

Xatśūll First Nation

CONSOLIDATED FINANCIAL  
STATEMENTS

For the year ended March 31, 2023

**Xat'sũll First Nation**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended March 31, 2023**

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## MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying consolidated financial statements of Xat'sull First Nation are the responsibility of management and have been approved by Chief and Council.


The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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

The Chief and Council are responsible for ensuring the integrity of the Nation's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the laws and that management fulfills its responsibilities for financial reporting. The Chief and Council are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review Xat'sull First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the independent auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

The Xat'sull First Nation consolidated financial statements have been audited by FBB Chartered Professional Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. FBB Chartered Professional Accountants LLP has full access to Chief and Council.

  
\_\_\_\_\_  
Chief  
February 1, 2024  
\_\_\_\_\_  
Councillor



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Telephone: 778-414-5678 FAX: 778-414-5679

## INDEPENDENT AUDITOR'S REPORT

To the Chief and Council of

Xat'sül First Nation

### *Opinion*

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

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

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Nation's financial reporting process.



## INDEPENDENT AUDITOR'S REPORT, continued

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*FBB Chartered Professional  
Accountants LLP*

Quesnel, BC  
February 1, 2024

FBB CHARTERED  
PROFESSIONAL  
ACCOUNTANTS LLP

**XATŚŪLL FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>FINANCIAL ASSETS</b>		
Cash (note 3)	\$ 17,683,450	\$ 14,601,370
Investments (note 7)	4,048,206	5,091,267
Accounts receivable (note 5)	1,716,861	1,524,336
Trust funds held by Canada (note 6)	722,874	700,244
Restricted cash (note 4)	<u>313,941</u>	<u>282,221</u>
	<u>24,485,332</u>	<u>22,199,438</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (note 9)	958,774	611,921
Deferred revenue (note 10)	12,522	11,850
Due to related party (note 11)	<u>135,400</u>	<u>85,833</u>
	<u>1,106,696</u>	<u>709,604</u>
<b>Net financial assets</b>	<u>23,378,636</u>	<u>21,489,834</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses (and deposits)	95,676	112,649
Ranch inventory	1,170,970	988,700
Tangible capital assets (note 8)	<u>11,759,745</u>	<u>10,657,373</u>
	<u>13,026,391</u>	<u>11,758,722</u>
	<u>\$ 36,405,027</u>	<u>\$ 33,248,556</u>
Replacement reserve (note 12)	\$ 360,583	\$ 360,583
Contributed surplus (note 13)	271,381	271,381
Accumulated surplus (note 14)	<u>35,773,063</u>	<u>32,616,592</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 36,405,027</u>	<u>\$ 33,248,556</u>

On behalf of the Chief and Council

 Chief

 Councillor

See accompanying notes

**XATŚŪLL FIRST NATION****CONSOLIDATED CHANGES IN NET FINANCIAL ASSETS****As at March 31, 2023**

	<b><u>2023 Budget</u></b>	<b><u>2023 Actual</u></b>	<b><u>2022 Actual</u></b>
(Deficiency) excess of revenues over expenses	\$ (974,381)	\$ 3,156,471	\$ 5,827,015
Acquisition of prepaid expenses (and deposits)	-	16,973	(39,817)
Change in ranch inventory	-	(182,270)	90,300
Acquisition of tangible capital assets	-	(1,577,634)	(1,601,530)
Amortization	-	475,262	495,100
	-	(1,102,372)	(1,106,430)
Change in replacement reserve	-	-	(2,527)
(Decrease) increase in net financial assets	(974,381)	1,888,802	4,768,541
Net financial assets, beginning of year	<u>21,489,834</u>	<u>21,489,834</u>	<u>16,721,293</u>
Net financial assets, end of year	<u>\$ 20,515,453</u>	<u>\$ 23,378,636</u>	<u>\$ 21,489,834</u>

See accompanying notes

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

For the year ended March 31, 2023

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
REVENUES, Schedule 1	\$ 5,436,809	\$ 10,224,917	\$ 9,426,824
EXPENSES, Schedule 2	<u>6,411,190</u>	<u>8,979,937</u>	<u>8,044,105</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(974,381)</u>	<u>1,244,980</u>	<u>1,382,719</u>
OTHER INCOME			
Equity income in investments	-	935,527	3,192,766
Tangible capital asset acquisitions	<u>-</u>	<u>975,964</u>	<u>1,251,530</u>
	<u>-</u>	<u>1,911,491</u>	<u>4,444,296</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	(974,381)	3,156,471	5,827,015
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	32,616,592	26,500,577
Contribution from CMHC replacement reserve to ISC funded housing project	<u>-</u>	<u>-</u>	<u>289,000</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ -</u>	<u>\$ 35,773,063</u>	<u>\$ 32,616,592</u>

See accompanying notes



**XATŚŪLL FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 3,156,471	\$ 5,827,015
Items not affecting cash		
Amortization	475,262	495,100
Incremental Treaty Agreement on Blue Lake parcel	<u>-</u>	<u>(350,000)</u>
	3,631,733	5,972,115
Change in non-cash working capital items		
Investments	1,043,061	(3,197,867)
Accounts receivable	(192,525)	(611,187)
Trust funds held by Canada	(22,630)	(18,754)
Accounts payable and accrued liabilities	346,853	19,217
Deferred revenue	672	(263,442)
Long-term debt	-	(150,370)
Prepaid expenses	16,973	(39,817)
Ranch inventory	<u>(182,270)</u>	<u>90,300</u>
	<u>4,641,867</u>	<u>1,800,195</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(1,577,634)</u>	<u>(1,251,530)</u>
<b>FINANCING ACTIVITIES</b>		
Advances to related party	49,567	4,610
Replacement reserve	-	(291,527)
Contribution from CMHC replacement reserve to ISC funded housing project	<u>-</u>	<u>289,000</u>
	<u>49,567</u>	<u>2,083</u>
<b>INCREASE IN CASH</b>	3,113,800	550,748
<b>CASH, BEGINNING OF YEAR</b>	<u>14,883,591</u>	<u>14,332,843</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 17,997,391</u></u>	<u><u>\$ 14,883,591</u></u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 17,683,450	\$ 14,601,370
Restricted cash	<u>313,941</u>	<u>282,221</u>
	<u><u>\$ 17,997,391</u></u>	<u><u>\$ 14,883,591</u></u>

See accompanying notes

# XATŚŪLL FIRST NATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 1. Nature of operations

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

### 2. Accounting policies

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

#### (a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

#### (b) Inventory

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

#### (c) Tangible capital assets

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

- Are held for use in the production or supply of good and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuing basis; and
- Are not for sale in the ordinary course of operations.

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

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

**XATŚŪLL FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended March 31, 2023**

**2. Accounting policies, continued**

**(c) Tangible capital assets, continued**

Assets under construction are not amortized as they are not available for use.

Housing tangible capital assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in the related long-term debt as required by Canada Mortgage and Housing Corporation's reporting requirements.

**(d) Investments**

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

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

**(e) Liability for contaminated sites**

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

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

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

**(f) Revenue recognition**

Revenue is recognized as it becomes receivable and collection is reasonably assured under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Expenses are accounted for in the period the goods and services are acquired and a liability is incurred, or transfers are due.

Rental revenue is recognized when a tenant commences occupancy and rent is due. The Nation retains all benefits of risk of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.



# **XATŚŪLL FIRST NATION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended March 31, 2023

### **2. Accounting policies, continued**

#### **(g) Surplus recoveries and deficit funding**

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

#### **(h) Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are the useful lives of assets and rates for depreciation and amortization.

#### **(i) Basis of presentation**

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

b. The Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

The various funds have been consolidated for the purpose of presentation in the consolidated financial statements. Details of the operation of each fund are set out in the supplementary schedules.

The Nation maintains the following funds:

- The Operations Fund which reports the general activities of the Nation.
- The Capital Fund which reports the capital projects of the Nation together with their related financing, other than those tangible capital assets funded by CMHC and the Enterprise Fund.
- The Enterprise Fund which reports the Nation's investment in Nation owned enterprises.
- The Trust Fund which reports on the trust funds owned by the Nation and held by third parties.
- The CMHC Social Housing Fund which reports assets, liabilities, revenues, expenses and reserves specifically related to housing funded by CMHC.
- The Treaty Self-Government Fund which reports on activities related to treaty negotiations.



# XAT'SŪLL FIRST NATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 2. Accounting policies, continued

#### Basis of presentation, continued

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

The consolidated financial statements include the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Nation government administration (Operating and Capital funds)
- Nation Enterprise Fund
- Nation Trust Fund (comprising the Ottawa Trust Funds)
- Nation CMHC Social Housing Fund
- Treaty Self-Government Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each fund, transactions amongst funds have not been eliminated on the individual schedules.

### 3. Cash

	<u>2023</u>	<u>2022</u>
Operations	\$ 9,029,593	\$ 6,275,220
CMHC housing program	111,770	95,457
Treaty self government program	185,316	3,665
Savings	<u>8,356,771</u>	<u>8,227,028</u>
	<u>\$ 17,683,450</u>	<u>\$ 14,601,370</u>

### 4. Restricted cash

	<u>2023</u>	<u>2022</u>
Replacement reserve	<u>\$ 313,941</u>	<u>\$ 282,221</u>

The previous replacement reserve under CMHC is no longer a requirement, so the Nation now internally restricts these funds for future repairs or capital expenditures for Nation housing.

# XATŚŪLL FIRST NATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 5. Accounts receivable

	<u>2023</u>	<u>2022</u>
All other	\$ 170,219	\$ 92,909
ISC	348,529	253,930
Province of British Columbia	9,650	116,814
Three Corners Health Services Society	166,949	80,757
Enbridge	3,210	4,210
CCATEC	-	5,025
First Nation Financial Management Board	-	7,500
CMHC	-	27,940
Northern Shuswap Treaty Society	108,504	108,504
Northern Shuswap Tribal Council	-	139,750
Barkerville Gold Mines Ltd.	234,275	204,198
Westcoast Transmission	123,929	-
First Nations Health Authority	-	54,400
GST recoverable	39,190	10,521
Housing program	233,121	232,538
Tolko	95,000	20,000
Insurance claim	40,312	40,312
Celtic and Eldorado Construction	15,420	15,420
FNESC	2,010	10,885
Bank of Montreal funding in transit	152,965	152,965
Nenqayni Welless Centre Society	(9,900)	1,980
Terra Archaeology	9,555	2,415
Wildwoods Lumber	5,826	5,826
Telus	-	3,543
Xatsull T'micw Resources LLP	<u>67,152</u>	<u>31,049</u>
	1,815,916	1,623,391
Less: Allowance for doubtful accounts	<u>99,055</u>	<u>99,055</u>
	<u>\$ 1,716,861</u>	<u>\$ 1,524,336</u>

### 6. Trust funds held by Canada

	<u>2023</u>	<u>2022</u>
Revenue account	\$ 67,314	\$ 44,684
Capital account	<u>655,560</u>	<u>655,560</u>
	<u>\$ 722,874</u>	<u>\$ 700,244</u>

The Ottawa Trust Accounts arise from monies from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is governed by Sections 63 and 69 of the *Indian Act*.

**XAT'SULL FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended March 31, 2023

**7. Investments**

	<u>2023</u>	<u>2022</u>
Xat'sull Limited Partnership equity interest	\$ 2,417,891	\$ 3,515,085
Likely Xat'sull Community Forest Ltd. equity interest	1,575,872	1,523,750
Xat'sull T'micw Resources LLP	54,441	52,430
Investment in Xat'sull Logging Ltd	1	1
Investment in Xat'sull Development Ltd.	<u>1</u>	<u>1</u>
	<u>\$ 4,048,206</u>	<u>\$ 5,091,267</u>
	<u>2023</u>	<u>2022</u>
Xat'Sull Limited Partnership interest - beginning of year	\$ 3,515,085	\$ 1,565,492
Share in net revenues of partnership	881,394	1,950,696
Distributions (by) to Limited Partnership	(1,978,587)	-
Difference in net revenues	<u>-</u>	<u>(1,103)</u>
Xat'Sull Limited Partnership interest - end of year	<u>\$ 2,417,892</u>	<u>\$ 3,515,085</u>

The Nation holds a 99.99% interest in the Xat'Sull Limited Partnership (the "Partnership") and a 100% interest in the general partner. For the year ended March 31, 2023, the Partnership reported revenues of \$1,724,011, expenses of \$842,617, current assets of \$2,412,767, capital assets of \$70,857 and current liabilities of \$65,733 (including the amount as disclosed in Note 12).

The Nation has a limited liability partnership agreement with Terra Archaeology Limited operating as Xat'Sull T'micw Resources LLP with the Nation holding a 51% interest. For the period from April 1, 2022 to March 31, 2023, the 51% interest in net income was \$2,011 along with an capital carried forward of \$52,430 for a total investment of \$54,441.

The Nation also holds a 50% interest in the Likely Xat'Sull Community Forest along with the community of Likely, B.C. The Nation records its investment in the Community Forest using the modified equity method whereby it records its share of the net earnings or loss from the Community Forest. The year end of the Community Forest is August 31, 2022 which does not coincide with the year end of the Nation. The Nation has reported its 50% share of the net income in equity from the Community Forest in the amount of \$52,122 from the August 31, 2022 financial statements in the Nation's year ended March 31, 2023.



# XAT'SULL FIRST NATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 8. Tangible capital assets

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 687,995	\$ -	\$ 687,995	\$ 687,995
Buildings	16,645,276	6,623,673	10,021,603	9,239,851
Vehicles	975,368	482,735	492,633	391,413
Office equipment	275,948	228,555	47,393	11,378
Machinery and equipment	831,113	331,974	499,139	326,736
Signs	11,074	92	10,982	-
	<u>\$ 19,426,774</u>	<u>\$ 7,667,029</u>	<u>\$ 11,759,745</u>	<u>\$ 10,657,373</u>
Buildings consists of:				
Community building	\$ 4,191,929	\$ 536,305	\$ 3,655,624	\$ 3,730,228
Soda Creek Emporium	108,921	83,316	25,605	26,672
Campsite building	357,329	29,632	327,697	70,738
CMHC Buildings	1,689,637	1,573,852	115,785	115,785
Community infrastructure	8,252,191	3,403,017	4,849,174	4,205,056
Xat'sull Heritage Village buildings	147,542	87,407	60,135	62,640
Health Centre Building	1,897,727	910,144	987,583	1,028,732
	<u>\$ 16,645,276</u>	<u>\$ 6,623,673</u>	<u>\$ 10,021,603</u>	<u>\$ 9,239,851</u>

The Nation made the following purchases during the year ended March 31, 2023:

	<u>2023</u>
Campsite assets	\$ 3,923
Efficient log cabins	43,470
XDC building	49,077
Housing - significant renovations and appliances	287,855
Ranch machinery - New Holland Skidsteer, Mini excavator, 20ft trailer	237,750
Automotive	5,000
Signage	11,074
Freight Farms Inc. - hydroponic equipment	204,671
Campsite House	256,022
Water infrastructure in progress	233,456
Shop heater	7,539
Plow Truck	193,892
Video Projector, Screen and other presentation equipment	43,905
	<u>\$ 1,577,634</u>



# XATŚŪLL FIRST NATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 9. Accounts payable and accrued liabilities

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 578,643	\$ 396,300
Accrued payroll and source deductions	293,631	198,621
Other accrued liabilities	17,000	17,000
ISC recovery payable	<u>69,500</u>	<u>-</u>
	<u>\$ 958,774</u>	<u>\$ 611,921</u>

### 10. Deferred revenue

	<u>2023</u>	<u>2022</u>
Unearned rentals	\$ -	\$ 850
First Nation Education Steering Committee	12,522	-
Shuswap Nation Tribal Council - Covid-19 support	<u>-</u>	<u>11,000</u>
	<u>\$ 12,522</u>	<u>\$ 11,850</u>

# XAT'SULL FIRST NATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 11. Due to related parties

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

- (b) Advances from related parties

	<u>2023</u>	<u>2022</u>
Due to Xat'Sull Limited Partnership	\$ 130,300	\$ 80,733
Due to Xatsull T'micw Resources LLP	<u>5,100</u>	<u>5,100</u>
	<u>\$ 135,400</u>	<u>\$ 85,833</u>

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

### 12. Replacement reserve

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

	<u>2023</u>	<u>2022</u>
CMHC replacement reserve, beginning of year	\$ 360,583	\$ 358,578
Appropriation	-	8,698
Replacements	-	(78,788)
Interest	-	563
CMHC adjustments	-	2,652
Contribution to ISC funded housing projects	-	(289,000)
Equipment replacement reserves	-	302,000
CMHC supplemental funding	<u>-</u>	<u>55,880</u>
	<u>\$ 360,583</u>	<u>\$ 360,583</u>

The Nation is no longer required to hold a replacement reserve as the funding arrangement and stipulations of the CMHC have been met. The Nation's replacement reserve is internally restricted for major repairs or capital purchases of the Nation's housing department.

**XATŚŪLL FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended March 31, 2023

**13. Contributed surplus**

	<u>2023</u>	<u>2022</u>
Nation land contribution to social housing program	\$ 271,381	\$ 271,381

**14. Accumulated surplus**

	<u>2023</u>	<u>2022</u>
Operating and capital project funds	\$ 31,001,933	\$ 26,808,009
CMHC Social Housing Fund	(75,485)	(78,032)
Investment in Nation Business Enterprises	4,048,207	5,091,267
Ottawa Trust Funds	722,874	700,244
Treaty Self-Government Program	75,534	95,104
Replacement reserve	360,583	360,583
Contributed surplus	271,381	271,381
	<u>\$ 36,405,027</u>	<u>\$ 33,248,556</u>

**15. Supplemental statement of cash flows information**

Non-cash capital activities:

Incremental Treaty Agreement (ITA) - Land transfer Blue Lake parcel	\$ -	\$ 350,000
Building transferred from Xatsull Limited Partnership	49,077	-

**16. Financial instruments**

The Nation's financial instruments consist of cash, cash restricted as to use, accounts receivable, trust funds held by Canada, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Nation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the Nation provides services may experience financial difficulty and be unable to fulfill their obligations. The Nation is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and does not hold any financial instruments that mitigate this risk.

**XATŚŪLL FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended March 31, 2023

**17. Reconciliation of ISC Comprehensive Funding Arrangement Revenue**

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

	<u>2023</u>
ISC - Operating revenue	\$ <u>3,418,752</u>
ISC 2022/2023 Funding Confirmation Report	\$ 3,488,252
ISC Q3Z0 - Hydrotechnical analysis recovery	<u>(69,500)</u>
	<u>\$ 3,418,752</u>

**18. Band registered pension plan**

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

	<u>2023</u>	<u>2022</u>
Employer contributions	\$ <u>49,816</u>	\$ <u>36,663</u>



**XATŚŪLL FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended March 31, 2023

**19. Expenses by object**

	<u>2023</u>	<u>2022</u>
Salaries, wages and benefits	\$ 2,451,343	\$ 1,980,142
Materials and supplies	185,290	432,371
Contracted services	3,096,862	3,355,914
Rent, maintenance and utilities	785,440	548,234
Honoraria	139,894	232,467
Insurance	173,648	102,914
Tuition and education related	600,242	446,390
Interest	35,083	20,403
Amortization	475,262	495,100
Travel	162,549	39,582
Social assistance	502,452	390,588
Member disbursements	161,600	-
Legal fees	210,272	-
	<u>\$ 8,979,937</u>	<u>\$ 8,044,105</u>

**20. Economic dependence**

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

**21. Comparative figures**

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

**XAT'SÜLL FIRST NATION**  
**CONSOLIDATED SCHEDULE OF REVENUES**  
**For the year ended March 31, 2023**

	<b>2023 Budget</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
ISC - Operating	\$ 2,044,728	\$ 3,418,752	\$ 3,159,312
Northern Shuswap Treaty Society	434,014	434,014	434,041
Three Corners Health Society	304,347	336,972	381,580
First Nations Health Authority	80,216	80,216	150,173
CCATEC	158,729	56,263	47,951
CMHC	-	1,027	14,612
Northern Shuswap Tribal Council	-	24,514	202,163
Canada Summer Jobs	14,459	-	23,607
Interest income	-	420,432	75,428
National Energy	-	525,000	70
Province of British Columbia	780,771	2,967,876	2,646,799
Rentals	130,749	124,420	186,926
Taxation	159,047	138,133	130,343
Administration and management fees	114,661	-	(2,251)
Knucwentwecw Society	-	280,000	280,000
Tolko Industries Ltd.	-	150,250	65,000
FNESC	8,042	62,538	87,123
Enbridge	80,000	50,000	212,442
New Relationship Trust	-	-	500
Archaeology projects	-	142,624	18,948
Gibraltar Mines	30,000	130,000	130,053
Barkerville Gold Mines	-	30,077	116,625
All other sources	647,046	369,055	562,185
Livestock sales	450,000	482,754	503,194
	<u>\$ 5,436,809</u>	<u>\$ 10,224,917</u>	<u>\$ 9,426,824</u>

**XATŚŪLL FIRST NATION**  
**CONSOLIDATED SCHEDULE OF EXPENSES**  
For the year ended March 31, 2023

Schedule 2

	<b>2023 Budget</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
Administration	\$ 2,275,224	\$ 2,895,068	\$ 2,332,156
Amortization	-	475,262	495,100
Capital improvement projects	-	364,756	250,120
Education	892,241	862,071	778,310
Health and well-being	420,128	608,291	738,448
Housing	233,143	328,888	948,898
Natural resources	7,500	818,562	534,924
Infrastructure	756,477	819,933	415,093
Social development	786,441	589,799	539,706
Archaeology projects	-	117,709	44,303
Treaty	393,991	410,183	373,466
Chief and Council	260,960	298,340	200,512
Carpenter Mountain Ranch	301,831	266,909	310,855
Information Technology	83,254	124,166	82,214
	<u>\$ 6,411,190</u>	<u>\$ 8,979,937</u>	<u>\$ 8,044,105</u>