Band registered pension plan

The Nation provides a defined contribution pension plan to qualifying employees. Under the plan, the defined members' contributions, the Nation contributions, and the related plan earnings comprise the members' money purchase amount. The plan is registered with the Canada Revenue Agency. The Nation matched its employees' contributions during the year as follows:

	<u>2022</u>	<u>2021</u>
Employer contributions	<u>\$ 36,663</u>	<u>\$ 37,796</u>

XATSULL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2022

22. Expenses by object

	<u>2022</u>	<u>2021</u>
Salaries, wages and benefits	\$ 1,980,144	\$ 2,006,474
Materials and supplies	432,369	372,864
Contracted services	3,355,914	2,213,994
Rent, maintenance and utilities	548,234	959,505
Honoraria	232,467	269,205
Insurance	102,914	103,880
Tuition and education related	446,390	697,481
Interest	20,403	8,309
Amortization	495,100	498,473
Travel	39,582	126,833
Social assistance	390,588	467,150
	<u>\$ 8,044,105</u>	<u>\$ 7,724,168</u>

23. Economic dependence

The Nation receives a significant portion of its revenues pursuant to funding arrangements with Indigenous Services Canada. The Nation's ability to continue operations would be severely hampered should this funding be discontinued.

24. Comparative figures

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year revenue, expenses or accumulated surplus.

XATSULL FIRST NATION
CONSOLIDATED SCHEDULE OF REVENUES
For the year ended March 31, 2022

	2022 Budget	2022 Actual	2021 Actual
ISC - Operating	\$ 2,186,755	\$ 3,159,312	\$ 4,613,407
Northern Shuswap Treaty Society	434,014	434,041	434,014
Three Corners Health Society	324,873	381,580	323,777
First Nations Health Authority	84,016	150,173	180,793
CCATEC	53,164	47,951	156,878
CMHC	16,468	14,612	80,583
Northern Shuswap Tribal Council	71,100	202,163	218,580
Canada Summer Jobs	32,601	23,607	13,654
Interest income	-	75,428	66,849
National Energy	90,241	70	159,759
Province of British Columbia	243,023	2,646,799	1,750,597
Rentals	181,409	186,926	171,759
Taxation	139,391	130,343	139,391
Administration and management fees	(85,051)	(2,251)	-
Northern Development Initiative Trust	-	-	23,000
Knucwentwecw Society	210,000	280,000	235,000
Tolko Industries Ltd.	60,000	65,000	88,747
FNESC	3,149	87,123	59,463
Enbridge	110,000	212,442	90,000
New Relationship Trust	-	500	7,000
Archaeology projects	30,000	18,948	56,545
Gibraltar Mines	140,000	130,053	492,577
Barkerville Gold Mines	35,980	116,625	237,996
All other sources	1,063,712	1,065,379	835,634
	<u>\$ 5,424,845</u>	<u>\$ 9,426,824</u>	<u>\$ 10,436,003</u>

XATSULL FIRST NATION
CONSOLIDATED SCHEDULE OF EXPENSES
For the year ended March 31, 2022

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
Administration	\$ 1,854,454	\$ 2,332,156	\$ 1,388,649
Amortization	35,473	495,100	498,473
Capital improvement projects	548,692	250,120	763,999
Education	957,765	778,310	925,345
Health and well-being	574,417	738,448	798,361
Housing	304,768	948,898	501,356
Natural resources	543,890	534,924	690,119
Infrastructure	421,708	415,093	689,390
Social development	439,289	539,706	558,355
Archaeology projects	45,000	44,303	50,268
Treaty	404,611	373,466	415,381
Chief and Council	261,801	200,512	122,516
Carpenter Mountain Ranch	304,304	310,855	252,252
Information Technology	74,201	82,214	69,704
	<u>\$ 6,770,373</u>	<u>\$ 8,044,105</u>	<u>\$ 7,724,168</u>