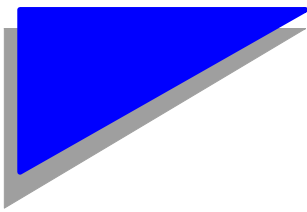


**Vohora** LLP  
*CPAs & Business Advisors*

**KITSELAS FIRST NATION  
FINANCIAL STATEMENTS  
MARCH 31, 2023**



**Vohora** LLP  
*CPAs & Business Advisors*

**KITSELAS FIRST NATION  
INDEX TO FINANCIAL STATEMENTS  
MARCH 31, 2023**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
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**KITSELAS FIRST NATION**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**YEAR ENDED MARCH 31, 2023**

The financial statements of the Kitselas First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards which includes certain amounts based on judgments and estimates. Management has chosen the most appropriate method to determine the judgments/estimates to ensure the financial statements are presented fairly, in all material respects.

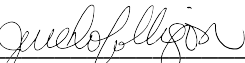
The Kitselas First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is reliable and accurate and that assets are adequately safeguarded.

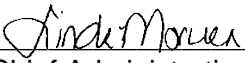
The Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

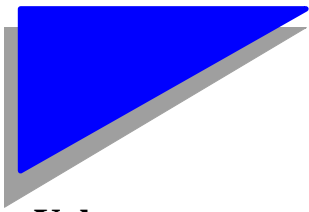
The Council meets regularly with management and is available to meet with the external auditor to satisfy themselves that each party is properly discharging their responsibilities. The Council also considers the engagement of the external auditor.

The financial statements have been audited by Vohora LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. Vohora LLP has full access to the Chief and Council.

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Chief Administrative Officer



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Kitselas First Nation

### *Opinion*

We have audited the financial statements of Kitselas First Nation (the Nation), which comprise the consolidated statement of financial position as at March 31, 2023, and the statements of financial activities, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

### *Basis for Opinion*

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

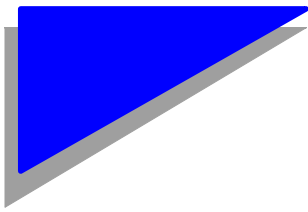
### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 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.





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## INDEPENDENT AUDITOR'S REPORT (*continued*)

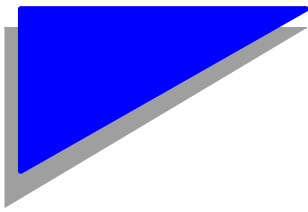
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### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**Vohora** LLP

*CPAs & Business Advisors*

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**INDEPENDENT AUDITOR'S REPORT (*continued*)**

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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.

Terrace, BC  
January 24, 2024

*Vohora LLP*  
Chartered Professional Accountants

**KITSELAS FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
		<b><i>Restated</i></b>
<b>FINANCIAL ASSETS</b>		
Cash (note 3)	34,759,848	34,743,914
Marketable securities (notes 2 and 4)	7,123,324	7,372,052
Accounts receivable (note 5)	4,930,054	2,734,700
Ottawa Trust funds	4,400	4,357
	<u>46,817,626</u>	<u>44,855,023</u>
<b>LIABILITIES</b>		
Accounts payable and accruals (note 7)	5,758,224	2,570,581
Replacement reserve (note 3)	1,004,451	538,502
Long-term debt (note 9)	5,947,586	4,653,168
	<u>12,710,261</u>	<u>7,762,251</u>
<b>NET FINANCIAL ASSETS</b>	<u>34,107,365</u>	<u>37,092,772</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenditures	66,888	51,731
Investment in government business enterprises (note 6)	6,613,739	5,667,948
Loans to government business enterprise (note 8)	884,375	864,356
Tangible capital assets (notes 2 and 10)	23,267,342	15,494,213
Licences (note 2)	180,000	180,000
	<u>31,012,344</u>	<u>22,258,248</u>
	<u>65,119,709</u>	<u>59,351,020</u>
<b>NATION POSITION</b>		
Surplus (note 11)		
Unrestricted	39,814,031	40,559,122
Internally restricted	2,000,808	2,316,275
Equity in tangible capital assets (note 12)	15,802,356	9,938,962
Equity in investment in government business enterprises (note 6)	6,613,739	5,667,948
Equity in loan to government business enterprise (note 8)	884,375	864,356
Equity in Ottawa Trust funds (note 3)	4,400	4,357
<b>CONTINGENT LIABILITIES (note 13)</b>	<u>65,119,709</u>	<u>59,351,020</u>

**KITSELAS FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED MARCH 31**

	<b>Unaudited Budget 2023 \$</b>	<b>2023 \$</b>	<b>2022 \$ <i>Restated</i></b>
<b>REVENUE</b>			
ISC	5,189,463	5,189,463	6,937,787
BC FN Gaming Revenue Sharing LP	245,344	579,503	245,344
BC Housing		1,695,650	-
CMHC	279,462	3,220,977	279,462
Department of Fisheries and Oceans	762,797	671,377	762,797
First Nations Health Authority	1,551,817	1,551,817	1,189,387
First Nations Education Steering Committee	363,668	321,615	363,668
Income from government business enterprises	-	965,810	1,629,890
Natural Resources Canada	-	-	165,500
Proponent funding	662,979	899,088	662,979
Province of British Columbia	2,389,289	1,095,814	2,389,289
Government of Canada	-	87,140	137,000
Rental	464,550	477,792	464,550
Marketable securities (loss)	-	-248,435	1,174,796
The TFN Treaty Society	750,000	790,000	750,000
Other	1,674,385	2,646,572	1,674,385
	<u>14,333,754</u>	<u>19,944,183</u>	<u>18,826,834</u>
<b>EXPENDITURE</b>			
Administration	2,125,342	1,184,850	3,277,396
Capital projects	300,996	3,016,119	897,223
Community health	1,515,336	1,642,770	1,433,721
Economic development	92,686	120,584	607,471
Education	1,758,166	1,984,501	1,925,189
Housing rentals	741,564	777,857	844,967
Land and resource management	1,965,272	2,241,856	1,924,452
Municipal services	803,121	783,484	754,771
Social development	723,533	740,111	528,204
Treaty process	1,494,543	1,683,362	1,526,304
	<u>11,520,559</u>	<u>14,175,494</u>	<u>13,719,698</u>
<b>REVENUE OVER EXPENDITURE</b>	2,813,195	5,768,689	5,107,136
<b>OPENING POSITION</b>	<u>59,351,020</u>	<u>59,351,020</u>	<u>54,243,884</u>
<b>CLOSING POSITION</b>	<u>62,164,215</u>	<u>65,119,709</u>	<u>59,351,020</u>



**KITSELAS FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
		<b><i>Restated</i></b>
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	5,768,689	5,107,136
Amortization	767,251	763,542
Gain (loss) on marketable securities	248,728	-1,174,796
Income from government business enterprises	-945,791	-1,629,890
Accounts receivable	-2,195,354	-1,514,440
Ottawa Trust funds	-43	13
Prepaid expenditures	-15,157	10,136
Accounts payable and accruals	3,187,643	1,156,201
	<u>6,815,966</u>	<u>2,717,902</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt	1,294,418	346,769
Replacement reserve	465,949	55,977
	<u>1,760,367</u>	<u>402,746</u>
<b>INVESTING ACTIVITIES</b>		
Loans to government business enterprise	-20,019	-343,994
Tangible capital asset additions	-8,540,380	-2,622,791
	<u>-8,560,399</u>	<u>-2,966,785</u>
<b>CHANGE IN CASH</b>	15,934	153,863
<b>OPENING CASH BALANCE</b>	<u>34,743,914</u>	<u>34,590,051</u>
<b>CLOSING CASH BALANCE</b>	<u>34,759,848</u>	<u>34,743,914</u>

**KITSELAS FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED MARCH 31**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
		<b><i>Restated</i></b>
Revenue over expenditure	5,768,689	5,107,136
Amortization	767,251	763,542
Prepaid expenditures	-15,157	10,136
Income from government business enterprises	-945,791	-1,629,890
Loans to government business enterprise	-20,019	-343,994
Tangible capital asset additions	<u>-8,540,380</u>	<u>-2,622,791</u>
Change in net financial assets	-2,985,407	1,284,139
Opening net financial assets	<u>37,092,772</u>	<u>35,808,633</u>
Closing net financial assets	<u>34,107,365</u>	<u>37,092,772</u>

# KITSELAS FIRST NATION

## NOTES

MARCH 31, 2023

### 1. NATURE OF ENTITY

Kitselas First Nation is a land code first nation government responsible for the governance, social, cultural, educational, land management and economic development activities on behalf of Kitselas citizens.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards, as established by the Public Sector Accounting Board ("PSAB"), and encompass the following policies:

#### a) Fund accounting

The First Nation maintains the following funds which are consolidated into the financial statements:

- Operating Fund reports the general activities of the First Nation.
- Capital Fund reports the property and equipment of the First Nation, together with related financing.
- Social Housing Fund reports the social housing assets, together with related activities.

#### b) Reporting entity

The First Nation's reporting entity includes the Kitselas First Nation community government and entities that are either controlled or owned by it. All controlled entities are fully consolidated on a line-by-line basis except for business enterprises.

#### i) Investment in government business enterprises

Business enterprises include government business enterprises (GBE) and government business partnerships (GBP) and are consolidated on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with the First Nation, inter-organizational transactions and balances are not eliminated and the First Nation recognizes annual earnings or losses in its statement of financial activities with a corresponding increase or decrease in the investment. Any distributions from the GBEs or GBPs reduce the carrying value of the investment.

The First Nation's government business enterprise investments consist of the following:

Kitselas Development Corporation (general partner to KDLP)	100%
Kitselas Forest Products Limited (general partner to KFLP)	100%

# KITSELAS FIRST NATION

## NOTES

MARCH 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Wai Wah Environmental GP Ltd. (general partner to WWELP)	100%
Kitselas Five Tier System Ltd. (general partner to KFTSLP)	100%
Kitselas Community Land GP Ltd. (general partner to KFTSLP)	100%
Kitselas Social Economic Development Corp. (dormant)	100%
All Nations Safety Services Inc. (dormant)	100%

The First Nation's government business partnerships consist of the following:

Kitselas Development Limited Partnership ("KDLP")	99.9%
Kitselas Forestry Limited Partnership ("KFLP")	99.9%
Wai Wah Environmental Limited Partnership ("WWELP")	99.9%
Kitselas Five Tier System Limited Partnership ("KFTSLP")	99.9%
Kitselas Community Land Limited Partnership ("KCLLP")	99.9%

#### ii) Trust funds

Trust funds and their related operations administered by Kitselas are included in these consolidated financial statements.

#### c) Marketable securities

Marketable securities, including bonds and common shares, are reported at market value.

#### d) Recognition of revenue and expenditures

Government grants and subsidy revenue are recognized as the First Nation becomes entitled to the funding under the applicable agreement. Funding from external parties restricted by agreement or legislation is reported as deferred revenue until used for the purposes specified.

Sales of goods and the provision of services are recognized in the period the goods or services are provided and the related proceeds receivable.

Expenditures are accounted for in the period when the goods and services are acquired and the liability is incurred.

#### e) Tangible capital assets

Tangible capital assets are reported at cost, including installation, legal, transportation, insurance and other direct costs, and are amortized using the declining balance method, for non-social housing assets, at the following annual rates:

# KITSELAS FIRST NATION

## NOTES

MARCH 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Buildings	4%
Engineered structures	4%
Equipment	20%

For social housing, amortization on buildings is based on the annual principal reduction of the related mortgage.

Assets under construction are not amortized until the asset is available for use. When management considers tangible capital assets to be impaired, the cost is written down to net realizable value.

All intangible assets and items inherited by right of Kitselas such as land, forest, water, natural resources, are not recognized in the First Nation's financial statements.

f) Licences

Licences are reported at cost.

g) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

Significant areas requiring management estimates include the collectability of accounts receivable, and useful lives of and future economic benefits associated with tangible capital assets. Management reviews these estimates annually and, where necessary, makes adjustments as required.

h) Budget data

The budget data presented in these consolidated financial statements have been derived from the budget approved by Kitselas First Nation Council.

i) Financial instruments

Financial assets and liabilities are reported at market value at the date of acquisition except for marketable securities which are reported at market value at year-end. It is management's opinion that the First Nation's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks except for the marketable securities.

## KITSELAS FIRST NATION

### NOTES

MARCH 31, 2023

#### 3. CASH

The First Nation maintains its cash balances with the Royal Bank of Canada. Specific cash balances have been externally or internally restricted under operating agreements by federal authorities or policy.

Under the terms of agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with \$66,900 annually. Use of these funds is restricted under the agreement and must be used for certain capital replacements or betterments in relation to the housing units. These funds, with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as approved by CMHC. At year-end, \$486,102 of the required \$1,004,451 is in a separate bank account.

Changes in the replacement reserve balances are as follows:

Opening balance	\$ 538,502
Current provision	66,900
Special contribution	439,553
Expenditure	<u>-40,504</u>
Closing balance	<u>\$ 1,004,451</u>

#### 4. MARKETABLE SECURITIES

	2023	2022
	\$	\$
Fixed income	2,764,849	2,683,439
Common shares	<u>4,358,475</u>	<u>4,688,613</u>
	<u>7,123,324</u>	<u>7,372,052</u>

#### 5. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
ISC	302,542	939,128
Other Federal	213,768	281,380
Housing rentals	1,494,212	1,444,915
Trade and other	4,940,719	1,919,590
Allowance for doubtful accounts	<u>-2,021,187</u>	<u>-1,850,313</u>
	<u>4,930,054</u>	<u>2,734,700</u>

**KITSELAS FIRST NATION**

**NOTES**

**MARCH 31, 2023**

**6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES**

Financial information for the Nation's Limited Partnerships at December 31, 2022 is as follows:

	Kitselas Development LP	Kitselas Forestry LP	Wai Wah Environ- mental LP	Kitselas Five Tier System LP	Kitselas Community Land LP	Total
	\$	\$	\$	\$	\$	\$
Assets	5,293,808	5,025,478	561,385	759,457	1,196,619	12,836,747
Liabilities	3,492,927	1,334,141	143,002	757,587	495,351	6,223,008
Revenue	1,289,129	4,652,459	1,296,667	2,081,722	120,000	9,439,977
Net income	363,901	571,779	99,346	-110,583	41,367	965,810

**7. ACCOUNTS PAYABLE AND ACCRUALS**

	2023	2022
	\$	\$
Governmental payables	69,631	47,887
Wages and benefits	134,426	248,657
Trade and other	<u>5,554,167</u>	<u>2,274,037</u>
	<u>5,758,224</u>	<u>2,570,581</u>

**8. LOANS TO GOVERNMENT BUSINESS ENTERPRISE**

Kitselas Development Limited Partnership;

\$5,967/month including interest at 3.65% per annum; \$ 559,375  
unsecured.

Term loan, non-interest bearing; unsecured 325,000

\$ 884,375

**KITSELAS FIRST NATION**

**NOTES**

**MARCH 31, 2023**

**9. LONG-TERM DEBT**

The mortgages are secured by buildings.

Royal Bank of Canada, mortgage, \$1,055/month  
including interest at 3.62% per annum \$ 62,781

British Columbia Housing Management Commission,  
interest free loan authorized up to \$3,208,239, no fixed  
terms of repayment 2,439,705

All Nations Trust Company, mortgages

\$2,774/month including interest at 1.73% per annum 60,010

\$2,889/month including interest at 0.98% per annum 102,442

\$3,118/month including interest at 1.97% per annum 295,841

\$5,132/month including interest at 3.04% per annum 496,435

\$10,490/month including interest at 2.5% per annum 1,030,814

\$3,409/month including interest at 0.69% per annum 477,301

\$6,294/month including interest at 1.57% per annum 928,732

Daimler Truck Financial

\$4,573/month including interest at 4.64% per annum;  
secured by specific equipment 53,525

\$ 5,947,586

Principal repayment during the next five years is as follows:

2024	\$ 407,737
2025	356,308
2026	336,074
2027	308,721
2028	<u>321,969</u>

\$ 1,730,809



**KITSELAS FIRST NATION**

**NOTES**

**MARCH 31, 2023**

**10. TANGIBLE CAPITAL ASSETS**

	COST			ACCUMULATED AMORTIZATION				NET BOOK VALUE		
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals	Annual Amortization	Closing Balance	Total 2023	Total 2022 <i>Restated</i>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	15,352,319	8,528,940	-	23,881,259	5,030,899	-	430,552	5,461,451	18,419,808	10,321,420
Engineered structures	7,041,893	-	-	7,041,893	2,673,123	-	174,751	2,847,874	4,194,019	4,368,770
Equipment	<u>2,242,419</u>	<u>11,440</u>	<u>-</u>	<u>2,253,859</u>	<u>1,438,396</u>	<u>-</u>	<u>161,948</u>	<u>1,600,344</u>	<u>653,515</u>	<u>804,023</u>
	<u>24,636,631</u>	<u>8,540,380</u>	<u>-</u>	<u>33,177,011</u>	<u>9,142,418</u>	<u>-</u>	<u>767,251</u>	<u>9,909,669</u>	<u>23,267,342</u>	<u>15,494,213</u>

**KITSELAS FIRST NATION**

**NOTES**

**MARCH 31, 2023**

**11. SURPLUS (DEFICIT)**

	<b>2023</b>	<b>2022</b>
Unrestricted		
Administration	\$ 30,060,994	\$ 31,429,497
Capital projects	-668,256	-11,123
Community health	1,810,264	1,238,941
Economic development	2,214,603	1,079,888
Education	1,921,806	1,580,673
Housing rentals	-1,230,564	-1,522,184
Lands and resource management	6,034,401	6,059,166
Municipal services	-1,763,284	-1,260,049
Social development	667,227	738,175
Treaty process	766,840	1,226,138
	<u>\$ 39,814,031</u>	<u>\$ 40,559,122</u>
Internally restricted		
Community enhancement	\$ 222	\$ 222
Economic development	508,942	508,942
General	667,328	667,328
Lands	440,504	755,971
Workforce development	383,812	383,812
	<u>\$ 2,000,808</u>	<u>\$ 2,316,275</u>

**12. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2023</b>	<b>2022</b>
Opening balance	\$ 9,938,962	\$ 9,508,563
Contributions from operations	6,229,412	796,656
Long-term debt repayment	401,233	397,285
Amortization	<u>-767,251</u>	<u>-763,542</u>
Closing balance	<u>\$ 15,802,356</u>	<u>\$ 9,938,962</u>

## KITSELAS FIRST NATION

### NOTES

MARCH 31, 2023

#### 13. CONTINGENT LIABILITY

The First Nation has guaranteed a Royal Bank of Canada demand loan of \$520,000 for Kitselas Forestry Limited Partnership.

#### 14. PRIOR YEAR ADJUSTMENT

The comparatives have been restated to adjust for equity in investments and record previously unrecognized debt. The impact on the March 31, 2022 comparatives is as follows:

Decrease in investment in government business enterprises	\$ 646,148
Decrease in equity in government business enterprises	646,148
Increase in tangible capital assets	744,054
Increase in long-term debt	744,054

#### 15. CONCENTRATION OF FINANCIAL RISKS

a) Credit risk

Credit risk is the risk that a counterparty may default on a contractual obligation resulting in financial loss. There is a risk that certain accounts receivable, primarily social housing tenants, will not be able to settle their outstanding debt. Furthermore, cash inflows from government business enterprises is dependent on their liquidity.

b) Liquidity risk

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations as they become due. The First Nation regularly monitors its financial liabilities to determine whether they have sufficient cash resources to cover them.

The First Nation is also subject to non-financial covenants and restrictions in relation to long-term debt with which it continues to comply.

c) Interest rate risk

Interest rate risk is the risk that changes in interest rates could increase cash outflows on the First Nation's long-term debt. All long-term debt has a fixed interest rate, negotiated for a period of five years at each renewal.

## **KITSELAS FIRST NATION**

### **NOTES**

**MARCH 31, 2023**

#### **15. CONCENTRATION OF FINANCIAL RISKS (continued)**

d) Market risk

The First Nation's marketable securities in publicly-traded securities exposes the First Nation to price risk as equity investments are subject to price changes in an open market. The First Nation does not use derivative financial instruments to alter the effects of this risk.

#### **16. SEGMENT DISCLOSURE**

Kitselas First Nation is a local government that provides a wide range of services to its members. The First Nation operates and its activities are organized and reported by the following segments:

a) Administration

The administration department is responsible for corporate administration, finance, human resources, legislative services, managing major negotiations with proponents, training and employment services and elections.

b) Capital projects

The capital projects department is responsible for managing major capital projects.

c) Community health

The community health department manages all health and wellness programs.

d) Economic development

Economic development is responsible for administering and facilitating new business opportunities, liaison with Kitselas business enterprises and managing existing projects such as historical sites.

e) Education

The education department manages all education programs including facilitating secondary, university qualifying credit courses, post-secondary and operates an adult education facility in the community.

**KITSELAS FIRST NATION**

**NOTES**

**MARCH 31, 2023**

**16. SEGMENT DISCLOSURE (continued)**

f) Housing rentals

The housing department manages the rental, collections and maintenance of all housing owned by the First Nation.

g) Land and resource management

Land and resource management is responsible for the management, development and planning of Kitselas land and resources.

h) Municipal services

The municipal services department is responsible for the repair and maintenance of the First Nation's community water system, roads, buildings, equipment and fire protection.

i) Social development

The social development department manages all social programs.

j) Treaty process

The Treaty department is responsible for representing the First Nation in Treaty negotiations with the Federal government through the TFN Treaty Society.

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in note two. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the year are as follows:

KITSELAS FIRST NATION

NOTES

MARCH 31, 2023

16. SEGMENT DISCLOSURE (continued)

	Budget Total 2023 \$	Administration \$	Capital Projects \$	Community Health \$	Economic Development \$	Education \$	Housing Rentals \$	Land and Resource Management \$	Municipal Services \$	Social Development \$	Treaty Process \$	Actual Total 2023 \$	Actual Total 2022 \$ <i>Restated</i>
<b>Revenue</b>													
ISC	5,189,463	702,668	77,301	301,450	29,828	2,054,844	213,290	360,288	183,090	828,512	438,192	5,189,463	6,937,787
BC FN Gaming Revenue Sharing LP	245,344	-	-	-	579,503	-	-	-	-	-	-	579,503	245,344
BC Housing	-	-	1,695,650	-	-	-	-	-	-	-	-	1,695,650	-
CMHC	279,462	-	3,000,000	-	-	-	220,977	-	-	-	-	3,220,977	279,462
Department of Fisheries and Oceans	762,797	-	-	-	-	-	-	671,377	-	-	-	671,377	762,797
First Nations Health Authority	1,551,817	-	-	1,551,817	-	-	-	-	-	-	-	1,551,817	1,189,387
First Nations Education Steering Committee	363,668	15,560	-	-	-	306,055	-	-	-	-	-	321,615	363,668
Income from government business enterprises	-	-	-	-	965,810	-	-	-	-	-	-	965,810	1,629,890
Natural Resources Canada	-	-	-	-	-	-	-	-	-	-	-	-	165,500
Proponent funding	662,979	386,595	-	21,620	-	-	-	490,873	-	-	-	899,088	662,979
Province of British Columbia	2,389,289	735,650	-	470	-	-	-	359,694	-	-	-	1,095,814	2,389,289
Government of Canada	-	5,000	-	-	-	-	-	82,140	-	-	-	87,140	137,000
Rental	464,550	-	-	3,000	-	-	474,792	-	-	-	-	477,792	464,550
Marketable Securities (loss)	-	-248,435	-	-	-	-	-	-	-	-	-	-248,435	1,174,796
The TFN Treaty Society	750,000	-	-	-	-	-	-	-	-	-	790,000	790,000	750,000
Other	1,674,385	1,123,529	615,317	288,936	6,508	31,723	7,226	566,901	1,700	3,857	875	2,646,572	1,674,385
	<u>14,333,754</u>	<u>2,720,567</u>	<u>5,388,268</u>	<u>2,167,293</u>	<u>1,581,649</u>	<u>2,392,622</u>	<u>916,285</u>	<u>2,531,273</u>	<u>184,790</u>	<u>832,369</u>	<u>1,229,067</u>	<u>19,944,183</u>	<u>18,826,834</u>
<b>Expenses</b>													
ISC recovery	-	-	-	-	-	-	-	-	-	-	-	-	57,397
Administration recovery	-	-772,441	-	-	-	-	-	-	-	-	-	-772,441	-1,049,852
Amortization	763,542	87,025	197,490	-	-	-	339,941	9,810	132,985	-	-	767,251	763,542
Bad debts	-	9,383	-	-	-	-	51,598	109,892	-	-	-	170,873	187,147
Benefits and programs	2,000,000	4,525	-	4,000	-	1,267,668	-	-	-	599,829	-	1,876,022	4,279,447
Contract services	2,558,443	348,518	2,746,559	207,493	1,507	44,241	800	1,002,305	128,661	4,250	875,394	5,359,728	2,558,443
Honoraria	83,275	39,175	-	2,100	-	10,130	-	1,750	-	-	2,750	55,905	83,275
Insurance	201,139	49,064	-	4,109	7,784	6,494	115,133	3,210	48,971	125	127	235,017	201,139
Loan to government business enterprise	-	-	-	-	-	-	-	-	-	-	-	-	325,000
Materials, supplies and other	1,905,174	321,733	48,757	436,129	76,934	408,133	166,651	276,820	127,386	47,278	149,454	2,059,275	2,305,174
Professional services	326,172	73,106	4,197	-	-	-	6,381	69,835	-	-	278,199	431,718	326,172
Rental	120,181	2,117	-	41,358	1,873	1,764	-	-	-	-	25,636	72,748	120,181
Telephone and utilities	159,769	55,826	10,102	112,251	8,219	9,774	606	12,649	21,679	1,357	3,830	236,293	159,769
Travel and workshops	820,121	177,782	4,022	64,804	-	50,187	11,269	35,705	4,645	12,749	127,924	489,087	820,121
Wages and benefits	2,582,743	789,037	4,992	770,526	24,267	186,110	85,478	719,880	319,157	74,523	220,048	3,194,018	2,582,743
	<u>11,520,559</u>	<u>1,184,850</u>	<u>3,016,119</u>	<u>1,642,770</u>	<u>120,584</u>	<u>1,984,501</u>	<u>777,857</u>	<u>2,241,856</u>	<u>783,484</u>	<u>740,111</u>	<u>1,683,362</u>	<u>14,175,494</u>	<u>13,719,698</u>
<b>Revenue over expenditure</b>	2,813,195	1,535,717	2,372,149	524,523	1,461,065	408,121	138,428	289,417	-598,694	92,258	-454,295	5,768,689	5,107,136
<b>Transfers</b>	-	-2,991,201	2,991,201	46,800	323,992	-56,800	153,191	-323,992	20,015	-163,206	-	-	-
<b>Annual surplus (deficit)</b>	<u>2,813,195</u>	<u>-1,455,484</u>	<u>5,363,350</u>	<u>571,323</u>	<u>1,785,057</u>	<u>351,321</u>	<u>291,619</u>	<u>-34,575</u>	<u>-578,679</u>	<u>-70,948</u>	<u>-454,295</u>	<u>5,768,689</u>	<u>5,107,136</u>