

**Gwa'sala-'Nakwaxda'xw Nation**  
**Consolidated Financial Statements**  
*March 31, 2022*

**Management's Responsibility****Independent Auditor's Report****Consolidated Financial Statements**

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Changes in Net Financial Assets.....	4
Consolidated Statement of Cash Flows .....	5

<b>Notes to the Consolidated Financial Statements.....</b>	<b>6</b>
--	----------

**Schedules**

Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	19
Schedule 2 - Schedule of Consolidated Expenses by Object.....	22
Schedule 3 - Schedule of Revenue and Expenses - Administration .....	23
Schedule 4 - Schedule of Revenue and Expenses - Income Assistance.....	24
Schedule 5 - Schedule of Revenue and Expenses - Education.....	25
Schedule 6 - Schedule of Revenue and Expenses - Economic Development.....	26
Schedule 7 - Schedule of Revenue and Expenses - Community Infrastructure.....	27
Schedule 8 - Schedule of Revenue and Expenses - Natural Resources.....	28
Schedule 9 - Schedule of Revenue and Expenses - Capital Projects.....	29
Schedule 10 - Schedule of Revenue and Expenses - Community.....	30
Schedule 11 - Schedule of Revenue and Expenses - Health.....	31
Schedule 12 - Schedule of Revenue and Expenses - Gwa'sala-'Nakwaxda'xw School.....	32
Schedule 13 - Schedule of Revenue and Expenses - CMHC Social Housing.....	33
Schedule 14 - Schedule of Revenue and Expenses - Trust.....	34
Schedule 15 - Schedule of Revenue and Expenses - Treaty.....	35
Schedule 16 - Schedule of Revenue and Expenses - Big House Society.....	36

# Management's Responsibility

---

To the Members of Gwa'sala-'Nakwaxda'xw Nation:

The accompanying consolidated financial statements of Gwa'sala-'Nakwaxda'xw Nation are the responsibility of management and have been approved by the Chief and Council.

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

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

Gwa'sala-'Nakwaxda'xw Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Nation's external auditors.

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

July 28, 2022

Signed by: Sandra Charlie

---

Interim Band Manager

# Independent Auditor's Report

---

To the Members of Gwa'sala-'Nakwaxda'xw Nation:

## Opinion

We have audited the consolidated financial statements of Gwa'sala-'Nakwaxda'xw Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules 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 the results of its consolidated operations, its consolidated changes in net financial assets 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.

## 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Nanaimo, British Columbia  
July 28, 2022

*MNP LLP*

Chartered Professional Accountants

# Gwa'sala-'Nakwaxda'xw Nation

## Consolidated Statement of Financial Position

*As at March 31, 2022*

	2022	2021
<b>Financial assets</b>		
Cash	5,626,113	9,448,058
Accounts receivable (Note 3)	2,275,599	2,373,775
Advances to related Nation entities (Note 4)	2,139,060	1,812,563
Portfolio investments (Note 5)	33,197,517	31,223,340
Investments in Nation partnerships (Note 6)	19,524	25,760
Investment in Nation business entities (Note 6)	(5,845,190)	(4,513,720)
Funds held in trust (Note 7)	350,985	342,071
Funds held in trust - Big House (Note 8)	1,791,593	3,022,245
Restricted cash (Note 9)	230,104	238,149
<b>Total financial assets</b>	<b>39,785,305</b>	<b>43,972,241</b>
<b>Liabilities</b>		
Accounts payable and accruals	834,240	1,887,698
Deferred revenue (Note 10)	718,024	847,692
Long-term debt (Note 11)	5,426,271	4,868,481
<b>Total liabilities</b>	<b>6,978,535</b>	<b>7,603,871</b>
<b>Net financial assets</b>	<b>32,806,770</b>	<b>36,368,370</b>
<b>Guarantees (Note 12)</b>		
<b>Contingencies (Note 13)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	26,195,496	19,651,720
Prepaid expenses	183,653	136,790
<b>Total non-financial assets</b>	<b>26,379,149</b>	<b>19,788,510</b>
<b>Accumulated surplus (Note 14)</b>	<b>59,185,919</b>	<b>56,156,880</b>
<b>Approved on behalf of the Chief and Council</b>		
Signed by Terry Walkus	Chief	Signed by: Janine Sheard Councillor

**Gwa'sala-'Nakwaxda'xw Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2022*

	<i>Schedules</i>	<b>2022 Budget (Note 18)</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>				
Indigenous Services Canada (Note 17)		<b>2,747,365</b>	<b>8,943,076</b>	7,389,046
First Nations Health Authority		-	<b>2,174,622</b>	2,182,089
Other revenue		-	<b>2,530,483</b>	1,520,485
Canada Mortgage and Housing Corporation		-	<b>376,247</b>	189,916
First Nations Education Steering Committee		-	<b>137,602</b>	141,938
Department of Fisheries and Oceans		-	<b>203,988</b>	196,782
Province of British Columbia		-	<b>1,174,826</b>	4,000,428
Interest income		-	<b>3,854,773</b>	3,741,236
Forestry income		-	<b>1,238,885</b>	812,476
British Columbia Treaty Commission		-	<b>702,253</b>	702,253
BC First Nations Gaming		-	<b>486,406</b>	525,002
School District 85		-	<b>375,396</b>	330,124
Rental income		-	<b>186,120</b>	226,231
Coast Opportunity Fund		-	<b>125,000</b>	250,000
Fishing income		-	<b>86,189</b>	187,068
Marine Services and fisheries		-	-	101,940
Loss from investment in Nation partnerships (Note 6)		-	<b>(6,236)</b>	(2,916)
Loss from investment in Nation business entities (Note 6)		-	<b>(1,331,470)</b>	(5,053,002)
		<b>2,747,365</b>	<b>21,258,160</b>	17,441,096
<b>Program expenses</b>				
Administration	3	<b>701,706</b>	<b>1,432,172</b>	1,286,382
Income Assistance	4	<b>963,637</b>	<b>1,319,767</b>	1,542,048
Education	5	<b>362,207</b>	<b>1,853,592</b>	1,145,675
Economic Development	6	<b>44,899</b>	<b>147,387</b>	185,431
Community Infrastructure	7	<b>59,691</b>	<b>220,407</b>	195,473
Natural Resources	8	-	<b>2,175,627</b>	1,161,432
Capital Projects	9	<b>107,921</b>	<b>1,266,068</b>	767,752
Community	10	<b>39,355</b>	<b>1,507,226</b>	2,272,357
Health	11	-	<b>2,201,154</b>	1,705,091
GNN School	12	<b>467,949</b>	<b>3,042,381</b>	2,931,130
CMHC	13	-	<b>372,684</b>	340,963
Trust	14	-	<b>985,113</b>	640,679
Treaty	15	-	<b>806,162</b>	632,014
Big House Society	16	-	<b>617,381</b>	517,812
		<b>2,747,365</b>	<b>17,947,121</b>	15,324,239

*Continued on next page*

**Gwa'sala-'Nakwaxda'xw Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2022*

	<i>Schedules</i>	<i>2022 Budget (Note 18)</i>	<i>2022</i>	<i>2021</i>
<b>Annual surplus</b> <i>(Continued from previous page)</i>		-	<b>3,311,039</b>	2,116,857
<b>Accumulated surplus, beginning of year</b>	<b>56,156,880</b>	<b>56,156,880</b>		54,330,723
<b>Distribution to members</b>	-	<b>(282,000)</b>		(290,700)
<b>Settlement of funds</b>	-	<b>2,792,962</b>		-
<b>Resettlement of funds</b>	-	<b>(2,792,962)</b>		-
<b>Accumulated surplus, end of year</b>	<b>56,156,880</b>	<b>59,185,919</b>		56,156,880

*The accompanying notes are an integral part of these consolidated financial statements*



**Gwa'sala-'Nakwaxda'xw Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2022*

	<i>2022 Budget (Note 18)</i>	<i>2022</i>	<i>2021</i>
<b>Annual surplus</b>	-	<b>3,311,039</b>	2,116,857
Purchases of tangible capital assets	-	<b>(7,356,680)</b>	(3,656,577)
Amortization of tangible capital assets	-	<b>812,905</b>	691,926
Distribution to members	-	<b>(282,000)</b>	(290,700)
Settlement of funds	-	<b>2,792,962</b>	-
Resettlement of funds	-	<b>(2,792,962)</b>	-
Prepaid expenses	-	<b>(46,864)</b>	(43,135)
<b>Decrease in net financial assets</b>	-	<b>(3,561,600)</b>	(1,181,629)
<b>Net financial assets, beginning of year</b>	<b>36,368,370</b>	<b>36,368,370</b>	37,549,999
<b>Net financial assets, end of year</b>	<b>36,368,370</b>	<b>32,806,770</b>	36,368,370

*The accompanying notes are an integral part of these consolidated financial statements*

**Gwa'sala-'Nakwaxda'xw Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2022*

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	3,311,039	2,116,857
Non-cash items		
Amortization	812,905	691,926
Bad debts	9,232	-
Loss from investment in Nation partnerships	(163,764)	2,916
Loss from investment in Nation businesses	1,331,470	5,053,002
Settlement of funds	2,792,962	-
Resettlement of funds	(2,792,962)	-
	5,300,882	7,864,701
Changes in working capital accounts		
Accounts receivable	98,176	2,194,141
Prepaid expenses	(46,863)	(43,136)
Accounts payable and accruals	(1,053,459)	1,385,798
Deferred revenue	(129,668)	148,090
Funds held in trust	(8,914)	(6,239)
	4,160,154	11,543,355
<b>Financing activities</b>		
Advances of long-term debt	821,347	-
Repayment of long-term debt	(263,557)	(213,593)
Distribution to members	(282,000)	(290,700)
	275,790	(504,293)
<b>Capital activities</b>		
Purchases of tangible capital assets	(7,356,680)	(3,656,577)
<b>Investing activities</b>		
Change in advances to related Nation entities	(165,729)	46,763
Change in restricted cash	8,045	24,715
Net change in portfolio investments	(1,974,177)	(2,534,430)
Change in funds held in Trust - Big House	1,230,652	(43,759)
	(901,209)	(2,506,711)
<b>Increase (decrease) in cash resources</b>	(3,821,945)	4,875,774
<b>Cash, beginning of year</b>	9,448,058	4,572,284
<b>Cash, end of year</b>	5,626,113	9,448,058

The accompanying notes are an integral part of these consolidated financial statements

**1. Operations**

The Gwa'sala-'Nakwaxda'xw Nation (the "Nation") is located in the province of British Columbia, and provides various services to its members. Gwa'sala-'Nakwaxda'xw Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

***Impact on Operations of COVID-19 (coronavirus)***

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The impact the COVID-19 outbreak on the Nation resulted in office closures, delays in construction projects, and an increase in pandemic funding. Additional impacts on the Nation are undeterminable at this point as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**2. Significant accounting policies**

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

***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation business entities. Trusts administered on behalf of third parties by Gwa'sala-'Nakwaxda'xw Nation are excluded from the Nation reporting entity.

The Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Gwa'sala-'Nakwaxda'xw School
- CMHC Social Housing
- Gwa'sala-'Nakwaxda'xw Treaty
- Gwa'sala-'Nakwaxda'xw Hi'li'gam
- 1139401 B.C. Ltd.
- Gwa'sala-'Nakwaxda'xw Big House Society

All inter-entity balances have been eliminated on consolidation.

Gwa'sala-'Nakwaxda'xw Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- k'awat'si Economic Development Limited Partnership ("KEDLP")
- k'awat'si Economic Development General Partner Corporation
- Nanwakolas Forestry Limited Partnership
- Nanwakolas Carbon Credit Limited Partnership

**Gwa'sala-'Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

---

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

***Basis of presentation***

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

***Portfolio investments***

Portfolio investments in entities that are not owned, controlled or influenced by the Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment. The intent of these investments is to be held in order to generate income for the purpose of funding the Gwa'sala-'Nakwaxda'xw Hi'li'gam's administrative expenditures and distributing funds to the Nation's members.

***Tangible capital assets***

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution.

All intangibles, and items inherited by right of the Nation, such as reserve lands, forests, water and mineral resources, are not recognized in the Nation's consolidated financial statements.

***Amortization***

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives. Land and work-in-progress are not amortized.

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Buildings	straight-line	40 years
Paving	straight-line	25 years
Bridges	straight-line	40 years
Computer and IT hardware	straight-line	4 years
Computer software	straight-line	10 years
Furniture and fixtures	straight-line	10 years
Boats	straight-line	10 years
Vehicles	straight-line	10 years
CMHC housing	straight-line	10-40 years
Infrastructure	straight-line	40 years
Docks and wharfs	straight-line	20 years
Equipment	straight-line	10 years

***Funds held in Ottawa Trust Fund***

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

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

***Net financial assets***

The Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the Nation are determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

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

**Asset classification**

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

**Revenue recognition**

i) Government Funding

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

ii) First Nation Capital and Revenue Trust Funds

The Nation recognizes revenue of the Ottawa Trust Fund at the time income is earned.

iii) Canada Mortgage and Housing Corporation ("CMHC")

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

iv) Housing Rental Income

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

v) Own Source Revenue

Revenue from own sources is recognized when performance is achieved, amounts can be reasonably estimated and collectibility is reasonably assured.

vi) Investment Income

Investment income is recognized by the Nation when the investment income is earned.

**Measurement uncertainty (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 revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Nation is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

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

***Liability for contaminated site***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2022, no liability for contaminated site exists.

***Segments***

The Nation conducts its business through a number of reportable segments as described in Note 19. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

***Recent accounting pronouncement***

***PS 3280 Asset Retirement Obligations***

In August 2018, new *PS 3280 Asset Retirement Obligations* was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new *PS 3280* establishes standards on how to account for and report a liability for asset retirement obligations (ARO). As asset retirement obligations associated with landfills are included in the scope of new *PS 3280*, *PS 3270 Solid Waste Landfill Closure and Post-Closure Liability* will be withdrawn.

The main features of this standard are as follows:

- An ARO represents a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner.
- When an asset is no longer in productive use, the associated asset retirement costs are expensed.
- Measurement of the ARO liability should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use
- The best method to estimate the liability is often a present value technique.

This standard was to be effective for fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted. The Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

**Gwa'sala-'Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**3. Accounts receivable**

	2022	2021
Tenant receivables	425,753	415,665
Health and Welfare Canada	24,799	-
Indigenous Services Canada	43,552	38,703
Members loans	29,050	29,850
Canada Mortgage and Housing Corporation operating subsidy	119,114	15,910
Department of Fisheries and Oceans Canada	178,988	200,700
Goods and Services Tax receivable	58,526	26,242
Other accounts receivable	1,689,541	1,940,429
	<b>2,569,323</b>	<b>2,667,499</b>
Less: Allowance for doubtful accounts	293,724	293,724
	<b>2,275,599</b>	<b>2,373,775</b>

**4. Advances to (from) related nation entities and departments**

Advances to related Nation entities are unsecured, non-interest bearing and due on demand.

	2022	2021
k'awat'si Economic Development Limited Partnership	1,265,801	1,356,687
KEDLP promissory note receivable	420,000	-
Gwa'Nak Resources Limited Partnership	122,711	122,711
0997211 Fisheries Limited Partnership	310,779	310,779
0997328 Marine Services Limited Partnership	13,426	13,426
0997330 Contracting Limited Partnership	8,658	8,658
Others	(2,315)	302
	<b>2,139,060</b>	<b>1,812,563</b>

**5. Portfolio investments**

Portfolio investments are held in the following investments within Scotia Trust accounts:

	2022	2021
Bentall Kennedy Prime Can Property Fund	3,284,582	3,231,261
Bentall Greenoak Prime Can Property Pool	106,381	53,403
Fiera Capital - Fiera Active Fixed Income Fund	5,481,626	9,013,402
Mawer Canadian Equity Pooled Fund	3,625,787	3,936,737
Mawer Global Equity Fund	13,063,991	14,988,537
Cortland Credit Strategies LP	3,823,936	-
Fiera ACM Commercial Mortgage Fund	3,811,214	-
	<b>33,197,517</b>	<b>31,223,340</b>

**Gwa'sala-'Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**6. Investments in Nation partnerships and business entities**

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

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Share of loss</i>	<i>Contributions/ (Withdrawals)</i>	<i>2022 Total investment</i>
<b>Wholly-owned Businesses:</b>				
K'awat'si Economic Development General Partner Corporation	(148,804)	-	-	(148,804)
K'awat'si Economic Development Limited Partnership	(4,364,916)	(1,331,470)	-	(5,696,386)
	(4,513,720)	(1,331,470)	-	(5,845,190)
<b>First Nation Business Partnerships – Modified Equity:</b>				
Nanwakolas Forestry Limited Partnership - 40.278%	2,569	(2,569)	-	-
Nanwakolas Carbon Credit Limited Partnership - 33.98%	23,191	(3,667)	-	19,524
	25,760	(6,236)	-	19,524
	(4,487,960)	(1,337,706)	-	(5,825,666)

	<i>Investment cost</i>	<i>Share of loss</i>	<i>Contributions/ (Withdrawals)</i>	<i>2021 Total investment</i>
<b>Wholly-owned Businesses:</b>				
K'awat'si Economic Development General Partner Corporation	(148,804)	-	-	(148,804)
K'awat'si Economic Development Limited Partnership	688,086	(5,053,002)	-	(4,364,916)
	539,282	(5,053,002)	-	(4,513,720)
<b>First Nation Business Partnerships – Modified Equity:</b>				
Nanwakolas Forestry Limited Partnership - 40.278%	4,327	(1,647)	(111)	2,569
Nanwakolas Carbon Credit Limited Partnership - 33.98%	24,460	(1,269)	-	23,191
	28,787	(2,916)	(111)	25,760
	568,069	(5,055,918)	(111)	(4,487,960)

*Continued on next page*



**Gwa'sala-'Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**6. Investments in First Nation partnerships and business entities** *(Continued from previous page)*

The Nation's investment in k'awat'si Economic Development General Partner Corporation was established as the General Partner for the purposes of running the economic activities of various business endeavours for the Nation through the Limited Partnerships. It owns investments in Gwa'Nak Resources Ltd., 0997211 B.C. Ltd., 0997328 B.C. Ltd., 0997329 B.C. Ltd., 0997330 B.C. Ltd., and Pier Side Landing Ltd.

k'awat'si Economic Development Limited Partnership was established for the purposes of running the economic activities of various business endeavours for the Nation. It owns investments in Gwa'Nak Resources Limited Partnership, 09973211 Fisheries Limited Partnership, 0997328 Marine Services Limited Partnership, 0997329 Tourism Services Limited Partnership, 0997330 Contracting Limited Partnership, and Pier Side Landing Limited Partnership.

The Nation holds units of Nanwakolas Forestry Limited Partnership equal to 40.278% of the total partnership units outstanding. The investment in Nanwakolas Forestry Limited Partnership dissolved during the year.

The Nation holds units of Nanwakolas Carbon Credit Limited Partnership equal to 33.98% of the total partnership units outstanding. The investment in Nanwakolas Carbon Credit Limited Partnership was established to develop profitable carbon credit projects within the South Central Coast Region of the area commonly known as the Great Bear Rainforest in British Columbia.

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

	<i>k'awat'si Economic Development Limited Partnership As at December 31, 2021</i>	<i>k'awat'si Economic Development General Partner Corporation As at December 31, 2021</i>	<i>Nanwakolas Carbon Credit Limited Partnership As at January 28, 2022</i>
<b>Assets</b>			
Cash	390,947	-	59,469
Accounts receivable	1,165,952	-	315
Prepaid expenses and deposits	216,019	-	-
Property, plant and equipment	14,075,180	-	-
Right of use assets	304,166	-	-
Inventory	74,961	-	-
Advances to related parties	219,683	7	3,110
Investment in related parties	-	1,804	-
<b>Total assets</b>	<b>16,446,908</b>	<b>1,811</b>	<b>62,894</b>
<b>Liabilities</b>			
Accounts payable and accruals	1,476,258	7,530	6,864
Bank indebtedness	1,797,397	-	-
Advances from related parties	1,658,102	142,639	-
Demand loans	14,717,600	-	-
Liability for investment in related party	-	436	-
Right of use lease	871,760	-	-
Deferred revenue	1,622,519	-	-
<b>Total liabilities</b>	<b>22,143,636</b>	<b>150,605</b>	<b>6,864</b>
<b>Partners' capital/ Retained earnings (deficit)</b>	<b>(5,696,728)</b>	<b>(148,794)</b>	<b>56,030</b>
<b>Total revenue</b>	<b>13,262,050</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>14,593,653</b>	<b>-</b>	<b>10,791</b>
<b>Net income (loss)</b>	<b>(1,331,603)</b>	<b>-</b>	<b>(10,791)</b>
<b>Comprehensive income (loss)</b>	<b>(1,331,603)</b>	<b>-</b>	<b>(10,791)</b>

**Gwa'sala-'Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**6. Investments in First Nation partnerships and business entities** *(Continued from previous page)*

Certain of the Nation's investees have a different year-end than March 31, 2022. The Nation uses the investees' year-end financial statements to account for its investment in these investees.

<i>Name of investee</i>	<i>Year-end</i>	<i>Significant events and transactions</i>
k'awat'si Economic Development Limited Partnership	December 31, 2021	No significant events or transactions noted from January 1, 2022 to March 31, 2022
k'awat'si Economic Development General Partner Corporation	December 31, 2021	No significant events or transactions noted from January 1, 2022 to March 31, 2022

**7. Funds held in trust**

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

	<b>2022</b>	<b>2021</b>
<b>Capital Trust</b>	<b>138,158</b>	138,158
<b>Revenue Trust</b>		
Balance, beginning of year	<b>203,913</b>	197,674
Interest	<b>8,914</b>	6,239
Balance, end of year	<b>212,827</b>	203,913
Total	<b>350,985</b>	342,071

Ottawa Trust Funds

The Ottawa Trust accounts arise from monies derived 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 primarily governed by Sections 63 to 69 of the *Indian Act*.

**8. Funds held in trust - Big House**

The Nation has funds held in trust for the purposes of constructing a Big House, the following outlines the changes in the funds held in trust during the year:

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	<b>3,022,245</b>	<b>2,978,486</b>
Withdrawals	<b>(1,247,814)</b>	-
Interest	<b>17,162</b>	<b>43,759</b>
Balance, end of year	<b>1,791,593</b>	<b>3,022,245</b>

A portion of the funds held in trust for the purposes of constructing the Big House are held in Guaranteed Investment Certificates with interest rate of 1.0% and prime minus 2.20%. Prime rate at March 31, 2022 is 2.70%.

**Gwa'sala-'Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**9. Restricted Cash**

	<i>2022</i>	<i>2021</i>
Replacement reserve	<b>121,002</b>	<b>128,981</b>
Operating reserve	<b>109,102</b>	<b>109,168</b>
	<b>230,104</b>	<b>238,149</b>

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited in the amount of \$46,588 (2021 - \$45,430) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, these reserves were underfunded by \$229,718 (2021 - underfunded by \$91,750).

Under the terms of the agreements with Canada Mortgage and Housing Corporation ("CMHC"), excess revenues over expenditures for the Post 1996 phases may be retained in an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At year end, the operating reserve was underfunded by \$12,795 (2021 - underfunded by \$3,427).

**10. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each funding source:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Amount spent</i>	<i>Balance, end of year</i>
FNHA-AHSOR-Expansion Funding & OTF	<b>251,705</b>	<b>179,200</b>	<b>157,645</b>	<b>273,260</b>
FNHA-Home & Comm. Care	<b>13,008</b>	<b>114,127</b>	<b>127,135</b>	<b>-</b>
FNHA-Health Benefits/Medical Transportation	<b>61,943</b>	<b>187,841</b>	<b>176,299</b>	<b>73,485</b>
FNHA-AHSOR-Expansion Funding-Capital	<b>412,364</b>	<b>-</b>	<b>72,908</b>	<b>339,456</b>
FNHA-Children's Oral Health	<b>-</b>	<b>9,316</b>	<b>279</b>	<b>9,037</b>
NIB Trust Bakwamkala Immersion Program	<b>108,672</b>	<b>-</b>	<b>85,886</b>	<b>22,786</b>
	<b>847,692</b>	<b>490,484</b>	<b>620,152</b>	<b>718,024</b>

**Gwa'sala-'Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**11. Long-term debt**

	<b>2022</b>	<b>2021</b>
Bank of Montreal demand loan - Interest at prime plus 1% per annum, monthly blended payments of \$11,261 (2021 - \$11,261), secured by a general security agreement.	<b>1,227,800</b>	1,318,686
Post 96 - Phase 2 - All Nations Trust - repayable at \$5,252 per month including interest at 2.39% per annum; secured by a Ministerial Guarantee. Matures March 1, 2033 and renewing on March 1, 2023.	<b>609,470</b>	657,374
Post 96 - Phase 1 - All Nations Trust - repayable at \$2,523 per month including interest at 1.12% per annum; secured by a Ministerial Guarantee. Matures October 1, 2031 and renewing on October 1, 2026.	<b>275,062</b>	302,181
Post 96 - Phase 5 - All Nations Trust - repayable at \$988 per month including interest at 1.84% per annum; secured by a Ministerial Guarantee. Matures September 1, 2037 and renewing on September 1, 2022.	<b>159,882</b>	168,721
Post 96 - Phase 6 - All Nations Trust - repayable at \$3,348 per month including interest at 1.57% per annum; secured by a Ministerial Guarantee. Matures December 1, 2041 and renewing on December 1, 2026.	<b>682,179</b>	712,059
Post 96 - Phase 7 - All Nations Trust - repayable at \$4,036 per month including interest at 2.39% per annum; secured by a Ministerial Guarantee. Matures March 1, 2043 and renewing on March 1, 2023.	<b>799,965</b>	828,993
Post 96 - Phase 8 - All Nations Trust - repayable at \$3,809 per month including interest at 1.83%, secured by a Ministerial Guarantee. Matures December 1, 2044 and renewing on December 1, 2024.	<b>850,566</b>	880,467
Post 96 - Phase 9 - All Nations Trust - repayable at \$3,586 per month including interest at 1.88%, secured by a Ministerial Guarantee. Matures February 1, 2047 and renewing on February 1, 2027.	<b>821,347</b>	-
	<b>5,426,271</b>	4,868,481

The Bank of Montreal prime rate at March 31, 2022 is 2.70% (2021 - 2.45%).

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

	Principal
2023	301,065
2024	308,318
2025	315,768
2026	323,421
2027	331,283

**12. Loan guarantees**

As at March 31, 2022, the Nation has guaranteed credit facilities for the following Nation business enterprises:

***0997211 Fisheries Limited Partnership***

Available credit facility demand loan of \$1,143,000 (2021 - \$1,143,000), bearing interest at prime plus 0.5%, secured by a general security agreement. As at December 31, 2021, \$647,233 (2020 - \$970,707) has been drawn.

***0997329 Tourism Services Limited Partnership***

Available credit facility demand loan of \$10,444,865 (2021 - \$10,444,865), bearing interest at prime plus 0.5%, secured by a general security agreement. As at December 31, 2021, \$8,546,910 (2020 - \$9,199,876) has been drawn on the demand loan.

***0997330 Contracting Limited Partnership***

Available credit facility demand loan of \$500,000 (2021 - \$500,000), bearing interest at prime plus 0.5% secured by a general security agreement. As at December 31, 2021, nil (2020 - \$191,213) has been drawn on the demand loan.

***Marine Services Limited Partnership***

Demand loan with a balance of \$4,885,270 as at December 31, 2021 (2020 - \$758,463), bearing interest at 3% per annum secured by a general security agreement.

***k'awat'si Economic Development Limited Partnership***

Available credit facility demand loan of \$500,000 (2021 - \$500,000), bearing interest at prime plus 0.5% secured by a general security agreement. As at December 31, 2021, nil (2020 - \$474,112) has been drawn on the demand loan.

**13. Contingent liabilities**

The Nation has been named as a defendant in a lawsuit. The effects of any contingent claims relating to this lawsuit are not determinable at the date of this report.

The Nation may be contingently liable with respect to Ministerial guarantee for "On Reserve Housing Loans" to Coastal Community Credit Union in the amount of \$109,638. These loan guarantees are in addition to CMHC mortgages.

The financial results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.

**Gwa'sala-'Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**14. Accumulated surplus**

Accumulated surplus consists of the following:

	2022	2021
Equity in Gwa'sala-'Nakwaxda'xw Hi'li'gam	33,396,932	31,141,245
Equity in funds held in trust	350,985	342,071
Operating surplus	8,793,867	12,726,116
Equity in tangible capital assets	21,997,025	16,101,925
Social Housing Replacement and Operating Reserves	472,776	333,483
Investment in Nation business entities	(5,825,666)	(4,487,960)
	<b>59,185,919</b>	<b>56,156,880</b>

**15. Economic dependence**

Gwa'sala-'Nakwaxda'xw Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

**16. Trust**

Funds held in trust on behalf of the Nation's members by the Gwa'sala-'Nakwaxda'xw Hi'li'gam are reported on the consolidated statement of financial position and consolidated statement of operations and accumulated surplus as follows:

	2022	2021
Financial Assets	33,595,422	31,359,441
Liabilities	(208,490)	(218,196)
Net Financial Assets and Accumulated Surplus	<b>33,386,932</b>	<b>31,141,245</b>
Revenue	3,752,800	3,443,861
Expense	(1,225,113)	(740,680)
Annual Surplus	<b>2,527,687</b>	<b>2,703,181</b>

**17. Indigenous Services Canada ("ISC") funding reconciliation**

	2022	2021
ISC revenue per confirmation	8,934,130	7,395,893
ISC reimbursement - 2019-20 Basic Needs	-	38,703
NTPF- Flood Mitigation (2020-2021)	-	(10,860)
NP8G - Child Out Par Home Allow (2020-2021)	-	(1,771)
NP - Overpayment (2019-2020)	-	(2,937)
Anticipated clawback in Adult In-Home Care	29,982	(29,982)
ISC reimbursement - 2019-20 Basic Needs; recorded in 2021	(38,703)	-
Revenue from amendment recorded in 2021	17,667	-
	<b>8,943,076</b>	<b>7,389,046</b>

**18. Budget information**

The disclosed budget information has been approved by the Chief and Council of the Gwa'sala-'Nakwaxda'xw Nation at the Chief and Council meeting held on January 7, 2021.

Approved budgets were not prepared for all programs of the Nation. As such, the budget figures in the Consolidated Statement of Operations and Accumulated Surplus are not presented for the same scope of activities as the actual results.

Budget figures on the Consolidated Statement of Operations and Accumulated Surplus are presented using the same basis of accounting as the actual results.

**19. Segments**

The Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by segments. Schedules 3 to 16 disclose the details of the Nation's revenue and expenses by segment. The Nation is organized into the following segments:

**Administration** - Includes general operations, support, and financial management of the Nation.

**Income Assistance** - Includes revenue and expenses relating to the social assistance of the members of Gwa'Sala-'Nakwaxda'xw First Nation.

**Education** - Includes revenue and expenses related to primary, secondary and post secondary education of the members.

**Gwa'sala-'Nakwaxda'xw School** - Includes the operation of the school.

**Economic Development** - Includes activities related to the growth of revenue producing projects with the Nation.

**Community Infrastructure** - Includes the maintenance of infrastructure owned by the Nation.

**Natural Resources** - Includes revenue and expenses related to conservation and stewardship of the Nation's land and resources.

**Capital Projects** - Includes revenue and expenses related to capital projects.

**Community** - Includes revenue and expenses related to the delivery of programs that support the Gwa'sala-'Nakwaxda'xw Nation community.

**Health** - Includes activities related to the provision of health services within the Nation.

**CMHC social housing** - Includes rent collection and maintenance related to the mortgaged homes owned by the Nation.

**Trust** - Includes revenue and expenses related to the financial settlement arising out the relocation of the Nation.

**Treaty** - Includes revenue and expenses related to the negotiation of treaty.

**Big House Society** - Includes revenue and expenses related to the Big House.