MOWACHAHT/MUCHALAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

Mowachaht/Muchalaht First Nation

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Mowachaht/Muchalaht First Nation are the responsibility of management and have been approved by the Council of Chiefs.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council of Chiefs is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council of Chiefs meets periodically with management, as well as the external auditors, 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 consolidated financial statements and the external auditor's report.

The external auditors, Allemekinders & Company, conduct an independent examination, in accordance with Canadian generally accepted auditing standards on behalf of their members. The external auditors has full and free access to the Council of Chiefs and management of the Mowachaht/Muchalaht First Nation and meet when required.

On behalf of Mowachaht/Muchalaht First Nation:

Chief Michael Maquinna

CEO MMFN

INDEPENDENT AUDITOR'S REPORT

To the Members,
Mowachaht/Muchalaht First Nation

Opinion

I have audited the consolidated financial statements of the Mowachaht/Muchalaht First Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2022, and the results of its consolidated operations, 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

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

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

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

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

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

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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My 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.

I 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 I identify during my audit.

Allemekinders & Company

Chartered Professional Accountant

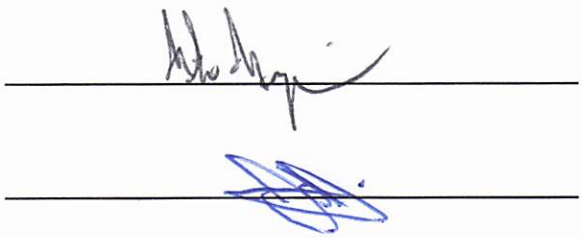
Campbell River, BC
July 11, 2023

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31, 2022

	Notes	2022 $	2021 $
Financial assets			
Cash and cash equivalents	3	5,491,557	4,084,844
Accounts receivable	4	1,089,969	1,428,726
Funds held in trust by government	5	5,693,314	5,506,409
Investment in government business entities	6	6,152,169	3,302,814
		18,427,009	14,322,793
Liabilities			
Accounts payable and accrued liabilities	7	457,600	436,357
Employee benefit obligations	8	86,620	96,970
Due to related entities	9	931	1,595
Deferred revenues	10	1,820,602	1,972,128
Long-term debt	11	692,892	749,062
		3,058,645	3,256,112
Net financial assets		15,368,364	11,066,681
Non-financial assets			
Deferred expenditures	12	36,204	167,300
Tangible capital assets	13	10,180,955	10,217,346
		10,217,159	10,384,646
Accumulated surplus	14	25,585,523	21,451,327

Contingent liabilities (Note 15)

APPROVED ON BEHALF OF THE COUNCIL OF CHIEFS



MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2022

	2022 Budget (Note 19) $	2022 $	2021 $
Revenues			
Nuu-chah-nulth Tribal Council	3,517,377	3,369,938	3,030,123
Province of British Columbia	624,438	422,732	560,251
Natural Resources Canada	637,144	292,024	0
Fisheries & Oceans Canada	253,300	188,634	143,002
First Nations Health Authority	117,681	125,181	60,941
CMHC	69,027	69,027	69,027
First Nations Education Steering Committee	139,917	38,429	1,774
Vancouver Island Health Authority	30,000	30,000	30,000
Other sources:			
Government business entities	0	2,949,355	161,982
WFP road use settlement	0	1,604,860	0
Marina & tourism revenue	0	429,662	92,810
Cooperation agreements	236,643	236,643	236,643
BC gaming revenue sharing	234,261	234,262	409,095
Rental income	170,040	173,890	168,960
Interest income	0	124,378	82,949
Miscellaneous	137,593	114,933	121,198
Road use permits	0	96,250	187,164
Subsidies and user fees	34,080	72,348	39,785
Gain on disposal of assets	0	0	2,000
	6,201,501	10,572,546	5,397,704
Expenses			
Administration	944,000	1,191,892	1,190,367
Public works	740,077	771,148	989,768
Health & social development programs	1,454,210	1,303,688	980,692
Education programs	409,432	318,982	306,005
Culture & community development	380,580	272,061	174,152
Economic development	50,000	412,943	157,096
Intergovernmental issues	0	145,138	295,403
Resource management & development	1,304,962	954,653	420,019
Capital projects	156,570	22,039	147,736
Housing programs	209,700	378,662	340,230
Government business entities	0	0	0
Amortization and loss on disposal of assets	513,817	667,144	641,879
	6,163,348	6,438,350	5,643,347
Annual surplus (deficit)	38,153	4,134,196	(245,643)
Accumulated surplus, beginning of Year	21,451,327	21,451,327	21,696,970
Accumulated surplus, end of year	21,489,480	25,585,523	21,451,327

See accompanying notes to the consolidated financial statements.

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2022

	2022 Budget (Note 19) $	2022 $	2021 $
Annual surplus (deficit)	38,153	4,134,196	(245,643)
Tangible capital assets			
Acquisition of capital assets	(231,909)	(630,753)	(749,462)
Amortization of capital assets	513,817	648,184	641,879
Proceeds on disposal of capital assets	0	0	2,000
Loss (gain) on disposal of capital assets	0	18,960	(2,000)
	281,908	36,391	(107,583)
Consumption (acquisition) of deferred expenses	0	131,096	2,057
	0	131,096	2,057
Change in net financial assets	320,061	4,301,683	(351,169)
Net financial assets, beginning of year	11,066,681	11,066,681	11,417,850
Net financial assets, end of year	11,386,742	15,368,364	11,066,681

See accompanying notes to the consolidated financial statements.

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022

	2022 $	2021 $
Operating transactions		
Annual surplus (deficit) [1]	4,134,196	(245,643)
Non-cash items included in annual surplus (deficit)	(2,469,116)	313,757
Changes in working capital accounts	328,556	638,455
	1,993,636	706,569
Capital transactions		
Purchase of capital assets	(630,753)	(749,462)
Proceeds on sale of capital assets	0	2,000
	(630,753)	(747,462)
Investing transactions		
Investment in Nation business entities	0	0
Recovery from Nation business entities	100,000	0
	100,000	0
Financing transactions		
Repayment of long term debt	(56,170)	(55,184)
	(56,170)	(55,184)
Increase (decrease) in cash and equivalents	1,406,713	(96,077)
Cash and equivalents, beginning of year	4,084,844	4,180,921
Cash and equivalents, end of year	5,491,557	4,084,844
Represented by:		
Cash and cash equivalents	5,491,557	4,084,844
Short term investments	0	0
	5,491,557	4,084,844

[1] Interest received outside of Ottawa Trust accounts during the year was $18,848 (2021 - $19,827). Interest paid during the year was $13,005 (2021 - $13,891). Interest received is made up of the interest income from the Statement of Operations. Interest paid is made up of the interest on long term debt portion of the interest expense from the Statement of Operations in the amount of $13,092 (2021 - $14,079) plus the change in the accrued interest payable in the amount of $87 (2021 - $188).

See accompanying notes to the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, which encompass the following principles:

a) Reporting Entity

The Mowachaht/Muchalaht First Nation reporting entity includes the Mowachaht/Muchalaht First Nation government and all related entities that are either owned or controlled by the Nation. Control is defined as the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. Control exists regardless of whether the government chooses not to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend agreements.

b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise. These enterprises are included in the Consolidated Financial Statements on a modified equity basis.

Consolidation Method

This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. The method reports the organizations as if they were one organization. The organizations included through the consolidation method are:

- Mowachaht/Muchalaht First Nation government administration
- Mowachaht/Muchalaht First Nation housing programs

Modified Equity Method

This method reports only a Government's investment in and the net income or loss of the organization. No adjustment is made for accounting policies of the enterprise that are different from those of the Nation. In addition, any amounts receivable or payable are consolidated in the financial statements after eliminating any intercompany transactions and balances. The organizations included through the modified equity method are:

- 447839 BC Ltd.
- 1008653 BC Ltd.
- 1129958 BC Ltd.
- Nis'maas Master GP Ltd. (formerly 1198759 BC Ltd.)
- Matchlee General Partner Ltd.
- Matchlee Limited Partnership

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Asset Classification

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

d) Cash

Cash and cash equivalents include cash on hand, balances with banks net of bank overdraft and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments. Cash and cash equivalents are recorded at cost.

e) Portfolio investments

Long-term investments in entities that are not majority owned or controlled by the Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment and include:

- BCFN GRS GP Inc.

f) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, temporary and long-term investments, accounts payable, amounts due to (from) related parties and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant currency or credit risks arising from these financial instruments. The First Nation is exposed to interest rate risk on its long term debt which is based on fluctuations in prime interest rates. The First Nation does not use any hedges or contracts to manage the exposure to interest rate fluctuations. A 1% change in interest rates would not have significantly impacted the cash flows during the year.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available or use.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets are amortized annually over their expected useful lives using the straight-line method at the following rates:

Community buildings	40 years
Housing and minor buildings	15-25 years
Community infrastructure	20-40 years
Equipment and furnishings	5-15 years
Computer and technology equipment	5 years
Automotive & vessels	5-10 years

When management determines that a tangible capital asset no longer contributes to the Nation's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down.

All intangible assets and items inherited by right of the Nation, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in the Nation's consolidated financial statements.

h) Employee Benefit Obligations

The Nation maintains a defined contribution pension plan for its staff. Expenses for this plan are equal to the Nation's required contribution for the year.

i) Net Debt

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

j) Revenue Recognition

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

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

Funds held in trust - The Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed to the accounts held in Ottawa. Road use fees and interest revenue are recognized when earned..

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Sales - Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer and collection is reasonably assured.

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

Other Revenue - Other revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the Nation and when the amount of revenue can be reliably measured and collectibility is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable.

k) Comparative Figures

Prior year's comparative figures have been reclassified where necessary to conform with the current year's presentation.

l) Measurement Uncertainty

In preparing the consolidated financial statements for the Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include valuation allowances for accounts receivable and amortization of capital assets. Actual results could differ from these estimates.

m) Liability for 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 Nation 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.

As at March 31, 2021 and 2022, no liability for contaminated sites has been recorded.

2. ECONOMIC DEPENDENCE

The First Nation receives the major portion of its operating revenues pursuant to an agreement with Indigenous Services Canada and the Nuu-chah-nulth Tribal Council referred to as "Canada First Nation Funding Agreement" (CFNFA).

3. CASH AND CASH EQUIVALENTS

Replacement Reserve - Under the terms of agreements with Canada Mortgage and Housing Corporation, Mowachaht/Muchalaht First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Operating Reserve - Under the terms of the agreements with Canada Mortgage and Housing Corporation, excess federal assistance payments received are to be retained in subsidy surplus and operating reserve accounts. The reserves are to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future program requirements.

Cash and cash equivalents is comprised of the following:

	2022 $	2021 $
Externally restricted		
Replacement reserve	97,771	97,458
Operating reserve	2,586	468
	100,357	97,926
Unrestricted		
General accounts	4,998,820	3,691,775
Cash and other accounts	392,380	295,143
	5,391,200	3,986,918
Total Cash and Cash Equivalents	5,491,557	4,084,844

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2022 $	2021 $
Due from members:		
Member loans and advances	15,189	15,189
Member rent and utility arrears	223,683	189,527
	238,872	204,716
Less: Allowance for doubtful accounts	(238,872)	(204,716)
	0	0
Due from others:		
Nuu-chah-nulth Tribal Council	945,095	1,223,260
Government ministries and agencies	50,035	32,116
C.M.H.C.	5,752	103,540
Sales tax recoveries	72,837	52,638
General receivables	16,250	17,172
	1,089,969	1,428,726
Less: Allowance for doubtful accounts	0	0
	1,089,969	1,428,726
Net accounts receivable	1,089,969	1,428,726

5. FUNDS HELD IN TRUST BY GOVERNMENT

Trust fund accounts arise from funds derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

	2021 $	Income $	Received $	Withdrawals $	2022 $
Revenue accounts:					
Cash account	5,189,680	1,375	86,031	0	5,277,086
Receivable	56,516	185,530	(86,031)	0	156,015
Deferred revenue	0	0	0	0	0
Capital accounts:					
Cash account	260,213	0	0	0	260,213
	5,506,409	186,905	0	0	5,693,314

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES & PARTNERSHIPS

The Nation's investments in government business enterprises and partnerships consist of the following:

	2022 $	2021 $
Portfolio Investments		
BCFN GRS GP Inc.	110	110
Government Business Enterprises		
447839 BC Ltd.	6	6
1008653 BC Ltd.	5	5
1129958 BC Ltd.	1	1
Nis'maas Master GP Ltd.	6	5
Matchlee General Partner Ltd.	7,907	4,959
Government Business Partnerships		
Matchlee Limited Partnership	6,144,134	3,297,728
	6,152,169	3,302,814

The Nation owns shares in BCFN GRS GP Inc. (below 1%).

The Nation owns 100% of the shares of 447839 BC Ltd., 1008653 BC Ltd., 1129958 BC Ltd., Nis'maas Master GP Ltd., and Matchlee General Partner Ltd..

The Nation has a limited partner interest of 99.9% in the Matchlee Limited Partnership.

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES & PARTNERSHIPS (continued)

The following table presents condensed and summarized financial information for the most recent year ends for these commercial enterprises:

DESCRIPTION	Government Business Enterprises	Government Business Partnerships
Assets		
Current	11	6,617,316
Capital & Other	8,408	1,843,188
	8,419	8,460,504
Liabilities		
Current	500	2,003,240
Long Term	565,919	304,722
	566,419	2,307,962
Partner's Interest	0	8,408
Net Assets (Liabilities)	(558,000)	6,144,134
Total Revenues	2,949	22,744,328
Total Expenses	0	19,794,973
Net Income (Loss) for the Year	2,949	2,949,355

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022 $	2021 $
Trade payables	106,852	153,097
Accrued salaries and benefits payable	82,975	103,438
Sales taxes payable	80,243	0
Other accrued liabilities	187,530	179,822
	457,600	436,357

8. EMPLOYEE BENEFIT OBLIGATIONS

	2022 $	2021 $
Vacation and overtime	81,065	85,588
Pension plan contributions	5,555	11,382
	86,620	96,970

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Pension plan

The Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. The Nation contributes 5% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The Nation contributed during the year $72,925 (2021- $68,168) for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2022.

9. DUE TO RELATED ENTITIES

	2022 $	2021 $
Current Operating Advances due to (from):		
Matchlee Limited Partnership	0	0
447839 BC Ltd.	1,589	1,589
1008653 BC Ltd.	(529)	0
1129958 BC Ltd.	1	1
1198759 BC Ltd.	5	5
1210250 BC Ltd.	(45)	0
1210288 BC Ltd.	(45)	0
1210318 BC Ltd.	(45)	0
	931	1,595

Current operating advances to related entities have been funded from working capital and are unsecured, non-interest bearing and due on demand.

10. DEFERRED REVENUES

	2021 $	Funding received $	Revenue Recognized $	2022 $
Nuu-chah-nulth Tribal Council				
Water/Wastewater Topup	121,369	41,386	(162,755)	0
Covid-19 Community Business Fund	28,185	28,185	0	56,370
Specific Claims	0	0	0	0
USMA CFS Prevention Project	190,000	190,000	(159,376)	220,624
Family Violence	4,149	4,266	(8,415)	0
CAIS Database Update	0	37,673	0	37,673
Urban Off-Reserve Support	0	33,940	0	33,940
ACRS Road Top-Up	0	56,549	0	56,549
Capital Infrastructure	352,533	131,909	(119,870)	364,572
	696,236	523,908	(450,416)	769,728
Provincial Government				
Ministry of Forests, Lands, Natural Resource Operations & Rural Development	81,968	50,000	0	131,968
Prevention & Family Support Funding	60,000	0	(60,000)	0
Rural Dividend Grant	1,294	0	0	1,294
Strategic Forestry Envelope	190,846	0	(24,758)	166,088
BCCF MYAP	30,000	0	0	30,000
Strategic Forestry Initiative	77,298	0	(77,298)	0
Myra Falls Rock Quarry Expansion	10,000	0	0	10,000
TFL 19 Timber Supply Review	0	50,000	0	50,000
BC Old Growth Indigenous Nations Capacity	0	35,000	0	35,000
Steelhead Stewardship Project	0	50,000	(27,945)	22,055
Natural Resources Canada Clean Energy	637,144	0	(293,318)	343,826
Other agencies	187,342	830,191	(756,890)	260,643
	1,275,892	1,015,191	(1,240,209)	1,050,874
	1,972,128	1,539,099	(1,690,625)	1,820,602

11. LONG-TERM DEBT

	2022 $	2021 $
All Nations Trust Company		
Term Loan (CMHC Phase 2)	75,302	88,197
Term Loan (CMHC Phase 3)	617,590	660,865
	692,892	749,062

a) All Nations Trust Company - Term Loan (CMHC Phase 2)

The Nation has entered into a loan for the construction of 6 housing units referred to as CMHC Phase 2 with the All Nations Trust Company which is repayable in monthly blended payments of $1,199, including interest based on 120 month amortization with an interest rate of 1.84% per annum. The loan is due for renewal on September 1, 2022. The net book value of the housing units at March 31, 2022 is $197,291

b) All Nations Trust Company - Term Loan (CMHC Phase 3)

The Nation has entered into a loan for the construction of 9 housing units referred to as CMHC Phase 3 with the All Nations Trust Company which is repayable in monthly blended payments of $4,573, including interest based on 238 month amortization with an interest rate of 1.83% per annum. The loan is due for renewal on December 1, 2024. The net book value of the housing units at March 31, 2022 is $654,953

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

Year ended March 31, 2023	$57,099
Year ended March 31, 2024	$58,171
Year ended March 31, 2025	$59,240
Year ended March 31, 2026	$60,331
Year ended March 31, 2027	$61,441

12. DEFERRED EXPENDITURES

Deferred expenditures represent payments made before March 31, 2022 which will be funded from future year's revenues.

	2022 $	2021 $
Prepaid Social Assistance payments	33,599	22,115
Prepaid expenditures	2,605	145,185
	36,204	167,300

13. TANGIBLE CAPITAL ASSETS

	Community Infrastructure Systems $	Community Buildings $	Housing $	Vehicles, Vessels & Equipment $	Total $
Year ended March 31, 2022					
Cost					
Opening	8,172,510	6,995,149	3,513,956	1,160,604	19,842,219
Acquisitions	175,147	209,651		245,955	630,753
Disposals	0	(50,000)	0	(49,090)	(99,090)
Closing	8,347,657	7,154,800	3,513,956	1,357,469	20,373,882
Accumulated amortization					
Opening	3,613,884	3,018,014	2,543,318	449,657	9,624,873
Amortization	221,858	191,156	118,394	116,776	648,184
Disposals	0	(31,040)	0	(49,090)	(80,130)
Closing	3,835,742	3,178,130	2,661,712	517,343	10,192,927
Net book value	4,511,915	3,976,670	852,244	840,126	10,180,955
Year ended March 31, 2021					
Cost					
Opening	7,775,112	6,717,580	3,513,956	1,163,296	19,169,944
Acquisitions	397,398	277,569	0	74,495	749,462
Disposals	0	0	0	(77,187)	(77,187)
Closing	8,172,510	6,995,149	3,513,956	1,160,604	19,842,219
Accumulated amortization					
Opening	3,388,786	2,840,052	2,402,759	428,584	9,060,181
Amortization	225,098	177,962	140,559	98,260	641,879
Disposals	0	0	0	(77,187)	(77,187)
Closing	3,613,884	3,018,014	2,543,318	449,657	9,624,873
Net book value	4,558,626	3,977,135	970,638	710,947	10,217,346

14. ACCUMULATED SURPLUS

	2022 $	2021 $
Externally Restricted:		
Funds held in trust by government	5,693,314	5,506,409
Housing replacement reserve	97,771	97,458
Housing operating reserve	2,585	468
	5,793,670	5,604,335
Internally Restricted:		
Invested in tangible capital assets	9,488,063	9,468,284
Invested in government business entities	6,152,169	3,302,814
Other internally restricted:		
Health & Social Development	91,861	270,324
Education	91,779	93,816
Bligh Island Shipwreck	0	14,301
Residential Housing	174,335	96,134
	15,998,207	13,245,673
Unrestricted surplus	3,777,396	2,601,319
Accumulated surplus at end of year	25,569,273	21,451,327

15. CONTINGENT LIABILITIES

The Nation has entered into contribution agreements with the Nuu-chah-nulth Tribal Council and various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Nation's financial statements.

16. SCHEDULE OF EXPENDITURES BY OBJECT

The following is a summary of expenses by object:

	2022 $	2021 $
Wages and payroll costs	2,614,467	2,301,109
Direct member benefits	523,583	581,629
Materials and supplies	294,998	424,624
Contract and subcontract costs	654,756	401,094
Consulting and professional fees	222,505	331,802
Repairs and maintenance	303,000	177,484
Insurance	166,829	142,517
Utilities	119,757	124,187
Travel	244,038	108,665
Residential construction costs	20,526	107,549
Medical travel	88,152	76,240
Telecommunications	53,588	58,638
Vehicle & vessel costs	137,127	56,755
Equipment costs	37,526	34,361
Allowance for doubtful accounts	36,575	25,205
Interest and bank charges	24,645	24,400
Dues, fees, licenses & subcriptions	82,622	10,504
Honoraria	9,710	5,470
Training	4,740	3,048
Meeting and workshop costs	112,618	2,483
Rent	1,429	1,478
Miscellaneous	13,306	1,226
Funeral support, donations and gifts	4,709	1,000
Amortization	648,184	6,418,790
Loss on disposal of assets	18,960	0
	6,438,350	11,420,258

17. GOVERNMENT TRANSFERS

	2022 $	2021 $
Revenue		
Nuu-chah-nulth Tribal Council	3,369,938	3,030,123
Natural Resources Canada	292,024	0
Canada Mortgage and Housing Corporation	69,027	69,027
Fisheries & Oceans Canada	188,634	143,002
Canadian Food Inspection Agency	10,580	16,560
Parks Canada	31,582	12,380
Province of British Columbia	422,732	560,251
	4,384,517	3,831,343

18. RELATED PARTY TRANSACTIONS

The following summarizes the Nation's related party transactions for the year:

	2022 $	2021 $
Revenue		
Contracts and fees		
Matchlee Limited Partnership	0	0

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of services or supply of product or services.

19. BUDGET FIGURES

Unaudited budgeted figures have been provided for comparison purposes and have been derived from contracts and agreements approved by the Council of Chiefs.

20. SIGNIFICANT EVENT

In March 2020, the World Health Organization declared a global pandemic related to the disease known as COVID-19 for which the financial and economic impacts are expected to be far reaching.

As the impacts of COVID-19 continue, there could be further impact on the Nation, its members, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Nation's assets and future ability to deliver services and projects. The Nation understands this health and economic crisis presents uncertainty over future cash flows and expects a material decrease in the BC Gaming revenue sharing revenue. An estimate of the amount cannot be determined at this time.

21. SUBSEQUENT EVENTS

Ottawa Trust Revenue Account - On November 4, 2022 the Council of Chiefs of the Mowachaht/Muchalaht First Nation exercised its authority under section 69 of the Indian Act to withdraw $5,416,632.

Credit Facilities Agreement - On January 13, 2023, the Mowachaht/Muchalaht First Nation entered into a $5,000,000 revolving loan facility agreement with the Royal Bank of Canada to fund purchases of capital assets at rates of prime plus 0.25%. The credit facility is secured by a general security agreement, assignment of gaming revenues and guarantees and collateral mortgages from Nis'maas Master GP Ltd. and Nis'maas Master Limited Partnership of $1,930,000.

22. SEGMENT DISCLOSURE

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

General Administration

General Administration contains activities that are needed to manage and administer the Nation's organization.

Public Works

Public Works contains all activities that relate to the operations, maintenance, development, construction and financing of buildings, infrastructure and land of the Nation.

Housing

Housing contains activities that relate to on reserve housing.

Health & Social Development

Health & Social Development contains activities that provide health services, medical services, financial support or support by other means to members that is aimed at developing both the individual as well as the community.

Education

Education contains activities that provide education and facilitate educational opportunities to members for primary, secondary schooling and adult vocational training.

Culture & Community Development

Culture & Community Development contains activities that are involved in the development of the cultural and interpersonal aspects of the community.

22. SEGMENT DISCLOSURE (continued)

Economic Development

Economic Development contains activities that are involved in the development and operation of economic opportunities.

Intergovernmental Issues

Intergovernmental Issues contains activities that are involved in negotiation and litigation between the Nation and other levels of government outside of the Treaty process.

Resource Management & Development

Resource Management & Development contains activities that are involved in the management and development of natural resource opportunities and areas of interest.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the period are as follows:

22. SEGMENT DISCLOSURE (continued)

	General Administration		Public Works		Housing		Health & Social Development	
	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $
Revenue								
Tribal Council	768,699	608,045	741,025	941,138	167,650	97,481	1,089,113	946,298
Federal	0	0	0	12,380	69,027	69,027	0	0
Provincial	0	0	1,294	0	0	0	60,000	0
Other	248,235	248,717	103,950	107,700	142,548	140,353	167,435	82,395
	1,016,934	856,762	846,269	1,061,218	379,225	306,861	1,316,548	1,028,693
Expenses								
Salaries & benefits	869,431	926,993	353,215	274,843	108,155	129,205	303,374	249,636
Interest	0	0	0	0	13,092	14,079	0	0
Amortization	0	0	529,790	501,320	118,394	140,559	0	0
Loss on disposal	0	0	18,960	0	0	0	0	0
Other	322,461	263,374	419,446	755,112	289,566	317,200	1,066,074	796,794
	1,191,892	1,190,367	1,321,411	1,531,275	529,207	601,043	1,369,448	1,046,430
Transfers	157,272	100,258	237,030	1,047,576	168,062	196,000	(120,750)	0
Annual Surplus (Deficit)	(17,686)	(233,347)	(238,112)	577,519	18,080	(98,182)	(173,650)	(17,737)

22. SEGMENT DISCLOSURE (continued)

	Education		Culture & Community Development		Economic Development		Intergovernmental Issues	
	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $
Revenue								
Tribal Council	285,250	268,999	0	1,715	0	0	0	50,033
Federal	0	0	148,634	63,000	0	0	0	0
Provincial	0	0	0	27,151	24,416	459,041	0	0
Other	112,022	76,813	42,082	0	3,849,923	900,529	1,621,110	0
	397,272	345,812	190,716	91,866	3,874,339	1,359,570	1,621,110	50,033
Expenses								
Salaries & benefits	264,102	270,076	112,379	96,026	239,457	101,055	48,205	48,331
Interest	0	0	0	0	0	0	0	0
Amortization	0	0	0	0	0	0	0	0
Loss on disposal	0	0	0	0	0	0	0	0
Other	126,220	97,269	184,093	78,126	223,486	106,041	96,933	247,072
	390,322	367,345	296,472	174,152	462,943	207,096	145,138	295,403
Transfers	0	0	91,455	96,587	(845,354)	(1,762,429)	116,186	272,888
Annual Surplus (Deficit)	6,950	(21,533)	(14,301)	14,301	2,566,042	(609,955)	1,592,158	27,518

21. SEGMENT DISCLOSURE (continued)

	Resource Management & Development		Elimination of inter segment transactions		Consolidated Total	
	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $
Revenue						
Tribal Council	318,202	116,414	0	0	3,369,939	3,030,123
Federal	342,604	96,562	0	0	560,265	240,969
Provincial	337,022	74,059	0	0	422,732	560,251
Other	212,191	271,387	(279,886)	(261,533)	6,219,610	1,566,361
	1,210,019	558,422	(279,886)	(261,533)	10,572,546	5,397,704
Expenses						
Salaries & benefits	316,148	204,945	0	0	2,614,466	2,301,110
Interest	0	0	0	0	13,092	14,079
Amortization	0	0	0	0	648,184	641,879
Loss on disposal	0	0	0	0	18,960	0
Other	695,255	286,824	(279,886)	(261,533)	3,143,648	2,686,279
	1,011,403	491,769	(279,886)	(261,533)	6,438,350	5,643,347
Transfers	196,099	49,120	0	0	0	0
Annual Surplus (Deficit)	394,715	115,773	0	0	4,134,196	(245,643)