

Consolidated Financial Statements of

**YUULU?IL?ATH? GOVERNMENT**

And Independent Auditor's Report thereon

Year ended March 31, 2023


## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**


The accompanying consolidated financial statements of Yuulu?il?ath? Government (the "Government") are the responsibility of management, and have been prepared in compliance with legislation, and in accordance with the CPA Canada Public Sector Accounting Handbook. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Government's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Executive meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Government. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Government's consolidated financial statements.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Director of Operations



KPMG LLP  
200-9123 Mary Street  
Chilliwack BC V2P 4H7  
Canada  
Telephone 604-793-4700  
Fax 604-793-4747

## INDEPENDENT AUDITOR'S REPORT

To the Council and Members of Yuulu?il?ath? Government

### **Opinion**

We have audited the consolidated financial statements of the Yuulu?il?ath Government (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

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

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**" section of our auditors' report.

We are independent of the Entity 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.



***Emphasis of Matter - Comparative Information***

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended March 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

***Other Matter - Comparative Information***

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

***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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Entity'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 Entity'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 Entity 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.
- 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.



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

*KPMG LLP*  
\_\_\_\_\_ T

Chartered Professional Accountants

Chilliwack, Canada  
September 18, 2023

# YUULU?IL?ATH? GOVERNMENT

## Consolidated Statement of Financial Position


March 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
<b>Financial assets:</b>		
Cash	\$ 23,489,132	\$ 17,196,374
Accounts receivable (note 3)	4,119,133	2,526,027
Restricted cash (note 4)	4,271,933	3,848,295
Long-term investments (note 5)	53,394,947	52,961,287
Advances to related entity (note 5)	554,145	554,145
	<u>85,829,290</u>	<u>77,086,128</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	2,337,136	2,171,116
Asset retirement obligation	375,734	364,330
Deferred revenue	7,054,686	5,745,835
Long-term debt (note 6)	6,811,191	6,914,045
	<u>16,578,747</u>	<u>15,195,326</u>
Net financial assets	69,250,543	61,890,802
<b>Non-financial assets:</b>		
Tangible capital assets (note 7)	17,117,309	17,356,158
Prepaid expenses	113,516	150,426
	<u>17,230,825</u>	<u>17,506,584</u>
Contingent liabilities (note 13)		
Subsequent events (notes 9 and 15)		
<b>Accumulated surplus (note 8)</b>	<b>\$ 86,481,368</b>	<b>\$ 79,397,386</b>

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

On behalf of Yuulu?il?ath? Government:

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Director of Operations

# YUULU?IL?ATH? GOVERNMENT

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2023, with comparative information for 2022

	Budget (note 10)	2023	2022 (Restated - note 2)
<b>Federal Government - grants and transfers:</b>			
Indigenous Services Canada	\$ 8,426,802	\$ 12,526,423	\$ 9,094,771
Other grants	1,025,000	1,153,998	811,096
<b>Other Government Sources:</b>			
Province of BC	647,500	718,351	438,005
FNHA Funding	927,214	548,588	388,775
Nuu-chah-nulth Tribal Council	565,000	977,051	387,069
CMHC and housing charges	401,000	119,644	435,965
First Nation Education Steering Committee	124,000	133,239	199,390
<b>First Nation:</b>			
Settlement Trust - Investment Income	-	1,143,618	5,870,403
Investment Income - Implementation fund	-	922,234	773,973
Rental	123,000	407,659	412,415
Interest and other	104,000	1,429,281	209,472
Other funding	840,981	21,283	332,340
Property taxation	42,000	51,965	19,747
Net income from YFN LP	-	485,470	476,704
<b>Total revenue</b>	<b>13,226,497</b>	<b>20,638,804</b>	<b>19,850,125</b>
<b>Expenses:</b>			
Administration	5,567,100	4,217,190	3,896,781
Community Services	5,408,294	5,019,517	4,853,377
Lands and Resources	2,300,110	1,372,321	1,098,827
Housing and Maintenance	225,000	1,281,024	1,140,670
Culture, Language and Heritage	916,317	535,504	543,262
Settlement Trust	-	496,808	151,743
Implementation Fund	-	87,567	164,885
<b>Total expenses</b>	<b>14,416,821</b>	<b>13,009,931</b>	<b>11,849,545</b>
Income (loss) before the undernoted	(1,190,324)	7,628,873	8,000,580
<b>Other income:</b>			
Gain on sale of capital assets	-	-	19,009
Forgiveness of Treaty Loan (note 6)	918,315	918,315	918,315
	918,315	918,315	937,324
Annual surplus (deficit)	(272,009)	8,547,188	8,937,904
<b>Accumulated surplus, beginning of year:</b>			
As previously reported	79,716,770	79,716,770	70,749,831
Restatement (note 2)	-	(319,384)	(290,349)
As restated	79,716,770	79,397,386	70,459,482
<b>Accumulated surplus, end of year</b>	<b>\$ 79,444,761</b>	<b>\$ 87,944,574</b>	<b>\$ 79,397,386</b>

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



# YUULU?IL?ATH? GOVERNMENT

## Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2023, with comparative information for 2022

	Budget (note 10)	2023	2022 (Restated - note 2)
Annual surplus (deficit)	\$ (272,009)	\$ 8,547,188	\$ 8,937,904
Tangible capital assets:			
Acquisition of tangible capital assets	(2,537,500)	(1,342,265)	(1,076,114)
Amortization of tangible capital assets	-	1,581,114	1,512,404
Proceeds on disposal of tangible capital assets	-	-	39,957
Gain on disposal of tangible capital assets	-	-	(19,009)
Change in prepaids	(2,537,500)	238,849	457,238
	-	36,910	(115,701)
Change in net financial assets excluding remeasurement losses	(2,809,509)	8,822,947	9,279,441
Remeasurement losses from portfolio investments	-	(1,463,206)	-
Change in net financial assets	(2,809,509)	7,359,741	9,279,441
Net financial assets, beginning of year:			
As previously reported	62,255,232	62,255,232	52,964,534
Restatement (note 2)	-	(364,430)	(353,173)
As restated	62,255,232	61,890,802	52,611,361
Net financial assets, end of year	\$ 59,445,723	\$ 69,250,543	\$ 61,890,802

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

# YUULU?IL?ATH? GOVERNMENT

## Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2023

	2023
Accumulated remeasurement gains and (losses) at beginning of year	\$ -
Unrealized losses attributable to Portfolio investments:	
Implementation Fund	(9,882)
Settlement Trust	(1,453,324)
Net remeasurement losses for the year	(1,463,206)
Accumulated remeasurement gains and (losses) at end of year	\$ (1,463,206)

# YUULU?IL?ATH? GOVERNMENT

## Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 8,547,188	\$ 8,937,904
Items not involving cash:		
Amortization of tangible capital assets	1,581,114	1,512,404
Gain on disposal of tangible capital assets	-	(19,009)
Equity income in subsidiary	(485,470)	(476,704)
Forgiveness of Treaty loan	-	(180)
Changes in non-cash working capital:		
Accounts receivable	(1,593,106)	(105,044)
Accounts payable and accrued liabilities	166,020	472,787
Asset retirement obligation	11,404	11,057
Deferred revenue	1,308,851	1,880,359
Prepaid expenses	36,910	(115,701)
	<u>9,572,911</u>	<u>12,097,873</u>
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(1,342,265)	(1,076,114)
Proceeds on disposal of tangible capital assets	-	39,957
	<u>(1,342,265)</u>	<u>(1,036,157)</u>
<b>Investing activities:</b>		
Advances from related entities	-	305,075
Increase in long term investments	(1,411,396)	(8,179,243)
Restricted cash	(423,638)	(58,838)
	<u>(1,835,034)</u>	<u>(7,933,006)</u>
<b>Financing activities:</b>		
Repayment of long-term debt (net of proceeds)	(102,854)	(265,960)
	<u>(102,854)</u>	<u>(265,960)</u>
Increase change in cash	6,292,758	2,862,750
Cash, beginning of year	17,196,374	14,333,624
Cash, end of year	<u>\$ 23,489,132</u>	<u>\$ 17,196,374</u>

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

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements

Year ended March 31, 2023

---

## 1. Significant accounting policies:

The consolidated financial statements of Yuulu?il?ath? Government (the "Government") are prepared by management in accordance with the CPA Canada Public Sector Accounting Handbook. Significant accounting policies adopted by the Government are as follows:

### (a) Fund accounting:

The Government 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. The Government maintains the following funds:

- The Operating Fund which reports the general activities of the Government administration;
- The Enterprise Fund which reports the enterprise activities of the Government;
- The Social Housing Fund which reports the social housing assets of the Government, together with related activities; and
- The Trust Fund which reports the trust fund assets of the Government, together with related activities.

### (b) Reporting entity and principles of financial reporting:

The Government reporting entity includes the Yuulu?il?ath? Government and all related entities which are accountable to the Government and are either owned or controlled by the Government.

Investments in incorporated business entities are included in the consolidated financial statements using the modified equity method. YFN Holdings Limited Partnership ("YFN HLP") is 99.99% owned by the Government and YFN HLP owns all of the other subsidiary entities.

All inter-entity balances have been eliminated on consolidation.

### (c) Government transfers:

Transfers from other governments, including Federal, Provincial and other governments, relate to social development, child care, housing and health programs. Amounts transferred by the Government relate to social services programs. Transfers are recognized in the consolidated financial statements as revenues or expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

---

## 1. Significant accounting policies (continued):

(d) Non-financial capital assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings, except social housing	3-25
Water and waste water systems	20
Roads	10-20
Machinery and equipment	3-20

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

---

## 1. Significant accounting policies (continued):

### (e) Contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The Government is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

### (f) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The Government's asset retirement obligation is primarily related to the removal of asbestos in buildings.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability and increase to the related tangible capital assets. The amount capitalized in tangible capital assets is amortized using the amortization accounting policy outlined in note 1(d)(i).

The carrying value of the liability is reconsidered at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligation liability and tangible capital assets.

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

---

## 1. Significant accounting policies (continued):

### (g) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating collectability of accounts receivable, the estimated useful lives of tangible capital assets and the estimated liability for contaminated sites. Actual results could differ from these estimates.

### (h) Financial instruments are classified into two categories - fair value or cost:

(i) Fair value category: Includes portfolio investments that are quoted in an active market and derivative instruments reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. Unrealized gains and losses on financial assets would be recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is de-recognized due to disposal or impairment. At the time of de-recognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus.

(ii) Cost category: Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

The Government has not elected to record any investments at fair value prior to April 1, 2022. Effective April 1, 2022 portfolio investments are recorded at fair value.

### (i) Investments:

Investments are carried at cost or at cost less impairment losses to reflect any declines in value which are other-than-temporary. Dividends from these investments are included in revenue. Discounts/premiums arising on purchase of bonds are amortized over the period to maturity.

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

## 2. Adoption of new accounting standards:

### (a) Asset retirement obligations:

On April 1, 2022, the Government adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The Government has adopted the new accounting standard using the modified retroactive transitional provisions, which results in the restatement of the comparative balances as at and for the year ended March 31, 2022 as follows:

	As previously reported	Adjustment	As restated
<b>Consolidated Statement of Financial Position:</b>			
Asset retirement obligation liability	\$ -	\$ 364,330	\$ 364,330
Tangible capital assets	17,311,212	44,946	17,356,158
<b>Opening accumulated surplus:</b>			
Unrestricted equity in funds	53,850,784	(290,349)	53,560,435
Accumulated surplus	70,749,831	(290,349)	70,459,482
<b>Consolidated Statement of Operations and Accumulated Surplus:</b>			
Administration	3,888,539	8,242	3,896,781
Housing and maintenance	1,119,877	20,793	1,140,670
Annual surplus	8,966,939	(29,035)	8,937,904
<b>Consolidated Statement of Net Financial Assets:</b>			
Annual surplus	8,966,939	(29,035)	8,937,904
Amortization of tangible capital assets	1,494,526	17,878	1,512,404
Adjustment on adoption of the asset retirement obligation standard	-	(353,173)	(353,173)
<b>Consolidated Statement of Cash Flows:</b>			
Cash flows from operating activities:			
Annual surplus	8,966,939	(29,035)	8,937,904
Amortization of tangible capital assets	1,494,526	17,878	1,512,404
Asset retirement obligation	-	11,157	11,157



# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

## 2. Adoption of new accounting standards (continued):

(b) Financial instruments and financial presentation amendments:

On April 1, 2022, the Government adopted the changes to Canadian public sector accounting standard PS 3450 Financial Instruments and PS 1201 Financial Statement Presentation. The changes in the accounting standards require equity instruments quoted in an active market and free standing derivatives to be carried at fair value.

The new standards also require a new statement, the statement of Remeasurement Gains and Losses to be included in the statements to report unrealized gains and losses.

The Government has adopted the new accounting standard on a prospective basis as retroactive application is not permitted.

## 3. Accounts receivable:

Accounts receivable consists of the following:

	2023	2022
Due from members:		
Tenant rent receivable	\$ 552,375	\$ 203,138
Less allowance for doubtful accounts	(69,785)	(203,138)
	482,590	-
Due from others:		
GST receivable	209,042	158,827
PST receivable	243,066	194,786
Other amounts	3,381,504	2,248,531
	3,833,612	2,602,144
Less allowance for doubtful accounts	(197,089)	(76,117)
	3,636,523	2,526,027
	\$ 4,119,113	\$ 2,526,027

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

## 4. Restricted cash:

Restricted cash is comprised of:

	2023	2022
Restricted - external	\$ 2,715,766	\$ 2,638,732
Designated - internal	730,186	709,553
Social Housing Replacement & Operating Reserve	825,981	500,010
<b>Total restricted and designated funds</b>	<b>\$ 4,271,933</b>	<b>\$ 3,848,295</b>

## 5. Long-term investments:

	2023	2022
Implementation Fund - marketable securities, at cost	\$ 17,658,247	\$ 16,823,580
Settlement Trust - marketable securities, at cost	32,384,501	31,807,772
Investment in YFN Holdings Limited Partnership	4,815,405	4,329,935
	<b>\$ 54,858,153</b>	<b>\$ 52,961,287</b>

The fair market value of the marketable securities held is as follows:

	2023	2022
Implementation fund	\$ 17,648,365	\$ 17,676,645
Settlement Trust	30,931,177	29,838,240
	<b>\$ 48,579,542</b>	<b>\$ 47,514,885</b>

The Government owns 99.9% of the units of YFN HLP. The Government's Investment in all controlled limited partners was transferred to this limited partnership on January 1, 2012. The YFN HLP's year end is December 31, and it's net earnings (loss) are reported by the Yuulu?il?ath Government using the modified equity method.

The Government recorded their share of the equity income in YFN HLP of \$485,470 (2022 - \$476,704) based on the December 31 year end.

The Government has also loaned to YFN HLP or its subsidiary entities \$514,828 (2022 - \$544,145). These loans are without interest or fixed terms of repayment.

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

## 5. Long-term investments (continued):

Condensed summary fiscal information for YFN Holdings Partnership at December 31, 2022 and 2021 is noted below.

	2023	2022
Current assets	\$ 2,648,830	\$ 2,154,526
Capital assets	3,569,329	3,882,492
Long term investments	2,037,533	1,880,688
Related party loans	38,485	38,485
<b>Total assets</b>	<b>8,294,177</b>	<b>7,956,191</b>
Current liabilities	2,621,421	2,774,597
Long term debt	25,245	38,394
Related party loans	521,753	554,996
Partner's capital	5,125,758	4,588,204
<b>Total liabilities and capital</b>	<b>8,294,177</b>	<b>7,956,191</b>
Revenues	1,738,659	1,779,023
Expenses	1,253,105	1,302,241
<b>Net income from YFN LP</b>	<b>\$ 485,554</b>	<b>\$ 476,782</b>

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

## 6. Long-term debt:

	2023	2022
Bank of Montreal, term loan, repayable at \$28,489 per month including interest at 2.89% secured by a promissory note of the Government and a general security agreement, matures June 30, 2025	\$ 4,393,271	\$ 4,604,842
Mortgage payable - All Nations Trust Co., repayable at \$11,537 per month, including interest at 2.5% per annum; secured by a guarantee of the Government and the Government of Canada; renews June 1, 2023	1,233,556	1,339,881
Construction loan - Bank of Montreal, repayable at \$3,633 per month, including interest at 2.8%; secured by a general security agreement, matures August 21, 2026	584,835	610,883
Government of Canada settlement loans, without interest, repayable on March 31, 2026	324,783	115,700
Mortgage payable - All Nations Trust Co repayable at \$3,028 per month including interest at 1.3% per annum; secured by the guarantee of the Government and the Government of Canada; renews March 1, 2026	106,870	141,574
Government of Canada settlement loans, without interest, repayable on March 31, 2027	76,021	-
Bank of Montreal demand loan, repayable at \$2,733 per month, including interest at prime plus .75%; secured by a general security agreement	91,855	101,165
	<b>\$ 6,811,191</b>	<b>\$ 6,914,045</b>

Scheduled principal repayments for the next four years are as follows:

2024	\$ 1,605,421
2025	287,612
2026	4,340,876
2027	577,282

In addition to the above long-term debt, the Government has a \$600,000 (2022 - \$600,000) overdraft loan facility which bears interest at prime plus .75%. This facility is not being utilized at March 31, 2023 (2022 - nil).

During the year ended March 31, 2020, the Government of Canada forgave the balance of the Treaty loan that was outstanding and committed to refunding Treaty loan payments previously paid, over the following five years. Refunds of prior loan payments will be treated as revenue when received. The amount included in income for the year ended March 31, 2023 is \$918,315 (2022 - \$918,315).

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

## 7. Tangible capital assets:

Cost	Balance March 31, 2022 (Restated -note 2)	Additions/ transfers	Disposals	Balance March 31, 2023
Land	\$ 1,125,006	\$ -	\$ -	\$ 1,125,006
Buildings	17,683,377	30,576	-	17,713,953
Machinery and equipment	2,123,113	107,455	-	2,230,568
Roads	887,952	-	-	887,952
Water and waste water systems	7,826,968	-	-	7,826,968
Social housing	5,147,605	-	-	5,147,605
Assets under construction	47,924	1,204,234	-	1,252,158
<b>Total</b>	<b>\$ 34,841,945</b>	<b>\$ 1,342,265</b>	<b>\$ -</b>	<b>\$ 36,184,210</b>

Accumulated amortization	Balance March 31, 2022 (Restated -note 2)	Disposals	Amortization/ transfers	Balance March 31, 2023
Buildings	\$ 8,640,864	\$ -	\$ 768,494	\$ 9,409,358
Machinery and equipment	1,553,758	-	178,515	1,732,273
Roads	590,755	-	24,624	615,379
Water and waste water systems	4,182,799	-	348,238	4,531,037
Social housing	2,517,610	-	261,243	2,778,853
<b>Total</b>	<b>\$ 17,485,786</b>	<b>\$ -</b>	<b>\$ 1,581,114</b>	<b>\$ 19,066,900</b>

	Net book value March 31, 2022 (Restated -note 2)	Net book value March 31, 2023
Land	\$ 1,125,006	\$ 1,125,006
Buildings	9,042,512	8,304,594
Machinery and equipment	569,355	498,295
Roads	297,197	272,573
Water and waste water systems	3,644,169	3,295,931
Social housing	2,629,995	2,368,752
Assets under construction	47,924	1,252,158
<b>Total</b>	<b>\$ 17,356,158</b>	<b>\$ 17,117,309</b>

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

## 8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus, invested in tangible capital assets and reserve funds as follows:

	2023	2022
		(Restated - note 2)
<b>Surplus:</b>		
Unrestricted equity in funds	\$ 65,306,914	\$ 61,595,729
Internally restricted	11,731,850	7,001,383
Accumulated rereasurement losses	(1,463,206)	-
<b>Surplus associated with tangible capital assets:</b>		
Invested in tangible capital assets	10,306,110	10,512,867
<b>Reserve funds set aside by statutory requirements:</b>		
Replacement reserve fund (note 9)	599,700	606,791
	<b>\$ 86,481,368</b>	<b>\$ 79,716,770</b>

## 9. Replacement reserve fund:

In accordance with the terms and conditions of the Operating Agreement with Canada Mortgage and Housing Corporation, Yuulu?il?ath Government Non-Profit Housing must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

These funds are to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

A continuity of the required funds is as follows:

	2023	2022
<b>Replacement reserve fund:</b>		
Opening balance	\$ 606,791	\$ 328,026
Contributions	38,450	38,450
Interest earned during the year	14,390	1,073
Contribution from CMHC	-	312,000
Replacement reserve expenditures	(59,931)	(72,758)
<b>Closing balance</b>	<b>\$ 599,700</b>	<b>\$ 606,791</b>

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

---

## 9. Replacement reserve fund (continued):

As at March 31, 2023, the Replacement Reserve Fund was under funded by \$60,548 (2022 - \$339,970).

Subsequent to March 31, 2023, the Government transferred \$60,548 (2022 - \$339,970) to the Replacement Reserve Fund.

## 10. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budgets. These budgets have been approved by the legislature.

Certain budget classifications have been reclassified to conform with the financial statement presentation. These reclassifications did not impact budgeted earnings.

## 11. Economic dependence:

The Government receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada (ISC).

## 12. Comparative information:

Certain 2022 comparative information has been reclassified to conform with the financial statement presentation adopted in the current year (see adoption of new accounting standards in note 2).

## 13. Contingent liabilities:

- (a) The Government is contingently liable to the Federal Government for guaranteed mortgages of certain Government's citizens. At March 31, 2023 the amount of this contingent liability was approximately \$20,000 (2022 - \$20,000) from estimates provided by ISC.
- (b) The Government has guaranteed the loans of certain Limited Partnerships and Corporations which it owns up to a maximum of \$3,065,000 (2022 - \$5,374,270). As at March 31, 2023 the total loans outstanding have a current balance totaling \$3,645,361 (2022 - \$2,780,969). The Government has also guaranteed \$645,000 (2022 - \$645,000) in overdraft and credit card facilities for these Limited Partnerships and Corporations

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

---

## 13. Contingent liabilities (continued):

- (c) The Government has received funding from CMHC to provide major renovations to the homes of certain of its citizens. This funding of \$660,000 (2022 - \$85,065) becomes repayable in the event that the citizen does not remain in the house for a period of five years.
- (d) The Government has guaranteed the loans of individual members under the On-Reserve Housing Loan Program in the amount of \$195,469 as at March 31, 2023 (2023 - nil).
- (e) The Government and its incorporated businesses are subject to legal proceedings and claims which arise in the ordinary course of business. While the outcome is not currently determinable, the Government's management does not expect that the results of these proceedings will have a material adverse effect on the Government's financial condition or results of operations.

## 14. Financial risks:

The financial instruments of the Government consist of cash, accounts receivable, restricted cash, investments, advances to related entities, accounts payable and accruals. Unless otherwise noted, it is management's opinion that the Government is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

The Government is exposed to financial risk that arises from the fluctuation in interest rates and in the credit quality of its customers and related-parties.

### (a) Credit risk

The Government's credit risk consists principally of cash and cash equivalents, accounts receivable, and loans receivable. The Government maintained cash and cash equivalents with reputable and major financial institutions.

### (b) Interest rate risk

The Government is exposed to interest rate risk with respect to cash and cash equivalents, and borrowings. There are no derivative financial instruments to mitigate these risks.

There has been no change to the risk exposure outlined above from 2022.



# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

---

## 15. Subsequent event:

Subsequent to the year end the Government received and accepted a settlement offer from the Government of Canada for unauthorized logging on Ucluelet Indian Band Former Reserves during 1968 to 1971 for \$19.2 million. The claim is expected to be paid in fiscal 2024 upon conclusion of the final settlement agreement.

## 16. Segmented information:

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1. The following table presents the expenses incurred and the revenue generated by each main object of expense and by major revenue type. The segment results for the period are as follows:

# YUULU?IL?ATH? GOVERNMENT

Notes to Consolidated Financial Statements

Year ended March 31, 2023

## 16. Segmented information (continued):

	Administration	Community Services	Lands and Resources	Housing and Maintenance	Culture, Language and Heritage	Settlement Trust and Implementation Fund	2023	2022
								(Restated - note 2)
<b>Revenues:</b>								
Federal government	\$ 10,262,929	\$ 2,469,969	\$ 945,864	\$ -	\$ 1,659	\$ -	\$ 13,680,421	\$ 9,905,867
Other government sources	649,692	1,042,444	546,770	123,360	134,607	-	2,496,873	1,849,204
First Nation economic activities	1,269,136	9,967	28,469	596,614	6,002	-	1,910,188	973,974
Interest and other	-	-	-	-	-	2,065,852	2,065,852	6,644,376
Net Income (loss) from subsidiary	-	485,470	-	-	-	-	485,470	476,704
	12,181,757	4,007,850	1,521,103	719,974	142,268	2,065,852	20,638,804	19,850,125
<b>Expenses:</b>								
Operating expenses	1,638,667	2,972,333	823,082	806,321	191,860	-	6,432,263	5,677,374
Salaries, wages & benefits	1,258,651	2,047,184	549,239	162,936	343,644	-	4,361,654	4,150,691
Interest and investment fees	-	-	-	50,524	-	584,375	634,899	509,076
Amortization of tangible capital assets	1,319,872	-	-	261,243	-	-	1,581,115	1,512,404
	4,217,190	5,019,517	1,372,321	1,281,024	535,504	584,375	13,009,931	11,849,545
Gain on sale of capital assets	-	-	-	-	-	-	-	19,009
Forgiveness of Treaty Loan	-	-	-	-	-	-	918,315	918,315
<b>Annual (surplus) deficit</b>	<b>\$ 7,964,567</b>	<b>\$ (1,011,667)</b>	<b>\$ 148,782</b>	<b>\$ (561,050)</b>	<b>\$ (393,236)</b>	<b>\$ 1,481,477</b>	<b>\$ 8,547,188</b>	<b>\$ 8,937,904</b>



KPMG LLP  
Suite 200 - 9123 Mary Street  
Chilliwack BC V2P 4J7  
Canada  
Telephone (604) 793-4700  
Fax (604) 793-4747

## INDEPENDENT REVIEW ENGAGEMENT REPORT

To Indigenous Services Canada and Members of the Yuułuꞑiꞑath Government

We have reviewed the accompanying Schedule of Remuneration (Members of Legislature) for Yuułuꞑiꞑath Government for the year ended March 31, 2023, (the "Schedule"). The Schedule has been prepared by management in accordance with the financial reporting provisions in Section 7.3 of the Indigenous and Northern Affairs Canada 2022-2023 Year End Reporting Guide.

### *Management's Responsibility for the Schedule*

Management is responsible for the preparation of the schedule in accordance with the financial reporting provisions in Section 7.3 of the Indigenous and Northern Affairs Canada 2022-2023 Year End Reporting Guide; this includes determining that the applicable financial framework is acceptable for the preparation of the schedule in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying schedule based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of the schedule in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on this schedule.



*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the Schedule of Remuneration (Members of Legislature) for the year ended March 31, 2023 is not prepared, in all material respects, in accordance with the financial reporting provisions in Section 7.3 of the Indigenous and Northern Affairs Canada 2022-2023 Year End Reporting Guide.

*Restriction on Use*

Our report is intended solely for Indigenous Services Canada and Members of the Yuulu?i?ath Government and should not be used by parties other than Indigenous Services Canada and Members of the Yuulu?i?ath Government.

*KPMG LLP*

Chartered Professional Accountants

Chilliwack, Canada  
September 18, 2023

**Yuuluʻiʻiʻath Government**  
**Schedule of Remuneration of Members of the Legislature**  
**As Per Section 2.25 of the Constitution**  
**For the Fiscal Year 2022-23**

Name	Title	Months	Remuneration				Expenses		Grand Total
			Stipend	**Mandatory	Health Insurance	Pension Plan	Cell Allowance	Travel	
Millar, Jay	*Council of Hawi'ih Appointee	10.0	7,490	412					7,903
McCarthy, Alan	Executive Member of Legislature	12.0	24,750	1,408	1,194		700	212	28,264
McCarthy, Charles	President	12.0	97,500	3,821	1,533	4,875		13,115	120,845
Mundy Richard	Executive Member of Legislature	12.0	40,000	2,467	872		1,200	673	45,212
Touchie, Aysa	Member of Legislature	7.5	5,846	222				1,428	7,496
Touchie, Jeneva	Executive Member of Legislature	12.0	40,000	2,318	1,431			4,644	48,393
Touchie, Jenny	Executive Member of Legislature	12.0	40,000	2,313	1,401		1,200	-	44,914
Touchie, Kimberly	Member of Legislature	0.5	256	10				191	458
Touchie, Lorri	Executive Member of Legislature	12.0	40,000	2,211			1,200		43,411
Thomas, Shana	*Chairperson	On Call	33,578					169	33,747
			<b>\$ 329,420</b>	<b>\$ 15,183</b>	<b>\$ 6,431</b>	<b>\$ 4,875</b>	<b>\$ 4,300</b>	<b>\$ 20,433</b>	<b>\$ 380,643</b>