
NUCHATLAHT FIRST NATION

**FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

NUCHATLAHT FIRST NATION

YEAR ENDED MARCH 31, 2022
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Nuchatlaht First Nation are the responsibility of management and have been approved by the 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.

The 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 the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The First Nation Council reviews the First Nation's consolidated financial statements and management letter. The Council meets periodically with management, as well as the external auditors, to discuss internal control 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 consolidated financial statements and the external auditors' report. The Council approves the consolidated financial statements for issuance to the members. The Council also considers, for review and approval by the members, the engagement of the external auditors.

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

Councillor

Councillor

Councillor

McGORMAN

MacLEAN

Chartered Professional Accountants

Campbell B. MacLean, Ltd.

Stana Pazicka, Inc.

Leanne M. Souchuck, Ltd.

Mark A.A. McGorman (Retired)

Tel: 250-248-3211

Fax: 250-248-4504

mcgormanmaclean.com

INDEPENDENT AUDITORS' REPORT

To the members
Nuchatlaht First Nation

Opinion

We have audited the accompanying consolidated financial statements of Nuchatlaht First Nation, which comprise the consolidated statement of financial position as at March 31, 2022, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position as at March 31, 2022, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the 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 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 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.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 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 auditors' 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 auditors' 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.


CHARTERED PROFESSIONAL ACCOUNTANTS

Parksville, Canada
July 15, 2022

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

| | 2022 | 2021 |
|--|--------------|--------------|
| FINANCIAL ASSETS | | |
| Cash (note 4) | \$ 3,228,171 | \$ 1,032,862 |
| Funds on deposit in Ottawa Trusts (note 4) | 103,187 | 100,881 |
| Accounts receivable (note 5) | 456,111 | 389,091 |
| Investment in Hayu Fishing Limited Partnership (note 6) | 1,475,500 | 1,322,713 |
| Investment in 1075124 B.C. Ltd. | 1 | 1 |
| Investment in Nuchatlaht First Nation Community Logging Corporation | 1 | 1 |
| | 5,262,971 | 2,845,549 |
| FINANCIAL LIABILITIES | | |
| Accounts payable and accrued liabilities | 249,281 | 150,600 |
| Deferred revenue (note 7) | 99,000 | - |
| Deficit in Hayu Fishing Ltd. (note 8) | 142 | - |
| Long term debt (note 9) | 338,854 | 356,796 |
| | 687,277 | 507,396 |
| NET FINANCIAL ASSETS | 4,575,694 | 2,338,153 |
| NON-FINANCIAL ASSETS | | |
| Deferred expenses (note 10) | 434,872 | 122,340 |
| Tangible capital assets (note 11) | 2,089,979 | 2,268,403 |
| | 2,524,851 | 2,390,743 |
| ACCUMULATED SURPLUS | \$ 7,100,545 | \$ 4,728,896 |
| ACCUMULATED SURPLUS AT END OF YEAR CONSISTS OF: | | |
| Restricted (note 12 and 19) | \$ 1,098,292 | \$ 947,194 |
| Unrestricted | 4,156,550 | 1,838,373 |
| | 5,254,842 | 2,785,567 |
| Investment in tangible capital assets | 1,845,703 | 1,943,329 |
| | \$ 7,100,545 | \$ 4,728,896 |

Contingent liability (note 13)

APPROVED ON BEHALF OF COUNCIL:

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2022

| | Budget (unaudited) (note 14) | 2022 | 2021 |
|---|------------------------------------|---------------------|---------------------|
| REVENUE | | | |
| Logging income | \$ - | \$ 2,799,052 | \$ - |
| Nuu-chah-nulth Tribal Council - operating | 830,765 | 1,379,936 | 1,408,717 |
| Province of British Columbia | - | 387,016 | 616,859 |
| Income from Hayu Fishing Limited | | | |
| Partnership | - | 252,787 | 208,638 |
| NDN Collective | - | 123,776 | - |
| Miscellaneous revenue and recoveries | 17,720 | 99,186 | 98,754 |
| Union of BC Municipalities | - | 93,725 | 99,210 |
| First Nations Education Steering Committee | - | 89,002 | - |
| Nuu-chah-nulth Economic Development | | | |
| Corporation | - | 72,004 | 12,445 |
| First Nations Health Authority | - | 70,000 | - |
| Fisheries licence lease | - | 55,850 | 58,014 |
| CMHC subsidies | - | 47,303 | 4,196 |
| Sport fishing charter | - | 35,010 | 5,250 |
| Department of Fisheries and Oceans | - | 27,125 | 85,655 |
| Social Housing rents | 20,000 | 21,420 | 23,185 |
| Income (loss) from Hayu Fishing Ltd. | - | (142) | 2,166 |
| | 868,485 | 5,553,050 | 2,623,089 |
| EXPENSES | | | |
| Operating Fund | 851,401 | 3,143,716 | 1,809,812 |
| Social Housing Fund | 20,000 | 36,191 | 20,251 |
| Treaty Fund | - | 1,494 | - |
| | 871,401 | 3,181,401 | 1,830,063 |
| ANNUAL SURPLUS (DEFICIT) | \$ (2,916) | 2,371,649 | 793,026 |
| ACCUMULATED SURPLUS AT BEGINNING OF YEAR | | 4,728,896 | 3,935,870 |
| ACCUMULATED SURPLUS AT END OF YEAR | | \$ 7,100,545 | \$ 4,728,896 |

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED MARCH 31, 2022

| | 2022 | 2021 |
|---|--------------|--------------|
| SURPLUS FOR THE YEAR | \$ 2,371,649 | \$ 793,026 |
| Acquisition of tangible capital assets | (133,126) | (450,061) |
| Amortization of tangible capital assets | 303,660 | 249,020 |
| Proceeds from disposal of tangible capital assets | 2,500 | - |
| Loss on disposal of tangible capital assets | 5,390 | - |
| Acquisition of deferred expenses | (434,872) | (122,340) |
| Use of deferred expenses | 122,340 | 11,317 |
| CHANGE IN NET FINANCIAL ASSETS | 2,237,541 | 480,962 |
| NET FINANCIAL ASSETS AT BEGINNING OF YEAR | 2,338,153 | 1,857,191 |
| NET FINANCIAL ASSETS AT END OF YEAR | \$ 4,575,694 | \$ 2,338,153 |

NUCHATLAHT FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2022

| | 2022 | 2021 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Annual surplus | \$ 2,371,649 | \$ 793,026 |
| Adjust for items that do not involve cash: | | |
| Amortization | 303,660 | 249,020 |
| Loss on disposal of tangible capital assets | 5,390 | - |
| | 2,680,699 | 1,042,046 |
| Changes in non-cash working capital | | |
| Decrease (Increase) | | |
| Accounts receivable | (67,020) | (194,063) |
| Deferred expenses | (312,532) | (111,022) |
| Increase (Decrease) | | |
| Accounts payable and accrued liabilities | 98,681 | (3,002) |
| Deferred revenue | 99,000 | - |
| | (181,871) | (308,087) |
| CASH FLOWS FROM OPERATING ACTIVITIES | 2,498,828 | 733,959 |
| CAPITAL TRANSACTIONS | | |
| Investment in Hayu Fishing Limited Partnership | (152,787) | (153,638) |
| Investment in Nuchatlaht First Nation Community Logging Corporation | - | (1) |
| Deficit (investment) in Hayu Fishing Ltd. | 142 | (2,166) |
| Purchase of tangible capital assets | (133,126) | (450,061) |
| Proceeds on disposal of tangible capital assets | 2,500 | - |
| | (283,271) | (605,866) |
| FINANCING ACTIVITIES | | |
| Repayment of long term debt | (97,942) | (38,095) |
| Loan proceeds | 80,000 | 295,000 |
| | (17,942) | 256,905 |
| INCREASE IN CASH | 2,197,615 | 384,998 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,133,743 | 748,745 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 3,331,358 | \$ 1,133,743 |
| CASH AND CASH EQUIVALENTS CONSIST OF: | | |
| Cash | \$ 3,228,171 | \$ 1,032,862 |
| Funds on deposit in Ottawa Trusts | 103,187 | 100,881 |
| | \$ 3,331,358 | \$ 1,133,743 |

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as outlined by the Public Sector Accounting Board (PSAB) of the Organization of Chartered Professional Accountants of British Columbia, which encompass the following principles:

(a) Basis of consolidation

The consolidated financial statements reflect a combination of the First Nation's operating, treaty, enterprise, tangible capital assets, trust and social housing funds.

The Operating Fund reports the general activities of the First Nation administration including various commercial activities.

The Treaty Fund reports the activities of the Treaty negotiating team.

The Enterprise Fund reports the activities of the First Nation's owned entities.

The Trust Fund reports on trust funds owned by the First Nation and held by third parties.

The Social Housing Fund reports the activities within the First Nation sponsored Social Housing Program.

(b) Reporting entity and principles of financial reporting

The Nuchatlaht First Nation reporting entity includes all entities which are accountable to the First Nation, and are either owned, directly or indirectly, or controlled by the First Nation.

These consolidated financial statements include the assets, liabilities and results of operations for the following entities:

Nuchatlaht First Nation government administration including special and commercial projects
Nuchatlaht First Nation Social Housing Program
Nuchatlaht First Nation Trust Fund
Hayu Fishing Limited Partnership
Hayu Fishing Ltd.
1075124 B.C. Ltd.
Nuchatlaht First Nation Community Logging Corporation

All inter-entity balances have been eliminated on consolidation.

(c) Cash

The First Nation's policy is to present bank balances under cash.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

- (d) Investment in Hayu Fishing Limited Partnership, Hayu Fishing Ltd., 1075124 B.C. Ltd. and Nuchatlaht First Nation Community Logging Corporation

The investment in Hayu Fishing Limited Partnership, representing a twenty-five percent partnership interest, is accounted for using the modified equity method.

The investment in Hayu Fishing Ltd., representing a twenty-five percent ownership interest, is accounted for using the modified equity method.

The investments in 1075124 B.C. Ltd. and Nuchatlaht First Nation Community Logging Corporation are accounted for using the full consolidation method of accounting for long term investments.

- (e) Deferred expenses

Deferred expenses, which consist of prepaid expenses, down deposit on materials and a retainer for legal fees, are recorded at cost.

- (f) Tangible capital assets

Tangible capital assets are stated at cost and are being amortized on the straight-line basis using the following rates:

| | |
|------------------------------|-----------------|
| Buildings and social housing | - 20 - 45 years |
| Infrastructure | - 20 - 25 years |
| Vehicles | - 8 years |
| Boats and equipment | - 7 years |
| Equipment | - 5 years |
| Playground | - 5 years |
| Computer equipment | - 3 years |

In the year of acquisition, 50% of the normal amortization is recorded.

- (g) Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

Deferred revenue consists of funding which is received, externally restricted, and will not be included in revenue until the related expenses are incurred.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

(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 amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Significant items subject to such estimates and assumptions include valuation of accounts receivable, deferred expenses and accrued liabilities and the estimated useful life of tangible capital assets. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(i) Liability for contaminated sites

The First Nation recognizes and measures a liability for remediation of contaminated sites where:

- An environmental standard exists;
- Contaminated levels exceed the environmental standards;
- The First Nation is directly responsible or accepts responsibility;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is based on the present value of the estimated costs directly attributable to the remediation and post-remediation activities.

As at March 31, 2022 and 2021, no contaminated sites have been identified that meet the criteria outlined in the standard.

2. FINANCIAL INSTRUMENTS

The First Nation's financial instruments consist of cash, accounts receivable, investment in Hayu Fishing Limited Partnership, investment in 1075124 B.C. Ltd., investment in Nuchatlaht First Nation Community Logging Corporation, accounts payable and accrued liabilities, deficit in Hayu Fishing Ltd. and long term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments, the fair value of which approximates their carrying value. Accounts receivable are subject to credit risk as explained in note 5.

The fair market values of the investments in Hayu Fishing Limited Partnership, Hayu Fishing Ltd., 1075124 B.C. Ltd. and Nuchatlaht First Nation Community Logging Corporation have not been determined and accordingly may differ from the recorded values.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

3. ECONOMIC DEPENDENCE

The First Nation receives the major portion of its operating revenue pursuant to a funding agreement between Nuu-chah-nulth Tribal Council, its member First Nations and Indigenous Services Canada. This agreement covers the period from April 1, 2018 to March 31, 2023.

The Nuu-chah-nulth Tribal Council and its member First Nations have also entered into a funding agreement with First Nations Health Authority for the same period.

4. RESTRICTED CASH

(a) Ottawa Trust Funds

The Ottawa Trust Funds 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.

(b) Replacement Reserve

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 \$5,120 annually for Social Housing Project II. These funds, along with the accumulated interest, must be held in separate bank accounts 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.

The First Nation has fully complied with the agreement with CMHC for funding the reserve. At year end, \$48,293 was held in a separate bank account included in cash.

(c) Subsidy Surplus Reserve - Project II

Under the terms of the agreement with CMHC, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited into 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 this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. At year end, there were no funds in the subsidy surplus reserve for Project II.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

5. ACCOUNTS RECEIVABLE

| | 2022 | 2021 |
|---|------------|------------|
| Nuu-chah-nulth Tribal Council | \$ 277,307 | \$ 285,944 |
| CMHC | 21,903 | 350 |
| Receivable from First Nation members | 21,017 | 14,451 |
| GST recoverable | 7,788 | 6,530 |
| Rent receivable from First Nation members | 6,066 | 17,120 |
| Other | 149,113 | 96,266 |
| | 483,194 | 420,661 |
| Less allowance for doubtful accounts | 27,083 | 31,570 |
| | \$ 456,111 | \$ 389,091 |

The amounts receivable from First Nation members are not secured and an allowance for doubtful accounts has been recorded with respect to these amounts receivable.

6. INVESTMENT IN HAYU FISHING LIMITED PARTNERSHIP

Nuchatlaht First Nation owns a 25% partnership interest in Hayu Fishing Limited Partnership. The following presents condensed financial information as at December 31, 2021 for the partnership:

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Cash | \$ 875,506 | \$ 938,479 |
| Term deposit | 28,251 | 28,416 |
| Accounts receivable | 738,251 | 430,793 |
| Tangible capital assets | 9,419 | 24,979 |
| Intangible assets | 4,652,004 | 4,064,716 |
| Prepaid expenses and deposits | 16,315 | - |
| | 6,319,746 | 5,487,383 |
| Accounts payable and accrued liabilities | 17,038 | 15,926 |
| Partners' equity | \$ 6,302,708 | \$ 5,471,457 |
| Revenue | \$ 1,150,344 | \$ 1,012,830 |
| Expenses | 139,093 | 178,198 |
| Net income | \$ 1,011,251 | \$ 834,632 |

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

7. DEFERRED REVENUE

| | 2022 | 2021 |
|----------------------|-----------|------|
| Government of Canada | \$ 99,000 | \$ - |

8. DEFICIT IN HAYU FISHING LTD.

Nuchatlaht First Nation owns a 25% interest in Hayu Fishing Ltd. Hayu Fishing Ltd. is the general partner of Hayu Fishing Limited Partnership. The following presents condensed financial information as at December 31, 2021 for the company:

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Investment | \$ 721 | \$ 619 |
| Due from related parties | 15 | 482 |
| | 736 | 1,101 |
| Accounts payable and accrued liabilities | 1,301 | 1,100 |
| Share capital | 1 | 1 |
| | 1,302 | 1,101 |
| Deficit | \$ (566) | \$ - |
| Revenue | \$ 1,101 | \$ 10,083 |
| Expenses | 1,667 | 1,419 |
| Net income (loss) | \$ (566) | \$ 8,664 |

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

9. LONG TERM DEBT

| | 2022 | 2021 |
|---|-------------------|-------------------|
| All Nations Trust Company | | |
| Phase II Social Housing Loan | \$ 10,413 | \$ 25,783 |
| - Interest at 1.97% compounded semi-annually | | |
| - Renewing November 1, 2022 | | |
| - Monthly payments of \$1,309 including principal and interest | | |
| Bank of Montreal | | |
| Term Loan | - | 18,955 |
| - Interest at 4.44% per annum | | |
| - Monthly payments of \$692 including principal and interest | | |
| - Paid in full during the year | | |
| Term Loan | 30,598 | 31,715 |
| - Interest at 3.23% per annum | | |
| - Maturing September 30, 2026 | | |
| - Monthly payments of \$176 including principal and interest | | |
| Nuu-chah-nulth Economic Development Corporation | | |
| Forgivable Loan No.1 | - | 16,684 |
| - Forgivable at a rate of one dollar for each one dollar | | |
| of principal repaid on term loan No.2 | | |
| - Forgiven in full during the year | | |
| Term Loan No.2 | 233,863 | 263,659 |
| - Interest at 5% per annum | | |
| - Maturing June 1, 2025 | | |
| - Semi-annual payments of \$13,000 including principal and interest | | |
| Emergency Loan Program | 63,980 | - |
| - Interest-free loans No. 2021659V and No. 2021660V | | |
| - Maturing March 31, 2025 | | |
| - Monthly payments of \$890 on each loan | | |
| Total long term debt | \$ 338,854 | \$ 356,796 |

The Social Housing loan is secured by a ministerial guarantee from the Department of Indigenous and Northern Affairs Canada. The Bank of Montreal term loan is secured by a promissory note and an assignment of insurance. The Nuu-chah-nulth Economic Development Corporation term loan No.2 is secured by a general security agreement creating first charge over the crewboat acquired and an assignment of insurance on the crewboat showing Nuu-chah-nulth Economic Development Corporation as first loss payee. The Nuu-chah-nulth Economic Development Corporation loans No. 2021659V and No. 2021660V are secured by promissory notes.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

9. LONG TERM DEBT (continued)

Assuming term loans are renewed with similar terms, principal reductions over the next five years are approximately as follows:

| | |
|------|-----------|
| 2023 | \$ 46,681 |
| 2024 | 36,982 |
| 2025 | 37,659 |
| 2026 | 17,188 |
| 2027 | 17,990 |

10. DEFERRED EXPENSES

| | 2022 | 2021 |
|-------------------------|------------|------------|
| Deposit on materials | \$ 63,860 | \$ - |
| Prepaid expenses | 11,900 | 11,648 |
| Retainer for legal fees | 359,112 | 110,692 |
| | \$ 434,872 | \$ 122,340 |

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

11. TANGIBLE CAPITAL ASSETS

| | Cost | | | | Accumulated amortization | | | | Net book value at end of 2022 |
|---------------------|------------------------|------------|-----------|------------------------|--------------------------|--------------|------------------------|--------------|-------------------------------|
| | Balance at end of 2021 | Additions | Disposals | Balance at end of 2022 | Disposals | Amortization | Balance at end of 2022 | | |
| Land | \$ 70,500 | \$ - | \$ - | \$ 70,500 | \$ - | \$ - | \$ - | \$ 70,500 | |
| Social Housing | 385,384 | - | - | 385,384 | - | 9,175 | 225,643 | 159,741 | |
| Buildings | 688,139 | - | - | 688,139 | - | 18,834 | 615,506 | 72,633 | |
| Infrastructure | 2,780,283 | - | - | 2,780,283 | - | 94,243 | 1,636,044 | 1,144,239 | |
| Vehicles | 63,144 | 43,994 | 8,415 | 98,723 | - | 21,112 | 34,678 | 64,045 | |
| Boats and equipment | 684,867 | 16,855 | - | 701,722 | - | 94,451 | 323,139 | 378,583 | |
| Equipment | 422,953 | 72,277 | - | 495,230 | - | 59,574 | 296,713 | 198,517 | |
| Playground | 43,200 | - | - | 43,200 | - | - | 43,200 | - | |
| Computer equipment | 54,836 | - | - | 54,836 | - | 6,271 | 53,115 | 1,721 | |
| | \$ 5,193,306 | \$ 133,126 | \$ 8,415 | \$ 5,318,017 | \$ 8,415 | \$ 303,660 | \$ 3,228,038 | \$ 2,089,979 | |

| | Cost | | | | Accumulated amortization | | | | Net book value at end of 2021 |
|---------------------|------------------------|------------|-----------|------------------------|--------------------------|--------------|------------------------|--------------|-------------------------------|
| | Balance at end of 2020 | Additions | Disposals | Balance at end of 2021 | Disposals | Amortization | Balance at end of 2021 | | |
| Land | \$ 70,500 | \$ - | \$ - | \$ 70,500 | \$ - | \$ - | \$ - | \$ 70,500 | |
| Social Housing | 385,384 | - | - | 385,384 | - | 9,175 | 216,468 | 168,916 | |
| Buildings | 686,366 | 1,773 | - | 688,139 | - | 18,663 | 596,672 | 91,467 | |
| Infrastructure | 2,780,283 | - | - | 2,780,283 | - | 97,048 | 1,541,801 | 1,238,482 | |
| Vehicles | 54,729 | 8,415 | - | 63,144 | - | 1,690 | 14,091 | 49,053 | |
| Boats and equipment | 369,830 | 315,037 | - | 684,867 | - | 72,067 | 228,688 | 456,179 | |
| Equipment | 298,917 | 124,036 | - | 422,953 | - | 44,239 | 237,139 | 185,814 | |
| Playground | 43,200 | - | - | 43,200 | - | - | 43,200 | - | |
| Computer equipment | 54,035 | 801 | - | 54,836 | - | 6,138 | 46,844 | 7,992 | |
| | \$ 4,743,244 | \$ 450,062 | \$ - | \$ 5,193,306 | \$ - | \$ 249,020 | \$ 2,924,903 | \$ 2,268,403 | |

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

12. RESTRICTED SURPLUS

A portion of the surplus in financial assets is classified as restricted due to the surplus being committed to specific future expenses or recoverable by the relevant funding agencies. This restricted surplus is set out on page 20 of the consolidated financial statements.

13. CONTINGENT LIABILITY

The First Nation is contingently liable with respect to a guarantee for the Social Housing loan with All Nations Trust Company in the amount of \$10,413.

14. BUDGET AMOUNTS

Unaudited budget figures have been provided for comparison purposes and have been derived from the estimates provided by the First Nation.

15. DEFINED CONTRIBUTION PENSION PLAN

Commencing January 1, 2018, the First Nation participates in a defined contribution pension plan for its eligible employees. The plan is administered by Manulife Financial and requires a minimum contribution by employees of 3% of their earnings. The First Nation contributes 4% of employees' earnings to the plan. During the year, the First Nation contributed \$13,615 to the plan. The plan is fully funded.

16. CONTRACTUAL RIGHT

The First Nation's Forest and Range Consultation and Revenue Sharing Agreement with the Province of British Columbia commenced May 5, 2018. The revenue for the next fiscal year to be received from the Province of British Columbia is estimated at \$102,128.

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

17. EXPENSES BY OBJECT

| | 2022 | 2021 |
|-------------------------------|---------------------|---------------------|
| Accounting and administration | \$ 29,168 | \$ 28,328 |
| Amortization | 303,660 | 249,020 |
| Basic needs | 17,117 | 48,053 |
| Community support payments | 201,274 | 292,029 |
| Contracted services | 329,150 | 240,407 |
| Honoraria | 16,000 | 11,000 |
| Insurance | 46,001 | 44,082 |
| Legal fees | 1,458,821 | 196,403 |
| Other | 53,888 | 47,005 |
| Patient travel | 22,831 | 18,295 |
| Repairs and maintenance | 67,892 | 40,412 |
| Supplies | 62,837 | 67,342 |
| Support to families | 40,252 | 59,492 |
| Telephone | 12,375 | 15,767 |
| Training and workshops | 23,392 | 1,000 |
| Travel | 45,262 | 22,357 |
| Utilities | 5,565 | 8,039 |
| Wages and benefits | 445,916 | 441,032 |
| | \$ 3,181,401 | \$ 1,830,063 |

18. FINANCIAL IMPACTS OF COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). It is not possible to reliably estimate the impact that the severity and length of the pandemic will have on the financial results of the First Nation in future periods.

19. SEGMENTED REPORTING

The First Nation provides a wide variety of services and programs to its members. These services and programs are reported under various funds as disclosed in note 1(a).

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

18. SEGMENTED REPORTING (continued)

| PROGRAMS | Revenue | Expenses | Excess (Deficiency) of Revenue over | | Fund Transfers | Program Transfers | Program Increase (Decrease) | Surplus (Deficit) at Beginning of Year | Surplus (Deficit) at End of Year |
|-----------------------------|--------------|--------------|--|-------------|-------------------|----------------------|-----------------------------------|--|--|
| | | | Expenses | Expenses | | | | | |
| Operating Fund | | | | | | | | | |
| Administration | \$ 587,294 | \$ 189,282 | \$ 398,012 | \$ (53,822) | \$ 100,000 | \$ 444,190 | \$ (537,994) | \$ (93,804) | |
| Band services | 11,000 | 40,574 | (29,574) | - | - | (29,574) | (72,758) | (102,332) | |
| Community operations | 9,814 | 240,662 | (230,848) | 166,941 | - | (63,907) | (479,059) | (542,966) | |
| NRT - development elders | - | - | - | - | - | - | (8,426) | (8,426) | |
| Safe restart | 3,878 | 3,878 | - | - | - | - | - | - | |
| UBCM Fire smart | 3,103 | 3,145 | (42) | - | - | (42) | - | (42) | |
| Gaming revenue sharing | 295,907 | 488,511 | (192,604) | - | - | (192,604) | 192,604 | - | |
| Emergency support | 24,542 | 24,542 | - | - | - | - | - | - | |
| Residential school | 2,167 | 2,167 | - | - | - | - | - | - | |
| NDN Collective | 123,776 | 123,776 | - | - | - | - | - | - | |
| Safe reopening | 20,000 | 20,000 | - | - | - | - | - | - | |
| LEDSP | 27,000 | 27,000 | - | - | - | - | - | - | |
| CFS prevention project | 205,000 | 206,203 | (1,203) | (22,197) | - | (23,400) | 23,400 | - | |
| Emergency management | 117,472 | 117,472 | - | - | - | - | - | - | |
| Need base | 12,880 | 12,880 | - | - | - | - | - | - | |
| P&ID leadership | 21,825 | 21,825 | - | - | - | - | - | - | |
| Social development | 48,053 | 17,117 | 30,936 | - | - | 30,936 | (5,850) | 25,086 | |
| Covid 19 | 5,325 | 5,325 | - | - | - | - | - | - | |
| Social development support | 8,151 | 8,151 | - | - | - | - | - | - | |
| Education | 12,588 | 12,588 | - | - | - | - | 3,509 | 3,509 | |
| Band owned housing | 16,024 | 27,848 | (11,824) | 15,500 | - | 3,676 | (5,045) | (1,369) | |
| Health | 246,188 | 182,649 | 63,539 | (2,299) | - | 61,240 | 338,589 | 399,829 | |
| Other health programs | 100,101 | 100,101 | - | - | - | - | - | - | |
| Patient travel | 20,664 | 20,664 | - | - | - | - | (1,198) | (1,198) | |
| Family services | 62,000 | 62,000 | - | - | - | - | (4,309) | (4,309) | |
| Family violence prevention | 2,045 | 2,045 | - | - | - | - | (1,924) | (1,924) | |
| Fisheries | 104,425 | 141,863 | (37,438) | (3,043) | - | (40,481) | (226,633) | (267,114) | |
| Ec. development - fisheries | 55,850 | 57,581 | (1,731) | (6,810) | - | (8,541) | 670,814 | 662,273 | |
| Marine mammal response | 27,125 | 39,005 | (11,880) | - | - | (11,880) | 11,880 | - | |
| Sport fishing charter | 107,014 | 47,061 | 59,953 | 3,356 | - | 63,309 | (64,366) | (1,057) | |
| Economic development | 2,868,261 | 904,715 | 1,963,546 | - | - | 1,963,546 | 798,540 | 2,762,086 | |
| Job creation and training | - | - | - | - | - | - | (3,303) | (3,303) | |
| Scallops farm | - | - | - | - | - | - | (10,190) | (10,190) | |
| Housing projects | 26,768 | 26,768 | - | - | - | - | (43,657) | (43,657) | |
| Infrastructure | 110,822 | 41,674 | 69,148 | - | - | 69,148 | 201,120 | 270,268 | |
| Tsunami preparedness | 66,080 | 66,080 | - | - | - | - | (3,273) | (3,273) | |
| CAIS | 13,732 | 13,732 | - | - | - | - | - | - | |
| O&M water top up | 15,086 | 15,086 | - | - | - | - | - | - | |
| Bridge replacement | - | - | - | - | - | - | (30,182) | (30,182) | |
| Oyster farm - old | - | - | - | - | - | - | (105,198) | (105,198) | |
| | 5,381,960 | 3,313,970 | 2,067,990 | 97,626 | 100,000 | 2,265,616 | 637,091 | 2,902,707 | |
| Social Housing Fund | | | | | | | | | |
| Social Housing operations | 68,723 | 18,379 | 50,344 | - | (48,226) | 2,118 | (59,874) | (57,756) | |
| Replacement reserve | - | 17,812 | (17,812) | - | 48,226 | 30,414 | 3,002 | 33,416 | |
| | 68,723 | 36,191 | 32,532 | - | - | 32,532 | (56,872) | (24,340) | |
| Treaty Fund | 17,671 | 1,494 | 16,177 | - | - | 16,177 | 781,754 | 797,931 | |
| Enterprise Fund | 252,645 | - | 252,645 | - | (100,000) | 152,645 | 1,322,713 | 1,475,358 | |
| Trust Fund | 2,305 | - | 2,305 | - | - | 2,305 | 100,881 | 103,186 | |
| Subtotal | 5,723,304 | 3,351,655 | 2,371,649 | 97,626 | - | 2,469,275 | 2,785,567 | 5,254,842 | |
| Less administration | (170,254) | (170,254) | - | - | - | - | - | - | |
| Add capital transfers | - | - | - | (97,626) | - | (97,626) | 1,943,329 | 1,845,703 | |
| TOTAL | \$ 5,553,050 | \$ 3,181,401 | \$ 2,371,649 | \$ - | \$ - | \$ 2,371,649 | \$ 4,728,896 | \$ 7,100,545 | |

NUCHATLAHT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

18. SEGMENTED REPORTING (continued)

| PROGRAMS | Surplus (Deficit) at Beginning of Year | Surplus (Deficit) at End of Year |
|--------------------------------------|---|---|
| RESTRICTED SURPLUS (DEFICIT): | | |
| Social development | \$ (5,850) | \$ 25,086 |
| Housing projects | (43,657) | (43,657) |
| Infrastructure | 201,120 | 270,268 |
| Bridge replacement | (30,182) | (30,182) |
| Social Housing Fund | (56,872) | (24,340) |
| Treaty Fund | 781,754 | 797,931 |
| Trust Fund | 100,881 | 103,186 |
| TOTAL RESTRICTED SURPLUS | \$ 947,194 | \$ 1,098,292 |