

NESKONLITH INDIAN BAND
SUMMARY FINANCIAL STATEMENTS
March 31, 2021

EXHIBIT

SUMMARY FINANCIAL STATEMENTS:

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Neskonlith Indian Band have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

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

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and periodically with the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards.



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INDEPENDENT AUDITOR'S REPORT

To the members of NESKONLITH INDIAN BAND

Opinion

We have audited the financial statements of NESKONLITH INDIAN BAND (the First Nation), which comprise the summary statement of financial position as at March 31, 2021, and the summary statement of accumulated surplus, summary statement of operations, summary statement of change in net financial assets and summary statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2021, and the results of its operations and its cash flow 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 Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

We draw attention to the fact the supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2, and Schedules 1 to 33 do not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

The financial statements of the First Nation for the year ended March 31, 2020 were audited by Daley & Company CPA LLP who expressed an unmodified opinion on those statements on September 15, 2020. The partners and staff of Daley & Company CPA LLP joined Grant Thornton LLP on January 4, 2021.

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

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

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

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

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

NESKONLITH INDIAN BAND
SUMMARY STATEMENT OF FINANCIAL POSITION
March 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash	\$ 6,819,562	\$ 2,460,524
Restricted cash (Note A4)	1,178,205	1,222,857
Grants and accounts receivable (Note A5)	637,518	410,923
Deposits receivable	116,521	-
Investments (Note A6)	<u>4,850,612</u>	<u>4,603,065</u>
	<u>13,602,418</u>	<u>8,697,369</u>
LIABILITIES		
Accounts payable and accruals	1,021,448	588,937
Demand loans (Note A8)	365,000	1,920,893
Mortgages payable (Note A9)	456,630	600,099
Promissory note payable (Note A10)	<u>2,246,463</u>	<u>-</u>
	<u>4,089,541</u>	<u>3,109,929</u>
	<u>9,512,877</u>	<u>5,587,440</u>
NET FINANCIAL ASSETS		
NON-FINANCIAL ASSETS		
Prepaid expenses	11,568	17,363
Tangible capital assets (Note A11)	<u>4,080,990</u>	<u>4,378,511</u>
	<u>4,092,558</u>	<u>4,395,874</u>
ACCUMULATED SURPLUS (Note A12)	<u>\$ 13,605,435</u>	<u>\$ 9,983,314</u>

COMMITMENTS AND CONTINGENCIES (Note A14)

APPROVED BY THE BAND:



See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
SUMMARY STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2021

	2021	2020
ACCUMULATED SURPLUS, beginning of year	\$ 9,983,314	\$ 5,500,329
EXCESS OF REVENUE OVER EXPENSES	<u>3,622,121</u>	<u>4,482,985</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 13,605,435</u>	<u>\$ 9,983,314</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
SUMMARY STATEMENT OF OPERATIONS
Year ended March 31, 2021

	Budget	2021	2020
REVENUE:			
Indigenous Services Canada	\$ 2,784,862	\$ 4,654,474	\$ 3,976,452
First Nations Health Authority	561,116	586,852	681,131
First Nations Education Steering Committee	150,928	748,813	295,747
Province of British Columbia	2,145,789	2,590,083	2,754,390
Leases and rentals	305,232	318,714	311,900
Income - Ottawa Trust Funds	-	27,712	29,344
Canada Mortgage and Housing Corporation	77,124	77,114	116,019
Interest and investment income	-	1,214	28,926
Other income	1,123,629	2,627,103	3,508,968
	<u>7,148,680</u>	<u>11,632,079</u>	<u>11,702,877</u>
EXPENSES:			
Administration	1,461,305	1,451,024	1,224,816
Community Welfare	640,980	822,347	745,222
Operations and Maintenance	512,684	902,206	662,449
Education	1,457,093	2,436,169	2,111,251
Economic Development	31,634	148,322	89,026
Health Services	1,029,503	1,034,522	636,832
Government - Tmicw	1,221,655	796,485	1,140,407
Capital	-	-	235,251
Local Revenue	12,200	1,532	9,200
Social Housing	250,854	417,351	365,438
	<u>6,617,908</u>	<u>8,009,958</u>	<u>7,219,892</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 530,772	\$ 3,622,121	\$ 4,482,985

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2021

	Budget	2021	2020
EXCESS OF REVENUE OVER EXPENSES	\$ 530,772	\$ 3,622,121	\$ 4,482,985
Acquisition of tangible capital assets	-	(252,676)	(1,448,155)
Amortization of tangible capital assets	-	550,197	382,668
Change in prepaid expenses	-	5,795	7,520
INCREASE IN NET FINANCIAL ASSETS	530,772	3,925,437	3,425,018
NET FINANCIAL ASSETS, beginning of year	5,587,440	5,587,440	2,162,422
NET FINANCIAL ASSETS, end of year	\$ 6,118,212	\$ 9,512,877	\$ 5,587,440

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
SUMMARY STATEMENT OF CASH FLOWS
Year ended March 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 3,622,121	\$ 4,482,985
Non-operating item:		
Amortization	550,197	382,668
(Increase) decrease in:		
Grants and accounts receivable	(226,595)	38,931
Prepaid expenses	5,795	7,519
Security deposits	(116,521)	-
Increase (decrease) in:		
Accounts payable and accruals	432,511	(1,099,871)
Deferred revenue	-	(200,000)
Cash flows from operations	<u>4,267,508</u>	<u>3,612,232</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	44,652	639,812
New borrowings	2,316,000	1,285,780
Repayment of demand loans and mortgages payable	(1,768,899)	(192,757)
Write off of investment	-	(10)
Cash flows from financing	<u>591,753</u>	<u>1,732,825</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	(247,547)	(2,126,762)
Cash flows used in investing	<u>(247,547)</u>	<u>(2,126,762)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Purchase of tangible capital assets	(252,676)	(1,448,154)
Cash flows used in capital	<u>(252,676)</u>	<u>(1,448,154)</u>
INCREASE IN CASH	4,359,038	1,770,141
CASH, beginning of year	<u>2,460,524</u>	<u>690,383</u>
CASH, end of year	<u>\$ 6,819,562</u>	<u>\$ 2,460,524</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These summary financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

a) Fund Accounting:

The Neskonlith Indian Band 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 amalgamated for the purpose of presentation in the summary financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Neskonlith Indian Band maintains the following funds:

- The Band Operating Fund which reports the general activities of the First Nation Administration.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.
- The Capital Fund which reports the property and equipment of the First Nation, together with their related financing.
- The Social Housing Fund Pre-1997 and Post-1996 which reports the social housing assets of the First Nation, together with related activities.

b) Reporting Entity and Principles of Financial Reporting:

The Neskonlith Indian Band reporting entity includes the Neskonlith Indian Band government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following funds which use accounting principles which lend themselves to consolidation:

- Neskonlith Indian Band Operating Fund
- Neskonlith Indian Band Trust Fund
- Neskonlith Indian Band Capital Fund
- Neskonlith Indian Band Social Housing Pre-1997 Fund
- Neskonlith Indian Band Social Housing Post-1996 Fund

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

Incorporated business entities, which are owned or controlled by the Neskonlith Indian Band and which are not dependent on the First Nation for their continuing operations, are included in the summary financial statements using the modified equity method. This includes:

- Sk'atsin Resources Ltd. (including the entity's interest in 1202453 B.C. Ltd.)
- Sk'atsin Resources Limited Liability Partnership

Investments in non-controlled entities and not subject to significant influence are recorded at cost.

Notes that provide additional information regarding the entities are disclosed with each entity and form an integral part of these financial statements.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

Non-financial 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

a) Tangible Capital Assets:

Tangible capital assets are recorded at cost which includes all 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:

Major Asset Category:

Buildings	7%
Automotive equipment	20%
Furniture and equipment	20%
Fencing	10%
Infrastructure	20%

Assets under construction are not amortized until the asset is available for productive use.

The Band reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Band's ability to provide services. When assets no longer have any long-term service potential to the Band, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

The Band's interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the Band to acquire these lands.

b) Contributions of Tangible Capital Assets:

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

c) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

d) Investments:

Investments in non-controlled entities and not subject to significant influence are recorded at cost.

e) Accrual Method:

The Band utilizes accrual accounting.

f) Deferred Revenue:

Revenue is recorded in the period to which it relates.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

g) Revenue Recognition:

The Neskonlith Indian Band derives revenues from a number of sources. Revenue is recognized on the accrual basis as it is earned, or as services are provided, and is measurable and becomes receivable under the terms of the applicable funding agreements.

Amounts received from Indigenous Services Canada (ISC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set contributions are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to ISC and any deficits incurred are refundable by ISC. Amounts specified as fixed contributions are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the Band provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the Band. Amounts specified as flexible are reported as revenue as program terms and conditions are met and delivered and project expenditures have been made. Any unspent funds at the end of the project are repayable to ISC. Grants received from ISC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured.

Amounts received from other government departments, both federal and provincial, are reported as revenue in accordance with the terms of the contract or agreement.

Housing rents are reported monthly on the basis of the lease agreement.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, and property taxes, etc. are reported when received or receivable and collection is reasonably assured.

h) Replacement Reserve:

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

i) Operating Reserve:

The Operating Reserve account is funded by an allocation of the excess or shortfall of annual minimum revenue contribution and CMHC subsidies over current eligible expenditures.

j) Uses 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 amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

NOTE A2. FINANCIAL INSTRUMENTS:

Fair Value of Financial Assets and Financial Liabilities:

The carrying values of cash (including internally and externally restricted amounts), grants and accounts receivable, deposits receivable, accounts payable and accrued liabilities and demand loans approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The carrying value of mortgages and promissory note payable approximates its fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A2. FINANCIAL INSTRUMENTS (continued):

It is not practicable to determine the fair value of investments due to the limited amount of comparable market information available.

Credit Risk:

The Band is exposed to a credit risk by its customers. However, because the majority of revenues is from government agencies, credit risk concentration is reduced to the minimum.

Interest Rate Risk:

Bank indebtedness and demand loans have both fixed and variable interest rates based on the bank's prime rate, therefore the interest expense will vary with changes in the bank's prime rate. Mortgages and promissory note payable have fixed rates; therefore interest expense will decrease with principal repayment of the mortgage and interest risk is reduced to the minimum.

NOTE A3. FUTURE ACCOUNTING CHANGES:

PS 3400 Revenues

This section establishes standards on how to account for and report on revenue. This section applies to fiscal years beginning on or after April 1, 2023, with early adoption permitted

PS 3450 Financial Instruments

This section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted. Adoption of this standard requires corresponding adoption of PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation and PS 3041 Portfolio Investments in the same fiscal period.

PS 1201 Financial Statement Presentation

This section revises the general reporting principals and standards for the disclosure of information in the financial statements. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

PS 2601 Financial Currency Translation

This section revises and replaces the existing Section PS 2600 Foreign Currency Translation. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

PS 3401 Portfolio Investments

This section revises and replaces the existing Section PS 3040 Portfolio Investments. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A4. RESTRICTED CASH:

	2021	2020
Replacement Reserve	\$ 303,821	\$ 389,974
Operating Reserve	192,768	178,979
Ottawa Trust Funds	681,616	653,904
	<u>\$ 1,178,205</u>	<u>\$ 1,222,857</u>

a) Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$34,221 (2020 - \$34,221) annually plus interest. These funds, along with accumulated interest, must be held 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 Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

	2021	2020
Balance, beginning of year	\$ 348,540	\$ 366,256
Allocation during the year	34,221	34,221
Transfer of CMHC supplemental assistance	-	34,859
Interest on account	729	3,718
Adjustment due to matured units	-	(28,101)
Approved expenditures	(126,504)	(62,413)
	<u>(91,554)</u>	<u>(17,716)</u>
Balance, end of year	<u>\$ 256,986</u>	<u>\$ 348,540</u>
The Replacement Reserve is represented by:		
Cash	<u>\$ 303,821</u>	<u>\$ 389,974</u>

b) Operating Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Operating Reserve account is to be credited in the amount of any accumulated surplus plus interest. These funds, along with accumulated interest, must be held 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 Canada Mortgage and Housing Corporation from time to time.

	2021	2020
Balance, beginning of year	\$ 192,283	\$ 176,220
Allocation for the year	11,069	13,306
Interest	485	2,757
	<u>11,554</u>	<u>16,063</u>
Balance, end of year	<u>\$ 203,837</u>	<u>\$ 192,283</u>
The Operating Reserve is represented by:		
Cash	<u>\$ 192,768</u>	<u>\$ 178,979</u>

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A4. RESTRICTED CASH (continued):

c) Ottawa Trust Funds:

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

NOTE A5. GRANTS AND ACCOUNTS RECEIVABLE:

	2021	2020
Grants and Accounts Receivable	\$ 1,701,720	\$ 1,396,835
Less: Allowance for doubtful accounts	<u>1,064,202</u>	<u>985,912</u>
	<u><u>\$ 637,518</u></u>	<u><u>\$ 410,923</u></u>

NOTE A6. INVESTMENTS:

	2021	2020
All Nations Trust Company:		
2,000 Class A shares, par value \$1	<u>\$ 4,000</u>	<u>\$ 4,000</u>
Sk'atsin Resources Ltd.:		
100 Class A common shares, par value \$1	100	100
Advances, unsecured, noninterest bearing, no stated terms of repayment	41,889	41,889
Accumulated surplus in income	<u>26,634</u>	<u>26,634</u>
	<u><u>68,623</u></u>	<u><u>68,623</u></u>

Financial information for Sk'atsin Resources Ltd.:

	2021	2020
Assets	\$ 858,631	\$ 357,216
Liabilities	<u>(545,841)</u>	<u>(612,850)</u>
Equity (Deficit)	<u><u>\$ 312,790</u></u>	<u><u>\$ (255,634)</u></u>
Revenue	\$ 688,310	\$ 1,085,932
Expenses	<u>119,987</u>	<u>1,349,048</u>
Net Income (Loss)	<u><u>\$ 568,323</u></u>	<u><u>\$ (263,116)</u></u>

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A6. INVESTMENTS (continued):

	2021	2020
Sk'atsin Resources Limited Liability Partnership:		
Capital account - 99% interest	990	990
Advances, unsecured, noninterest bearing, no stated terms of repayment	(1,673,147)	(1,673,147)
Accumulated equity in income	6,659,591	6,202,614
Loan receivable, repayable in monthly installments of \$1,534 including interest at 4.42% per annum, unsecured	78,651	93,222
	<u>5,066,085</u>	<u>4,623,679</u>

Financial information for Sk'atsin Resources Limited Liability Partnership:

	Total	Band's Share 2021	Band's Share 2020
Assets	\$ 5,430,481	\$ 5,376,176	\$ 5,051,552
Liabilities	<u>(370,226)</u>	<u>(366,524)</u>	<u>(496,994)</u>
Partner's Capital	<u>\$ 5,060,255</u>	<u>\$ 5,009,652</u>	<u>\$ 4,554,558</u>
Revenues	\$ 1,345,246	\$ 1,331,794	\$ 3,865,484
Expenses	<u>883,654</u>	<u>874,817</u>	<u>1,822,643</u>
Net Income	<u>\$ 461,592</u>	<u>\$ 456,977</u>	<u>\$ 2,042,841</u>

Sk'atsin Resources Limited Liability Partnership is domiciled in Canada and has a registered office at 740 Chief Neskonlith Drive, Chase, BC. The Partnership is engaged in resource and economic development opportunities. The Partnership is controlled by Neskonlith Indian Band (99%). Net income of the Partnership is allocated to the respective Partners annually. The Partnership was formed on March 19, 2014.

B.C. First Nations Revenue Share Limited Partnership:	2,021	2,020
0.45% interest in partnership:		
Balance, beginning of year	13,616	0
Net income allocation	120,096	408,015
Contributions	-	100
Drawings	(421,818)	(394,499)
Balance, end of year	<u>(288,106)</u>	<u>13,616</u>

Share in the General Partner, BCFN GRS GP Inc., a corporation incorporated under the BC Business Corporations Act. Share represents a 0.45% interest in the Company at March 31, 2021.

<u>10</u>	<u>10</u>
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Sexqeltkemc Limited Partnership:		
Capital account - 33% interest	10	10
Partner deficiency	(10)	(106,873)
	<u>-</u>	<u>(106,863)</u>
	<u>\$ 4,850,612</u>	<u>\$ 4,603,065</u>

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A7. BANK INDEBTEDNESS:

Under a line of credit with the Royal Bank of Canada, the Band may borrow up to \$200,000 on such terms as the Band and bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2021, the unused portion of the credit line was \$200,000.

NOTE A8. DEMAND LOANS:

	2021	2020
<u>Operating Fund:</u>		
Royal Bank of Canada, demand loan, repayable in monthly installments of \$1,534 including interest at 4.42%, secured by a general security agreement, due December 2022	\$ 78,651	\$ 93,222
City of Salmon Arm, municipal service debt, repayable in monthly installments of \$1,191 including interest at 2.4%, unsecured, due December 2026	77,739	90,012
Royal Bank of Canada, demand loan, repayable in monthly installments of \$3,410 including interest at bank's prime rate, repaid during the year	-	34,987
	<u>156,390</u>	<u>218,221</u>
<u>Capital Fund:</u>		
Royal Bank of Canada, demand loan, repayable in monthly installments of \$2,207 including interest at 2.23%, secured by a general security agreement, due June 2022	146,301	169,239
Royal Bank of Canada, demand loan, repayable in monthly installments of \$268 including interest at 3.87%, repaid during the year	-	11,437
Royal Bank of Canada, demand loan, repayable in monthly installments of \$793 including interest at 4.45%, secured by a general security agreement, due February 2023	17,463	25,999
Royal Bank of Canada, demand loan, repayable in monthly installments of \$330 including interest at 4%, secured by a general security agreement, due April 2021	224	4,090
All Nations Trust Company, demand loan, repayable in monthly installments of \$1,288 including interest ANTCO's minimum lending rate plus 0.50%, secured by a general security agreement, due July 2023	33,976	46,316
All Nations Trust Company, demand loan, repayable in monthly installments of \$524 including interest at ANTCO's minimum lending rate minus 0.60%, secured by a general security agreement, due July 2023	10,646	15,811
Royal Bank of Canada, demand loan, repayable in interest only payments at the bank's prime rate plus 0.50%, repaid during the year	-	1,429,780
	<u>208,610</u>	<u>1,702,672</u>
	<u>\$ 365,000</u>	<u>\$ 1,920,893</u>

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A8. DEMAND LOANS (continued):

Principal repayments due in the ensuing 5 years are approximately as follows:

2022	\$ 79,300
2023	227,119
2024	19,470
2025	13,503
2026	13,829
Thereafter	11,779
	<u>\$ 365,000</u>

NOTE A9. MORTGAGES PAYABLE:

2021

2020

Social Housing Operation - Pre-1997 mortgages:

All Nations Trust Company, repayable in monthly installments of \$2,139 including interest at 1.30% per annum, secured by land and buildings with a carrying value of \$96,000, due April 2022.

\$ 27,593 \$ 52,722

All Nations Trust Company, repayable in monthly installments of \$2,619 including interest at 2.50% per annum, secured by land and buildings with a carrying value of \$124,893, due June 2023.

68,711 98,041
96,304 150,763

Social Housing Operation - Post-1996 mortgages:

All Nations Trust Company, repayable in monthly installments of \$2,379 including interest at 1.73% per annum, secured by land and buildings with a carrying value of \$63,613, due May 2024

87,910 114,693

All Nations Trust Company, repayable in monthly installments of \$2,660 including interest at 2.50% per annum, secured by land and buildings with a carrying value of \$146,535, due June 2023

147,556 175,432

All Nations Trust Company, repayable in monthly installments of \$3,064 including interest at 1.69% per annum, secured by land and buildings with a carrying value of \$143,064, due September 2024

124,860 159,211
360,326 449,336

\$ 456,630 \$ 600,099

The Social Housing mortgages are guaranteed by Indigenous Services Canada.

Principal repayments due in the ensuing 4 years are approximately as follows:

2022	\$ 146,227
2023	125,461
2024	180,188
2025	4,754
	<u>\$ 456,630</u>

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A10. PROMISSORY NOTE PAYABLE:

2021

2020

First Nations Finance Authority, repayable in annual installments of \$52,753 plus semi-annual interest payments at 2.15% per annum, due June 2030.

\$ 2,246,463	\$ -
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Principal repayments due in the ensuing 5 years are approximately as follows:

2022	\$	52,753
2023		52,753
2024		52,753
2025		52,753
2026		52,753
Thereafter		1,982,698
		\$ 2,246,463

NOTE A11. TANGIBLE CAPITAL ASSETS:

2021

2020

Tangible capital assets consist of the following:

Buildings	\$ 3,243,293	\$ 3,481,344
Automotive equipment	33,503	56,675
Furniture and equipment	142,970	14,922
Fencing	19,589	25,277
Infrastructure	67,530	4,984
Social Housing	574,105	795,309
	\$ 4,080,990	\$ 4,378,511

For additional information, see the Summary Schedule of Tangible Capital assets (Appendix 1).

NOTE A12. ACCUMULATED SURPLUS:

2021

2020

Accumulated surplus consists of individual fund surpluses and reserves as follows:

Surplus from operations	\$ 11,288,499	\$ 6,707,637
Invested in investments	5,210	5,210
Invested in tangible capital assets	1,169,287	2,075,740
Funded Reserves:		
Operating Reserve Fund (CMHC) (Note A4)	203,837	192,283
Replacement Reserve Fund (CMHC) (Note A4)	256,986	348,540
Ottawa Trust Funds (Note A4)	681,616	653,904
	1,142,439	1,194,727
	\$ 13,605,435	\$ 9,983,314

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A13. FEDERAL ASSISTANCE PAYMENTS:

The Neskonlith Indian Band Housing Project has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of assistance received through March 31, 2021 was \$77,114 (2020 - \$77,611). This assistance will continue, providing the Band is not in default of the agreement.

NOTE A14. COMMITMENTS AND CONTINGENCIES:

Commitments:

The Band leases office equipment under long-term lease agreements the longest of which expires June 2026.

Future minimum lease payments as at March 31, 2021, are as follows:

2022	\$	23,165
2023		18,540
2024		18,540
2025		13,290
2026		1,440
2027		360
		<hr/>
	\$	75,335
		<hr/>

Contingencies:

a) Social Housing:

The Band is guarantor of various Housing loans, secured by Ministerial guarantees, including \$456,630 for Social Housing (Note A9) and \$227,863 for capital housing for a total of \$684,493.

b) Pension Plan:

The Band and its employees contribute to a defined contribution pension plan. There is no obligation for past service or periods in which an employee was not employed. Total contributions to the plan during the year were \$35,184 (2020 - \$34,573).

c) Indigenous Services Canada:

The Band receives a portion of its funding under a contribution agreement with Indigenous Services Canada (ISC) which, if unexpended, may be refundable to ISC. Further, amounts which are overexpended may be reimbursed by ISC to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.

d) Guarantees:

The Band has provided a guarantee for the bank indebtedness of Sk'atsin Resources Limited Liability Partnership. The Band holds 99% of the partnership units in Sk'atsin Resources Limited Liability Partnership. At March 31, 2021, the outstanding loan balances were \$Nil. The maximum liability to the Band with respect to these loans is \$75,000.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A15. SEGMENTED INFORMATION:

The Neskonlith Indian Band is a First Nations government institution that provides a range of programs and services to its members, including administration, community welfare, operations and maintenance, education, economic development, health services, Government - Tmicw, capital, local revenue and social housing. For management reporting purposes the First Nations operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Administration

Administration relates to the operations of the Neskonlith Indian Band itself and cannot be directly attributed to a specific segment.

Community Welfare

Community Welfare provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

Operations and maintenance provides services relating to the development, maintenance and service of the Neskonlith Indian Band's assets, infrastructure and common property.

Education

Education provides educational services through the operations of an on reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Neskonlith Indian Band's Members.

Economic Development

Economic development provides for the development of economic opportunities to the Members.

Health Services

Health services provides for health-related services and programs to the Members.

Government - Tmicw

Government - Tmicw provides exploration of natural resources and development of natural resource revenues.

Capital

Capital provides for the development of new capital projects and infrastructure programs on the reserve.

Local Revenue

Local Revenue assists in the maintenance of roads, streets, and facilities through revenue raised under local revenue laws.

Social Housing

Social housing provides for social housing to the Members.

The accounting policies used in these segments are consistent with those followed in the preparation of the summary financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2021

NOTE A16. RELATED PARTY TRANSACTIONS:

During the year, the Band earned \$2,277 (2020 - \$5,492) in contract services, \$3,831 (2020 - \$4,457) in interest, \$7,418 (2020 - \$61,448) in management fees and \$18,672 (2020 - \$18,672) in rent from Sk'atsin Resources Limited Liability Partnership. The Band paid \$86,514 (2020 - \$169,749) for contract services. An amount payable of \$62,998 (2020 - \$131,141) was due to Sk'atsin Resources Limited Liability Partnership from the Band and is subject to normal trade terms. The Band holds 99% of the partnership units in Sk'atsin Resources Limited Liability Partnership.

During the year, the Band purchased \$5,199 (2020 - \$6,423) in fuel from 1202453 B.C. Ltd., an entity controlled by Sk'atsin Resources Limited Liability Partnership.

During the year, the Company paid \$267,052 for contract services from Sk'atsin Silvatech Ventures LLP, an entity in which Sk'atsin Resources Limited Liability Partnership holds shared control.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE A17. ECONOMIC DEPENDENCE:

The Band receives revenues pursuant to a Funding Agreement with Indigenous Services Canada. In the current fiscal year, funding from Indigenous Services Canada accounted for 38% (2020 - 35%) of the Band's gross revenues.

NOTE A18. CASH FLOW INFORMATION:

During the year, the Band paid interest on demand loans and mortgages payable of \$73,123 (2020 - \$22,171) and received interest of \$7,647 (2020 - \$6,475).

NESKONLITH INDIAN BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2021

	Buildings	Automotive Equipment	Furniture and Equipment	Fencing	Infrastructure	Social Housing	2021	2020
Cost								
Balance, beginning of year	\$ 6,725,820	\$ 431,576	\$ 856,381	\$ 144,122	\$ 5,817,470	\$ 3,519,193	\$ 17,494,562	\$ 16,046,408
Add: Additions during the year	30,500	-	150,466	-	71,710	-	252,676	1,448,154
Balance, end of year	6,756,320	431,576	1,006,847	144,122	5,889,180	3,519,193	17,747,238	17,494,562
Accumulated amortization								
Balance, beginning of year	3,244,476	374,901	841,459	118,845	5,812,486	2,723,884	13,116,051	12,733,383
Add: Amortization	268,551	23,172	22,418	5,688	9,164	221,204	550,197	382,668
Balance, end of year	3,513,027	398,073	863,877	124,533	5,821,650	2,945,088	13,666,248	13,116,051
Net Book Value of Tangible Capital Assets	\$ 3,243,293	\$ 33,503	\$ 142,970	\$ 19,589	\$ 67,530	\$ 574,105	\$ 4,080,990	\$ 4,378,511

Included in Buildings are tangible capital assets under construction of \$1,072,304 (2020 - \$3,493,410). These assets have not been amortized.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2021

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2021	Total 2020
REVENUE:												
Indigenous Services Canada	\$ 426,756	\$ 1,087,357	\$ 729,793	\$ 1,799,562	\$ 253,558	\$ 357,448	\$ -	\$ -	\$ -	\$ -	\$ 4,654,474	\$ 3,976,452
Leases and rentals	141,918	-	-	-	-	-	-	-	-	176,796	318,714	311,900
CMHC	-	-	-	-	-	-	-	-	-	77,114	77,114	96,605
Province of BC	94,729	-	19,169	918,600	-	100,284	1,457,301	-	-	-	2,590,083	2,754,390
Interest and tax penalties	27,712	-	-	-	-	-	-	-	-	1,214	28,926	35,819
First Nations Health Authority	-	-	-	-	-	586,852	-	-	-	-	586,852	681,131
Admin recoveries	419,070	-	-	-	-	-	-	-	-	-	419,070	347,065
Miscellaneous	125,732	-	346,047	1,043,600	6,639	614,705	739,820	-	75,809	4,494	2,956,846	3,499,515
	<u>1,235,917</u>	<u>1,087,357</u>	<u>1,095,009</u>	<u>3,761,762</u>	<u>260,197</u>	<u>1,659,289</u>	<u>2,197,121</u>	<u>-</u>	<u>75,809</u>	<u>259,618</u>	<u>11,632,079</u>	<u>11,702,877</u>
EXPENSES:												
Administration fees	12,148	21,199	69,703	149,691	18,531	86,530	400	-	-	24,490	382,692	366,832
Advertising	-	-	-	281	-	-	259	-	-	-	540	16,371
Amortization	328,993	-	-	-	-	-	-	-	-	221,204	550,197	382,668
Assistance	-	715,336	-	193,079	-	-	-	-	-	-	908,415	761,980
Community development	-	-	-	-	-	18,455	-	-	-	-	18,455	900
Contract services	12,848	-	381,477	75,442	123,339	22,251	222,243	-	1,524	-	839,124	1,009,919
Education	-	-	-	767,367	-	-	-	-	-	-	767,367	807,589
Gifts and donations	-	-	-	-	-	-	7,441	-	-	-	7,441	19,589
Honorarium	300	-	-	14,146	-	400	385,984	-	-	-	400,830	502,559
Insurance	30,078	-	13,392	4,658	-	4,276	2,352	-	-	17,969	72,725	63,890
Leases	16,241	-	-	28,200	-	7,212	6,000	-	-	-	57,653	39,774
Licences, dues and fees	2,121	-	266	515	-	665	710	-	-	-	4,277	3,589
Interest on demand loans and mortgages payable	59,994	-	-	-	-	83	2,419	-	8	10,619	73,123	22,171
Materials and supplies	105,849	12,957	31,020	242,779	100	355,679	16,762	-	-	-	765,146	310,655
Meetings	-	-	-	-	-	-	4,713	-	-	-	4,713	74,733
Office and other	76,859	-	-	62,223	-	2,227	22,500	-	-	548	164,357	161,011
Professional fees	41,913	-	-	-	-	-	27,242	-	-	6,600	75,755	124,832
Programs	5,962	-	83,653	210,738	-	87,236	-	-	-	-	387,589	209,792
Repairs and maintenance	106,075	-	61,644	35,150	-	5,094	988	-	-	135,921	344,872	488,344
Telephone	16,961	720	5,025	7,542	-	12,675	2,140	-	-	-	45,063	40,656
Training	346	-	225	121,078	-	9,175	10	-	-	-	130,834	40,299
Travel	6,775	2,766	6,134	11,654	-	20,859	1,950	-	-	-	50,138	161,609
Utilities	23,023	-	48,686	16,546	-	13,389	3,792	-	-	-	105,436	97,082
Wages and benefits	604,538	69,369	200,981	495,080	6,352	388,316	88,580	-	-	-	1,853,216	1,513,048
	<u>1,451,024</u>	<u>822,347</u>	<u>902,206</u>	<u>2,436,169</u>	<u>148,322</u>	<u>1,034,522</u>	<u>796,485</u>	<u>-</u>	<u>1,532</u>	<u>417,351</u>	<u>8,009,958</u>	<u>7,219,892</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ (215,107)</u>	<u>\$ 265,010</u>	<u>\$ 192,803</u>	<u>\$ 1,325,593</u>	<u>\$ 111,875</u>	<u>\$ 624,767</u>	<u>\$ 1,400,636</u>	<u>\$ -</u>	<u>\$ 74,277</u>	<u>\$ (157,733)</u>	<u>\$ 3,622,121</u>	<u>\$ 4,482,985</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2020

	Admini- stration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2020
REVENUE:											
Indigenous Services Canada	\$ 832,142	\$ 853,150	\$ 430,967	\$ 1,504,068	\$ 76,779	\$ 42,087	\$ -	\$ 237,259	\$ -	\$ -	3,976,452
Leases and rentals	134,230	-	-	-	-	-	-	-	-	177,670	311,900
CMHC	19,414	-	-	-	-	-	-	-	-	77,191	96,605
Province of BC	-	-	-	-	-	68,032	2,686,358	-	-	-	2,754,390
Interest and tax penalties	29,344	-	-	-	-	-	-	-	-	6,475	35,819
Loan proceeds	-	-	-	-	-	-	-	-	-	-	-
Admin recoveries	337,065	-	-	-	-	-	10,000	-	-	-	347,065
Miscellaneous	21,016	51,908	102,568	822,865	7,364	159,906	2,254,697	-	71,430	7,761	3,499,515
	<u>1,373,211</u>	<u>905,058</u>	<u>533,535</u>	<u>2,326,933</u>	<u>84,143</u>	<u>951,156</u>	<u>4,951,055</u>	<u>237,259</u>	<u>71,430</u>	<u>269,097</u>	11,702,877
EXPENSES:											
Administration fees	22,918	19,417	39,821	133,358	3,163	92,965	10,000	19,941	-	25,249	366,832
Advertising	-	-	-	647	-	-	15,724	-	-	-	16,371
Amortization	154,174	-	-	-	-	-	-	-	-	228,494	382,668
Assistance	-	594,741	-	167,239	-	-	-	-	-	-	761,980
Community development	-	-	-	-	-	900	-	-	-	-	900
Contract services	85,975	16,872	137,064	222,380	28,471	19,198	283,149	215,310	1,500	-	1,009,919
Education	-	-	-	807,589	-	-	-	-	-	-	807,589
Gifts and donations	-	-	-	-	-	-	19,589	-	-	-	19,589
Honorarium	28	68	500	35,821	-	-	466,142	-	-	-	502,559
Insurance	21,364	-	12,909	4,193	-	5,195	3,251	-	-	16,978	63,890
Leases	18,600	-	-	10,694	-	5,009	5,471	-	-	-	39,774
Licences, dues and fees	849	-	380	-	-	711	965	-	684	-	3,589
Loss on write down of property	-	-	-	-	-	-	-	-	-	-	-
Interest on demand loans and mortgages payable	4,126	-	-	-	-	236	4,211	-	16	13,582	22,171
Materials and supplies	66,683	4,631	13,277	85,496	50,005	69,220	19,843	-	1,500	-	310,655
Meetings	4,411	11,901	952	356	-	-	57,113	-	-	-	74,733
Office and other	84,264	-	-	55,759	-	1,565	19,423	-	-	-	161,011
Professional fees	55,259	-	-	-	-	-	64,073	-	-	5,500	124,832
Programs	4,344	-	101,318	76,811	-	27,319	-	-	-	-	209,792
Repairs and maintenance	314,890	-	71,205	14,184	-	8,492	3,938	-	-	75,635	488,344
Telephone	15,678	660	5,690	5,435	-	10,504	2,689	-	-	-	40,656
Training	234	4,555	2,005	14,583	-	6,075	7,847	-	5,000	-	40,299
Travel	12,717	17,158	13,595	52,772	-	53,560	11,307	-	500	-	161,609
Utilities	15,626	-	48,843	13,003	-	15,552	4,058	-	-	-	97,082
Wages and benefits	342,676	75,219	214,890	410,931	7,387	320,331	141,614	-	-	-	1,513,048
	<u>1,224,816</u>	<u>745,222</u>	<u>662,449</u>	<u>2,111,251</u>	<u>89,026</u>	<u>636,832</u>	<u>1,140,407</u>	<u>235,251</u>	<u>9,200</u>	<u>365,438</u>	7,219,892
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 148,395</u>	<u>\$ 159,836</u>	<u>\$ (128,914)</u>	<u>\$ 215,682</u>	<u>\$ (4,883)</u>	<u>\$ 314,324</u>	<u>\$ 3,810,648</u>	<u>\$ 2,008</u>	<u>\$ 62,230</u>	<u>\$ (96,341)</u>	\$ 4,482,985

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
SUPPLEMENTARY FINANCIAL INFORMATION
March 31, 2021

EXHIBIT

SUPPLEMENTARY FINANCIAL INFORMATION:

H	INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
H1	SCHEDULE OF REMUNERATION AND EXPENSES - CHIEF AND COUNCILLORS

Grant Thornton LLP
Suite 200
206 Seymour Street
Kamloops, BC
V2C 6P5
T +1 250 374 5577
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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members,
NESKONLITH INDIAN BAND

We have reviewed the accompanying consolidated schedule of remuneration and expenses paid to elected officials ("the schedule") of the NESKONLITH INDIAN BAND for the year ended March 31, 2021. The schedule has been prepared by management of the NESKONLITH INDIAN BAND based on the First Nations Financial Transparency Act.

Management's Responsibility for the Schedule

Management of the NESKONLITH INDIAN BAND is responsible for the preparation of the schedule in accordance with the First Nations Financial Transparency Act, 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 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 is not prepared, in all material respects, in accordance with the First Nations Financial Transparency Act.

Kamloops, Canada
December 10, 2021


Chartered Professional Accountants

NESKONLITH INDIAN BAND
SCHEDULE OF REMUNERATION AND EXPENSES
CHIEF AND COUNCILLORS
For the year ended March 31, 2021

Name of Individual	Position Title	Number of Months	Remuneration	Expenses	Reimbursements from Others
JUDY WILSON	CHIEF	12	\$ 66,000	\$ 3,066	\$ 268
JOAN MANUEL-HOOPER	COUNCILLOR	12	60,000	4,473	-
FAY GINTHER	COUNCILLOR	12	60,000	2,016	200
LOUIS THOMAS	COUNCILLOR	12	60,000	1,992	-
BRAD ARNOUSE	COUNCILLOR	12	60,000	2,476	-
CORA ANTHONY	COUNCILLOR	12	60,000	2,053	333
			\$ 366,000	\$ 16,076	\$ 801

Note:

Council travel is representative of the various National, Provincial, Regional, and local political tables.

NESKONLITH INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022

EXHIBIT

CONSOLIDATED FINANCIAL STATEMENTS:

A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITOR'S REPORT	
A2	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
A3	CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	
A4	CONSOLIDATED STATEMENT OF OPERATIONS	
A5	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	
A6	CONSOLIDATED STATEMENT OF CASH FLOWS	
	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
	SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS	APPENDIX 1
	2022 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2
	2021 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 3

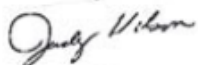
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Neskonlith Indian Band have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

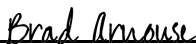
The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted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

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and periodically with the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards.



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INDEPENDENT AUDITOR'S REPORT

To the members of NESKONLITH INDIAN BAND

Opinion

We have audited the consolidated financial statements of NESKONLITH INDIAN BAND (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of accumulated surplus, consolidated statement of operations, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2022, and the results of its operations and its cash flow 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 Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

We draw attention to the fact the supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2, and Schedules 1 to 30 do not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

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

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

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

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

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

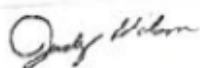
Chartered Professional Accountants

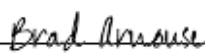
NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2022

FINANCIAL ASSETS	2022	2021
Cash	\$ 12,313,653	\$ 6,819,562
Restricted cash (Note A3)	1,221,419	1,178,205
Grants and accounts receivable (Note A4)	394,811	637,518
Deposits receivable	118,311	116,521
Investments (Note A5)	5,530,934	4,850,612
	<u>19,579,128</u>	<u>13,602,418</u>
LIABILITIES		
Accounts payable and accruals	1,118,430	1,021,448
Deferred revenue	7,500	-
Demand loans (Note A7)	280,593	365,000
Mortgages payable (Note A8)	310,372	456,630
Promissory note payable (Note A9)	2,192,409	2,246,463
	<u>3,909,304</u>	<u>4,089,541</u>
NET FINANCIAL ASSETS	<u>15,669,824</u>	<u>9,512,877</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	51,784	11,568
Tangible capital assets (Note A10)	3,749,050	4,080,990
	<u>3,800,834</u>	<u>4,092,558</u>
ACCUMULATED SURPLUS (Note A11)	<u>\$ 19,470,658</u>	<u>\$ 13,605,435</u>

COMMITMENTS AND CONTINGENCIES (Note A13)

APPROVED BY THE BAND:



DocuSigned by:

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See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2022

	2022	2021
ACCUMULATED SURPLUS, beginning of year	\$ 13,605,435	\$ 9,983,314
EXCESS OF REVENUE OVER EXPENSES	<u>5,865,223</u>	<u>3,622,121</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 19,470,658</u>	<u>\$ 13,605,435</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2022

	Budget	2022	2021
REVENUE:			
Indigenous Services Canada	\$ 2,764,301	\$ 5,553,304	\$ 4,654,474
First Nations Health Authority	558,116	638,374	586,852
First Nations Education Steering Committee	140,928	731,103	748,813
Province of British Columbia	3,544,374	4,928,660	2,590,083
Leases and rentals	334,032	367,641	318,714
Income - Ottawa Trust Funds	-	30,440	27,712
Canada Mortgage and Housing Corporation	77,124	192,234	96,528
Interest and investment income	-	31,274	28,926
Equity earnings from government business enterprises	-	567,412	472,430
Other income	1,246,282	2,225,667	2,107,547
	<u>8,665,157</u>	<u>15,266,109</u>	<u>11,632,079</u>
EXPENSES:			
Administration	1,559,363	1,883,198	1,451,024
Community Welfare	525,939	612,801	822,347
Operations and Maintenance	502,627	1,054,192	902,206
Education	1,662,385	2,734,484	2,436,169
Economic Development	31,634	162,911	148,322
Health Services	1,084,497	1,130,786	1,034,522
Government - Tmicw	2,201,299	1,378,197	796,485
Local Revenue	12,250	2,107	1,532
Social Housing	236,607	442,210	417,351
	<u>7,816,601</u>	<u>9,400,886</u>	<u>8,009,958</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 848,556	\$ 5,865,223	\$ 3,622,121

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2022

	Budget	2022	2021
EXCESS OF REVENUE OVER EXPENSES	\$ 848,556	\$ 5,865,223	\$ 3,622,121
Acquisition of tangible capital assets	-	(132,632)	(252,676)
Amortization of tangible capital assets	-	464,572	550,197
Change in prepaid expenses	-	(40,216)	5,795
INCREASE IN NET FINANCIAL ASSETS	848,556	6,156,947	3,925,437
NET FINANCIAL ASSETS, beginning of year	9,512,877	9,512,877	5,587,440
NET FINANCIAL ASSETS, end of year	\$ 10,361,433	\$ 15,669,824	\$ 9,512,877

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 5,865,223	\$ 3,622,121
Non-operating item:		
Equity earnings from government business enterprises	(567,412)	(472,430)
Amortization	464,572	550,197
(Increase) decrease in:		
Grants and accounts receivable	242,707	(226,595)
Prepaid expenses	(40,216)	5,795
Deposits receivable	(1,790)	(116,521)
Increase (decrease) in:		
Accounts payable and accruals	96,982	432,511
Deferred revenue	7,500	-
Cash flows from operations	<u>6,067,566</u>	<u>3,795,078</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	(43,214)	44,652
Proceeds from promissory note payable	-	2,316,000
Repayment of demand loans, mortgages payable and promissory note payable	<u>(284,719)</u>	<u>(1,768,899)</u>
Cash flows from (used in) financing	<u>(327,933)</u>	<u>591,753</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	<u>(112,910)</u>	<u>224,883</u>
Cash flows from (used in) investing	<u>(112,910)</u>	<u>224,883</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Purchase of tangible capital assets	<u>(132,632)</u>	<u>(252,676)</u>
Cash flows used in capital	<u>(132,632)</u>	<u>(252,676)</u>
INCREASE IN CASH	5,494,091	4,359,038
CASH, beginning of year	<u>6,819,562</u>	<u>2,460,524</u>
CASH, end of year	<u>\$ 12,313,653</u>	<u>\$ 6,819,562</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

a) Reporting Entity and Principles of Financial Reporting:

The Neskonlith Indian Band reporting entity includes the Neskonlith Indian Band government and all entities which are controlled by the First Nation. Control is defined as the power to govern the financial and operating policies of another

These financial statements consolidate the assets, liabilities and results of operations for the following programs which use accounting principles which lend themselves to consolidation:

- Neskonlith Indian Band Operating Fund
- Neskonlith Indian Band Trust Fund
- Neskonlith Indian Band Capital Fund
- Neskonlith Indian Band Social Housing Pre-1997 Fund
- Neskonlith Indian Band Social Housing Post-1996 Fund

All inter-entity balances have been eliminated.

Government business entities owned or controlled by the Neskonlith Indian Band and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. This includes:

- Sk'atsin Resources Ltd. (including the entity's interest in 1202453 B.C. Ltd.)
- Sk'atsin Resources Limited Liability Partnership

All investments in entities that are not controlled are considered to be portfolio investments. They are reported at cost less any write-downs associated with a loss in value that is other than a temporary decline. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

b) 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 tangible capital assets and prepaid expenses.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

c) **Tangible Capital Assets:**

Tangible capital assets are recorded at cost which includes all 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 declining balance basis over their estimated useful lives as follows:

Major Asset Category:

Buildings	7%
Automotive equipment	20%
Furniture and equipment	20%
Fencing	10%
Infrastructure	20%

Assets under construction are not amortized until the asset is available for productive use.

The Band reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Band's ability to provide services. When assets no longer have any long-term service potential to the Band, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

The Band's interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the Band to acquire these lands.

d) **Contributions of Tangible Capital Assets:**

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

e) **Leases:**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

f) **Government Transfers:**

Government transfers (revenue from non-exchange transactions with governments) are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made, except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Revenue Recognition:

The Neskonlith Indian Band derives revenues from a number of sources. Revenue is recognized on the accrual basis as it is earned, or as services are provided, and is measurable and becomes receivable under the terms of the applicable funding agreements.

Amounts received from Indigenous Services Canada (ISC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set contributions are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to ISC and any deficits incurred are refundable by ISC. Amounts specified as fixed contributions are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the Band provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the Band. Amounts specified as flexible are reported as revenue as program terms and conditions are met and delivered and project expenditures have been made. Any unspent funds at the end of the project are repayable to ISC. Grants received from ISC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured.

Revenues, other than government transfers, that are externally restricted through stipulations imposed by an agreement with an external party, legislation, or regulation that specify the purpose or purpose for which the resources are to be used are deferred on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed are deferred and recognized when the fee is earned or service is performed.

Rental income is recognized when earned. Deposits recorded in advance are deferred until they are repaid or applied against outstanding accounts.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, and property taxes, etc. are recognized upon transfer of title of the produce or upon performance of the service and when

h) Uses 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 amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A2. FUTURE ACCOUNTING CHANGES:

PS 3400 Revenues

This section establishes standards on how to account for and report on revenue. This section applies to fiscal years beginning on or after April 1, 2023, with early adoption permitted.

PS 3450 Financial Instruments

This section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted. Adoption of this standard requires corresponding adoption of PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation and PS 3041 Portfolio Investments in the same fiscal period.

PS 1201 Financial Statement Presentation

This section revises the general reporting principals and standards for the disclosure of information in the financial statements. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

PS 2601 Financial Currency Translation

This section revises and replaces the existing Section PS 2600 Foreign Currency Translation. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

PS 3401 Portfolio Investments

This section revises and replaces the existing Section PS 3040 Portfolio Investments. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

PS 3280 Asset retirement obligations

This section establishes standards on how to account for and report a liability for asset retirement obligations. This section applies to fiscal years beginning on or after April 1, 2022, with early adoption permitted.

NOTE A3. RESTRICTED CASH:

	2022	2021
Replacement Reserve	\$ 305,134	\$ 303,821
Operating Reserve	204,229	192,768
Ottawa Trust Funds	712,056	681,616
	<u>\$ 1,221,419</u>	<u>\$ 1,178,205</u>

a) Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$34,221 (2021 - \$34,221) annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

b) Operating Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Operating Reserve account is to be credited in the amount of any accumulated surplus plus interest. These funds, along with accumulated interest, must be held in a separate bank account invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A3. RESTRICTED CASH (continued):

c) Ottawa Trust Funds:

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

NOTE A4. GRANTS AND ACCOUNTS RECEIVABLE

	2022	2021
Grants and accounts receivable	\$ 1,398,935	\$ 1,701,720
Less: Allowance for doubtful accounts	<u>1,004,124</u>	<u>1,064,202</u>
	<u><u>\$ 394,811</u></u>	<u><u>\$ 637,518</u></u>

NOTE A5. INVESTMENTS:

Portfolio investments:

All Nations Trust Company:

2,000 Class A shares, par value \$1	<u>\$ 4,000</u>	<u>\$ 4,000</u>
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B.C. First Nations Revenue Share Limited Partnership (0.45% interest)	<u>(165,536)</u>	<u>(288,106)</u>
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Share in the General Partner, BCFN GRS GP Inc., a corporation incorporated under the BC Business Corporations Act. Share represents a 0.45% interest in the Company at March 31, 2022.

<u>10</u>	<u>10</u>
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Government business enterprises:

Sk'atsin Resources Ltd. (100% interest)	<u>74,192</u>	<u>68,623</u>
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Financial information for Sk'atsin Resources Ltd.:

	2022	2021
Assets	\$ 305,885	\$ 858,631
Liabilities	<u>(469,297)</u>	<u>(545,841)</u>
Equity (Deficit)	<u><u>\$ (163,412)</u></u>	<u><u>\$ 312,790</u></u>
Revenue	\$ 114,132	\$ 688,310
Expenses	<u>47,240</u>	<u>119,987</u>
Net Income (Loss)	<u><u>\$ 66,892</u></u>	<u><u>\$ 568,323</u></u>

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A5. INVESTMENTS (continued):

	2022	2021
Sk'atsin Resources Limited Liability Partnership (99% interest)	<u>5,618,268</u>	<u>5,066,085</u>

Financial information for Sk'atsin Resources Limited Liability Partnership:

	Total	Band's Share 2022	Band's Share 2021
Assets	\$ 6,045,541	\$ 5,985,086	\$ 5,376,176
Liabilities	<u>(415,194)</u>	<u>(411,042)</u>	<u>(366,524)</u>
Partner's Capital	<u>\$ 5,630,347</u>	<u>\$ 5,574,044</u>	<u>\$ 5,009,652</u>
Revenues	\$ 4,315,220	\$ 4,272,068	\$ 1,331,794
Expenses	<u>3,742,077</u>	<u>3,704,656</u>	<u>874,817</u>
Net Income	<u>\$ 573,143</u>	<u>\$ 567,412</u>	<u>\$ 456,977</u>

Sk'atsin Resources Limited Liability Partnership is domiciled in Canada and has a registered office at 740 Chief Neskonlith Drive, Chase, BC. The Partnership is engaged in resource and economic development opportunities. The Partnership is controlled by Neskonlith Indian Band (99%). Net income of the Partnership is allocated to the respective Partners annually. The Partnership was formed on March 19, 2014.

<u>\$ 5,530,934</u>	<u>\$ 4,850,612</u>
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NOTE A6. BANK INDEBTEDNESS:

Under a line of credit with the Royal Bank of Canada, the Band may borrow up to \$200,000 on such terms as the Band and bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2022, the unused portion of the credit line was \$200,000.

NOTE A7. DEMAND LOANS:

	2022	2021
Royal Bank of Canada, demand loan, repayable in monthly installments of \$1,534 including interest at 4.42%, secured by a general security agreement, due December 2022	\$ 63,422	\$ 78,651
City of Salmon Arm, municipal service debt, repayable in monthly installments of \$1,191 including interest at 2.4%, unsecured, due December 2026	65,168	77,739
Royal Bank of Canada, demand loan, repayable in monthly installments of \$2,207 including interest at 2.23%, secured by a general security agreement, due June 2022	122,848	146,301
Royal Bank of Canada, demand loan, repayable in monthly installments of \$793 including interest at 4.45%, secured by a general security agreement, due February 2023	8,543	17,463

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A7. DEMAND LOANS (continued):

All Nations Trust Company, demand loan, repayable in monthly installments of \$1,288 including interest ANTCO's minimum lending rate plus 0.50%, secured by a general security agreement, due July 2023

20,612 33,976

All Nations Trust Company, demand loan, repaid during the year

- 10,646

Royal Bank of Canada, demand loan, repaid during the year

- 224

\$ 280,593 **\$ 365,000**

Principal repayments due in the ensuing 5 years are approximately as follows:

2023	\$ 222,059
2024	19,423
2025	13,503
2026	13,829
2027	11,779
	<u>\$ 280,593</u>

NOTE A8. MORTGAGES PAYABLE:

2022 2021

Social Housing Operation - Pre-1997 mortgages:

All Nations Trust Company, repayable in monthly installments of \$2,139 including interest at 1.30% per annum, secured by land and buildings with a carrying value of \$96,000, due April 2022.

\$ 2,138 \$ 27,593

All Nations Trust Company, repayable in monthly installments of \$2,619 including interest at 2.50% per annum, secured by land and buildings with a carrying value of \$96,000, due June 2023.

38,648 68,711
40,786 96,304

Social Housing Operation - Post-1996 mortgages:

All Nations Trust Company, repayable in monthly installments of \$2,379 including interest at 1.73% per annum, secured by land and buildings with a carrying value of \$21,000, due May 2024

60,666 87,910

All Nations Trust Company, repayable in monthly installments of \$2,660 including interest at 2.50% per annum, secured by land and buildings with a carrying value of \$96,343, due June 2023

118,988 147,556

All Nations Trust Company, repayable in monthly installments of \$3,064 including interest at 1.69% per annum, secured by land and buildings with a carrying value of \$90,696, due September 2024

89,932 124,860
269,586 360,326
\$ 310,372 **\$ 456,630**

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A8. MORTGAGES PAYABLE (continued):

The Social Housing mortgages are guaranteed by Indigenous Services Canada.

Principal repayments due in the ensuing 3 years are approximately as follows:

2023	\$ 125,461
2024	180,188
2025	4,723
	<u>\$ 310,372</u>

NOTE A9. PROMISSORY NOTE PAYABLE:

2022

2021

First Nations Finance Authority, repayable in annual installments of \$52,753 plus semi-annual interest payments at 2.15% per annum, due June 2030.

<u>\$ 2,192,409</u>	<u>\$ 2,246,463</u>
----------------------------	----------------------------

Principal repayments due in the ensuing 5 years are approximately as follows:

2023	\$ 52,753
2024	52,753
2025	52,753
2026	52,753
2027	52,753
Thereafter	1,928,644
	<u>\$ 2,192,409</u>

NOTE A10. TANGIBLE CAPITAL ASSETS:

2022

2021

Tangible capital assets consist of the following:

Buildings	\$ 3,031,323	\$ 3,243,293
Automotive equipment	26,803	33,503
Furniture and equipment	191,724	142,970
Fencing	29,705	19,589
Infrastructure	69,455	67,530
Social Housing	400,040	574,105
	<u>\$ 3,749,050</u>	<u>\$ 4,080,990</u>

For additional information, see the Summary Schedule of Tangible Capital assets (Appendix 1).

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A11. ACCUMULATED SURPLUS:	2022	2021
Accumulated surplus consists of individual program surpluses and reserves as follows:		
Surplus from operations	<u>\$ 17,224,758</u>	<u>\$ 11,288,499</u>
Invested in investments	<u>5,210</u>	<u>5,210</u>
Invested in tangible capital assets	<u>1,094,266</u>	<u>1,169,287</u>
Funded Reserves:		
Operating Reserve Fund (CMHC)	213,018	203,837
Replacement Reserve Fund (CMHC)	221,350	256,986
Ottawa Trust Funds	712,056	681,616
	<u>1,146,424</u>	<u>1,142,439</u>
	<u>\$ 19,470,658</u>	<u>\$ 13,605,435</u>

NOTE A12. FEDERAL ASSISTANCE PAYMENTS:

The Neskonlith Indian Band Housing Project has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of assistance received through March 31, 2022 was \$77,114 (2021 - \$77,114). This assistance will continue, providing the Band is not in default of the agreement.

NOTE A13. COMMITMENTS AND CONTINGENCIES:

Commitments:

The Band leases office equipment under long-term lease agreements the longest of which expires June 2026.

Future minimum lease payments as at March 31, 2022, are as follows:

2023	\$ 18,540
2024	18,540
2025	13,290
2026	1,440
2027	<u>360</u>
	<u><u>\$ 52,170</u></u>

Contingencies:

- a) The Band is guarantor of various individual members' loans, secured by Ministerial guarantees, for a total of \$214,766.
- b) Indigenous Services Canada:
The Band receives a portion of its funding under a contribution agreement with Indigenous Services Canada (ISC) which, if unexpended, may be refundable to ISC. Further, amounts which are overexpended may be reimbursed by ISC to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A13. COMMITMENTS AND CONTINGENCIES (continued):

c) Guarantees:

The Band has provided a guarantee for the bank indebtedness of Sk'atsin Resources Limited Liability Partnership. The Band holds 99% of the partnership units in Sk'atsin Resources Limited Liability Partnership. At March 31, 2022, the outstanding loan balances were \$Nil. The maximum liability to the Band with respect to these loans is \$75,000.

NOTE A14. DEFINED CONTRIBUTION PENSION PLAN:

The Band provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee. The pension rate for employees is 5.5%.

NOTE A15. SEGMENTED INFORMATION:

The Neskonlith Indian Band is a First Nations government institution that provides a range of programs and services to its members, including administration, community welfare, operations and maintenance, education, economic development, health services, Government - Tmicw, capital, local revenue and social housing. For management reporting purposes the First Nations 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 special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these programs. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Administration

Administration relates to the operations of the Neskonlith Indian Band itself and cannot be directly attributed to a specific segment.

Community Welfare

Community Welfare provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

Operations and maintenance provides services relating to the development, maintenance and service of the Neskonlith Indian Band's assets, infrastructure and common property.

Education

Education provides educational services through the operations of an on reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Neskonlith Indian Band's Members.

Economic Development

Economic development provides for the development of economic opportunities to the Members.

Health Services

Health services provides for health-related services and programs to the Members.

Government - Tmicw

Government - Tmicw provides exploration of natural resources and development of natural resource revenues.

NESKONLITH INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
Year ended March 31, 2022

NOTE A15. SEGMENTED INFORMATION (continued):

Capital

Capital provides for the development of new capital projects and infrastructure programs on the reserve.

Local Revenue

Local Revenue assists in the maintenance of roads, streets, and facilities through revenue raised under local revenue laws.

Social Housing

Social housing provides for social housing to the Members.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

NOTE A16. ECONOMIC DEPENDENCE:

The Band receives revenues pursuant to a Funding Agreement with Indigenous Services Canada. In the current fiscal year, funding from Indigenous Services Canada accounted for 36% (2021 - 40%) of the Band's gross revenues.

NOTE A17. CASH FLOW INFORMATION:

During the year, the Band paid interest on demand loans and mortgages payable of \$66,373 (2021 - \$73,123) and received interest of \$16,705 (2021 - \$7,647).

NESKONLITH INDIAN BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2022

	Buildings	Automotive Equipment	Furniture and Equipment	Fencing	Infrastructure	Social Housing	2022	2021
Cost								
Balance, beginning of year	\$ 6,756,320	\$ 431,576	\$ 1,006,847	\$ 144,122	\$ 5,889,180	\$ 3,519,193	\$ 17,747,238	\$ 17,494,562
Add: Additions during the year	16,841	-	85,936	12,710	17,145	-	132,632	252,676
Balance, end of year	6,773,161	431,576	1,092,783	156,832	5,906,325	3,519,193	17,879,870	17,747,238
Accumulated amortization								
Balance, beginning of year	3,513,027	398,073	863,877	124,533	5,821,650	2,945,088	13,666,248	13,116,051
Add: Amortization	228,811	6,700	37,182	2,594	15,220	174,065	464,572	550,197
Balance, end of year	3,741,838	404,773	901,059	127,127	5,836,870	3,119,153	14,130,820	13,666,248
Net Book Value of Tangible Capital Assets	\$ 3,031,323	\$ 26,803	\$ 191,724	\$ 29,705	\$ 69,455	\$ 400,040	\$ 3,749,050	\$ 4,080,990

Included in Buildings are tangible capital assets under construction of \$1,072,304 (2021 - \$1,072,304). These assets have not been amortized.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2022

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2022	Total 2021
REVENUE:												
Indigenous Services Canada	\$ 468,698	\$ 1,025,539	\$ 1,170,961	\$ 2,352,267	\$ 280,262	\$ 255,577	\$ -	\$ -	\$ -	\$ -	\$ 5,553,304	\$ 4,654,474
Leases and rentals	169,930	-	-	-	-	-	18,672	-	-	179,039	367,641	318,714
CMHC	-	-	-	-	-	-	-	-	-	192,234	192,234	77,114
Province of BC	151,339	-	337	47,208	-	71,603	4,658,173	-	-	-	4,928,660	2,590,083
Interest and tax penalties	30,440	-	-	-	-	-	-	-	-	834	31,274	28,926
First Nations Health Authority	-	-	-	-	-	638,374	-	-	-	-	638,374	586,852
Admin recoveries	579,153	-	-	-	-	-	-	-	-	-	579,153	419,070
Equity earnings from government business enterprises	-	-	-	-	-	-	567,412	-	-	-	567,412	472,430
Miscellaneous	405,981	-	175,639	817,231	40,000	769,693	82,187	-	101,484	15,842	2,408,057	2,484,416
	<u>1,805,541</u>	<u>1,025,539</u>	<u>1,346,937</u>	<u>3,216,706</u>	<u>320,262</u>	<u>1,735,247</u>	<u>5,326,444</u>	<u>-</u>	<u>101,484</u>	<u>387,949</u>	<u>15,266,109</u>	<u>11,632,079</u>
EXPENSES:												
Administration fees	15,915	21,056	80,404	168,478	29,827	153,873	61,969	-	-	36,871	568,393	382,692
Advertising	-	-	1,019	5,521	304	1,672	2,021	-	-	-	10,537	540
Amortization	290,507	-	-	-	-	-	-	-	-	174,065	464,572	550,197
Assistance	-	482,956	-	193,667	-	-	-	-	-	-	676,623	908,415
Community development	-	-	-	-	-	22,173	-	-	-	-	22,173	18,455
Contract services	17,209	3,600	290,546	27,803	128,355	124,888	553,763	-	1,637	-	1,147,801	839,124
Education	-	-	-	771,178	-	-	-	-	-	-	771,178	767,367
Gifts and donations	47	-	-	1,750	-	-	30,030	-	-	-	31,827	7,441
Honorarium	3,945	-	-	9,100	-	2,050	437,272	-	-	-	452,367	400,830
Insurance	34,137	-	12,752	3,641	-	4,448	2,305	-	-	19,814	77,097	72,725
Leases	28,748	-	-	33,300	-	8,550	6,000	-	-	-	76,598	57,653
Licences, dues and fees	2,184	-	498	50	-	-	900	-	450	-	4,082	4,277
Interest on demand loans and mortgages payable	52,602	-	-	-	-	-	1,719	-	10	7,821	62,152	73,123
Materials and supplies	121,219	6,418	126,793	348,635	1,925	251,586	21,146	-	-	-	877,722	765,146
Meetings	568	2,773	-	730	-	-	30,996	-	-	-	35,067	4,713
Office and other	133,040	-	-	153,428	-	4,287	3,965	-	-	964	295,684	164,357
Professional fees	46,642	-	-	-	2,500	-	41,342	-	-	6,750	97,234	75,755
Programs	2,251	-	140,727	257,523	-	93,142	-	-	-	-	493,643	387,589
Repairs and maintenance	188,495	-	115,923	29,147	-	4,581	5,601	-	-	195,925	539,672	344,872
Telephone	7,892	840	5,524	9,295	-	12,859	2,344	-	-	-	38,754	45,063
Training	2,049	137	103	134,572	-	24,112	-	-	-	-	160,973	130,834
Travel	7,347	5,467	5,847	37,980	-	35,153	3,025	-	10	-	94,829	50,138
Utilities	24,708	-	58,322	17,305	-	14,571	2,297	-	-	-	117,203	105,436
Wages and benefits	903,693	89,554	215,734	531,381	-	372,841	171,502	-	-	-	2,284,705	1,853,216
	<u>1,883,198</u>	<u>612,801</u>	<u>1,054,192</u>	<u>2,734,484</u>	<u>162,911</u>	<u>1,130,786</u>	<u>1,378,197</u>	<u>-</u>	<u>2,107</u>	<u>442,210</u>	<u>9,400,886</u>	<u>8,009,958</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ (77,657)</u>	<u>\$ 412,738</u>	<u>\$ 292,745</u>	<u>\$ 482,222</u>	<u>\$ 157,351</u>	<u>\$ 604,461</u>	<u>\$ 3,948,247</u>	<u>\$ -</u>	<u>\$ 99,377</u>	<u>\$ (54,261)</u>	<u>\$ 5,865,223</u>	<u>\$ 3,622,121</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2021

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2021
REVENUE:											
Indigenous Services Canada	\$ 426,756	\$ 1,087,357	\$ 729,793	\$ 1,799,562	\$ 253,558	\$ 357,448	\$ -	\$ -	\$ -	\$ -	\$ 4,654,474
Leases and rentals	141,918	-	-	-	-	-	-	-	-	176,796	318,714
CMHC	-	-	-	-	-	-	-	-	-	77,114	77,114
Province of BC	94,729	-	19,169	918,600	-	100,284	1,457,301	-	-	-	2,590,083
Interest and tax penalties	27,712	-	-	-	-	-	-	-	-	1,214	28,926
First Nations Health Authority	-	-	-	-	-	586,852	-	-	-	-	586,852
Admin recoveries	419,070	-	-	-	-	-	-	-	-	-	419,070
Equity earnings from government business enterprises	-	-	-	-	-	-	472,430	-	-	-	472,430
Miscellaneous	125,732	-	346,047	1,043,600	6,639	614,705	267,390	-	75,809	4,494	2,484,416
	<u>1,235,917</u>	<u>1,087,357</u>	<u>1,095,009</u>	<u>3,761,762</u>	<u>260,197</u>	<u>1,659,289</u>	<u>2,197,121</u>	<u>-</u>	<u>75,809</u>	<u>259,618</u>	<u>11,632,079</u>
EXPENSES:											
Administration fees	12,148	21,199	69,703	149,691	18,531	86,530	400	-	-	24,490	382,692
Advertising	-	-	-	281	-	-	259	-	-	-	540
Amortization	328,993	-	-	-	-	-	-	-	-	221,204	550,197
Assistance	-	715,336	-	193,079	-	-	-	-	-	-	908,415
Community development	-	-	-	-	-	18,455	-	-	-	-	18,455
Contract services	12,848	-	381,477	75,442	123,339	22,251	222,243	-	1,524	-	839,124
Education	-	-	-	767,367	-	-	-	-	-	-	767,367
Gifts and donations	-	-	-	-	-	-	7,441	-	-	-	7,441
Honorarium	300	-	-	14,146	-	400	385,984	-	-	-	400,830
Insurance	30,078	-	13,392	4,658	-	4,276	2,352	-	-	17,969	72,725
Leases	16,241	-	-	28,200	-	7,212	6,000	-	-	-	57,653
Licences, dues and fees	2,121	-	266	515	-	665	710	-	-	-	4,277
Interest on demand loans and mortgages payable	59,994	-	-	-	-	83	2,419	-	8	10,619	73,123
Materials and supplies	105,849	12,957	31,020	242,779	100	355,679	16,762	-	-	-	765,146
Meetings	-	-	-	-	-	-	4,713	-	-	-	4,713
Office and other	76,859	-	-	62,223	-	2,227	22,500	-	-	548	164,357
Professional fees	41,913	-	-	-	-	-	27,242	-	-	6,600	75,755
Programs	5,962	-	83,653	210,738	-	87,236	-	-	-	-	387,589
Repairs and maintenance	106,075	-	61,644	35,150	-	5,094	988	-	-	135,921	344,872
Telephone	16,961	720	5,025	7,542	-	12,675	2,140	-	-	-	45,063
Training	346	-	225	121,078	-	9,175	10	-	-	-	130,834
Travel	6,775	2,766	6,134	11,654	-	20,859	1,950	-	-	-	50,138
Utilities	23,023	-	48,686	16,546	-	13,389	3,792	-	-	-	105,436
Wages and benefits	604,538	69,369	200,981	495,080	6,352	388,316	88,580	-	-	-	1,853,216
	<u>1,451,024</u>	<u>822,347</u>	<u>902,206</u>	<u>2,436,169</u>	<u>148,322</u>	<u>1,034,522</u>	<u>796,485</u>	<u>-</u>	<u>1,532</u>	<u>417,351</u>	<u>8,009,958</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ (215,107)</u>	<u>\$ 265,010</u>	<u>\$ 192,803</u>	<u>\$ 1,325,593</u>	<u>\$ 111,875</u>	<u>\$ 624,767</u>	<u>\$ 1,400,636</u>	<u>\$ -</u>	<u>\$ 74,277</u>	<u>\$ (157,733)</u>	<u>\$ 3,622,121</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
SUPPLEMENTARY FINANCIAL INFORMATION
March 31, 2022

EXHIBIT

SUPPLEMENTARY FINANCIAL INFORMATION:

H	INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
H1	SCHEDULE OF REMUNERATION AND EXPENSES - CHIEF AND COUNCILLORS

Grant Thornton LLP
Suite 200
206 Seymour Street
Kamloops, BC
V2C 6P5
T +1 250 374 5577
F +1 250 374 5573

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members,
NESKONLITH INDIAN BAND

We have reviewed the accompanying consolidated schedule of remuneration and expenses paid to elected officials ("the schedule") of the NESKONLITH INDIAN BAND for the year ended March 31, 2022. The schedule has been prepared by management of the NESKONLITH INDIAN BAND based on the First Nations Financial Transparency Act.

Management's Responsibility for the Schedule

Management of the NESKONLITH INDIAN BAND is responsible for the preparation of the schedule in accordance with the First Nations Financial Transparency Act, 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 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 is not prepared, in all material respects, in accordance with the First Nations Financial Transparency Act.



NESKONLITH INDIAN BAND
SCHEDULE OF REMUNERATION AND EXPENSES
CHIEF AND COUNCILLORS
For the year ended March 31, 2022

Name of Individual	Position Title	Number of Months	Remuneration	Expenses	Reimbursements from Others
JUDY WILSON	CHIEF	12	\$ 68,538	\$ 4,759	\$ 120
FAY GINTHER	COUNCILLOR	12	62,308	1,645	-
JOAN MANUEL-HOOPER	COUNCILLOR	12	62,308	10,793	-
CORA ANTHONY	COUNCILLOR	12	62,308	290	-
BRAD ARNOUSE	COUNCILLOR	12	62,308	3,262	-
LOUIS THOMAS	COUNCILLOR	12	62,308	3,316	-
			\$ 380,078	\$ 24,065	\$ 120

Note:

Council travel is representative of the various National, Provincial, Regional, and local political tables.

NESKONLITH INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2023

EXHIBIT

CONSOLIDATED FINANCIAL STATEMENTS:

A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITOR'S REPORT	
A2	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
A3	CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	
A4	CONSOLIDATED STATEMENT OF OPERATIONS	
A5	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	
A6	CONSOLIDATED STATEMENT OF CASH FLOWS	
	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
	SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS	APPENDIX 1
	2023 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2
	2022 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 3

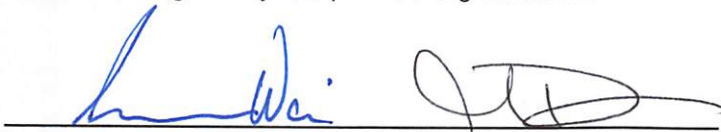
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Neskonlith Indian Band have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

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

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and periodically with the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards.



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INDEPENDENT AUDITOR'S REPORT

To the members of NESKONLITH INDIAN BAND

Opinion

We have audited the consolidated financial statements of NESKONLITH INDIAN BAND (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of accumulated surplus, consolidated statement of operations, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2023, and the results of its operations and its cash flow 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 Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

We draw attention to the fact the supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2, and Schedules 1 to 30 do not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

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

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

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

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

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

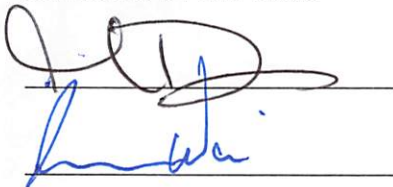
Chartered Professional Accountants

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2023

FINANCIAL ASSETS	2023	2022
Cash	\$ 14,973,611	\$ 12,313,653
Restricted cash (Note A5)	1,585,508	1,221,419
Grants and accounts receivable (Note A6)	1,643,670	394,811
Deposits receivable	124,842	118,311
Investments (Note A7)	4,110	4,110
Investments in government business enterprises (Note A8)	6,904,845	5,692,460
	<u>25,236,586</u>	<u>19,744,764</u>
LIABILITIES		
Accounts payable and accruals	517,364	1,284,066
Deferred revenue	-	7,500
Demand loans (Note A10)	207,066	280,593
Mortgages payable (Note A11)	184,890	310,372
Promissory note payable (Note A12)	2,135,389	2,192,409
	<u>3,044,709</u>	<u>4,074,940</u>
NET FINANCIAL ASSETS	<u>22,191,877</u>	<u>15,669,824</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	73,315	51,784
Tangible capital assets (Note A13)	3,290,874	3,749,050
	<u>3,364,189</u>	<u>3,800,834</u>
ACCUMULATED SURPLUS (Note A14)	<u>\$ 25,556,066</u>	<u>\$ 19,470,658</u>

COMMITMENTS AND CONTINGENCIES (Note A16)

APPROVED BY THE BAND:



See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2023

	2023	2022
ACCUMULATED SURPLUS, beginning of year	\$ 19,470,658	\$ 13,605,435
EXCESS OF REVENUE OVER EXPENSES	<u>6,085,408</u>	<u>5,865,223</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 25,556,066</u>	<u>\$ 19,470,658</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2023

	Budget	2023	2022
REVENUE:			
Indigenous Services Canada	\$ 2,933,613	\$ 5,852,762	\$ 5,553,304
First Nations Health Authority	573,196	629,581	638,374
First Nations Education Steering Committee	216,535	1,100,149	731,103
Province of British Columbia	1,618,797	4,282,357	4,928,660
Leases and rentals	338,532	344,606	367,641
Income - Ottawa Trust Funds	-	361,062	30,440
Canada Mortgage and Housing Corporation	77,124	66,239	211,648
Interest and investment income	-	365,087	31,274
Equity earnings from government business enterprises	-	1,214,744	567,412
Other income	600,762	3,110,805	2,206,253
	<u>6,358,559</u>	<u>17,327,392</u>	<u>15,266,109</u>
EXPENSES:			
Administration	1,687,689	2,501,573	1,883,198
Community Welfare	764,553	696,648	612,801
Operations and Maintenance	631,437	1,092,534	1,054,192
Education	1,615,874	3,246,744	2,734,484
Economic Development	34,268	267,578	162,911
Health Services	640,681	1,147,604	1,130,786
Government - Tmicw	967,975	1,967,644	1,378,197
Local Revenue	-	12,839	2,107
Social Housing	236,607	308,820	442,210
	<u>6,579,084</u>	<u>11,241,984</u>	<u>9,400,886</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (220,525)	\$ 6,085,408	\$ 5,865,223

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2023

	Budget	2023	2022
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (220,525)	\$ 6,085,408	\$ 5,865,223
Acquisition of tangible capital assets	-	(117,827)	(132,632)
Amortization of tangible capital assets	-	388,341	464,572
Change in prepaid expenses	-	(21,531)	(40,216)
Loss on disposal of property	-	187,662	-
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(220,525)	6,522,053	6,156,947
NET FINANCIAL ASSETS, beginning of year	15,669,824	15,669,824	9,512,877
NET FINANCIAL ASSETS, end of year	\$ 15,449,299	\$ 22,191,877	\$ 15,669,824

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 6,085,408	\$ 5,865,223
Non-operating item:		
Equity earnings from government business enterprises	(1,214,744)	(567,412)
Reinvested earnings from investments	-	-
Amortization	388,341	464,572
Loss on disposal of tangible capital assets	187,662	-
(Increase) decrease in:		
Grants and accounts receivable	(1,248,859)	242,707
Prepaid expenses	(21,531)	(40,216)
Deposits receivable	(6,531)	(1,790)
Increase (decrease) in:		
Accounts payable and accruals	(766,702)	96,982
Deferred revenue	(7,500)	7,500
Cash flows from operations	<u>3,395,544</u>	<u>6,067,566</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	(364,089)	(43,214)
Repayment of demand loans, mortgages payable and promissory note payable	(256,029)	(284,719)
Cash flows used in financing	<u>(620,118)</u>	<u>(327,933)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	<u>2,359</u>	<u>(112,910)</u>
Cash flows from (used in) investing	<u>2,359</u>	<u>(112,910)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Purchase of tangible capital assets	(117,827)	(132,632)
Cash flows used in capital	<u>(117,827)</u>	<u>(132,632)</u>
INCREASE IN CASH	2,659,958	5,494,091
CASH, beginning of year	<u>12,313,653</u>	<u>6,819,562</u>
CASH, end of year	<u>\$ 14,973,611</u>	<u>\$ 12,313,653</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A1. ADOPTION OF NEW STANDARDS:

Effective April 1, 2022, Neskonlith Indian Band adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation and Section 1201 Financial Statement Presentation along with the related amendments. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis. For items denominated in a foreign currency, unrealized foreign exchange gains and losses between the transaction date and subsequent financial statement dates are recognized in the statement of remeasurement gains and losses until they are settled, upon which they are recognized in the statement of operations.

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period had no impact on the comparative figures.

Effective April 1, 2022, Neskonlith Indian Band adopted new Public Sector Accounting Standard Section PS 3280 Asset Retirement Obligations (ARO) which recognizes legal obligations associated with the retirement of tangible capital assets. The financial statements of the comparative year have not been restated to reflect this change in the accounting policy, which has been applied prospectively. Under the prospective application method, all ARO incurred before and after the transition date have been recognized in accordance with the standard. For those tangible capital assets in productive use, there was a related increase in the carrying amount of the related tangible capital asset by the same amount; for those tangible capital assets no longer in productive use, an expense was recognized for the same amount as the liability.

As a result of the adoption of this new accounting policy there was no impact on the financial statements as at April 1, 2022.

NOTE A2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

a) Reporting Entity and Principles of Financial Reporting:

The Neskonlith Indian Band reporting entity includes the Band government and all related entities which are controlled by the First Nation. Control is defined as the power to govern the financial and operating policies of another with expected benefits or the risk of loss to the government from the other organizations' activities. Control exists regardless of whether the government chooses 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.

These financial statements consolidate the assets, liabilities and results of operations for the following programs which use accounting principles which lend themselves to consolidation:

- Neskonlith Indian Band Operating Fund
- Neskonlith Indian Band Trust Fund
- Neskonlith Indian Band Capital Fund
- Neskonlith Indian Band Social Housing Pre-1997 Fund
- Neskonlith Indian Band Social Housing Post-1996 Fund

All inter-entity balances have been eliminated on consolidation.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

Government business entities owned or controlled by the Neskonlith Indian Band and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. This includes:

- Sk'atsin Resources Ltd. (including the entity's interest in 1202453 B.C. Ltd.)
- Sk'atsin Resources Limited Liability Partnership

All investments in entities that are not controlled are considered to be portfolio investments. They are reported at cost less any write-downs associated with a loss in value that is other than a temporary decline. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

b) 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 tangible capital assets and prepaid expenses.

c) Tangible Capital Assets:

Tangible capital assets are recorded at cost which includes all 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 declining balance basis over their estimated useful lives as follows:

Major Asset Category:

Buildings	7%
Automotive equipment	20%
Furniture and equipment	20%
Fencing	10%
Infrastructure	20%

Assets under construction are not amortized until the asset is available for productive use.

The Band reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Band's ability to provide services. When assets no longer have any long-term service potential to the Band, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

The Band's interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the Band to acquire these lands.

d) Contributions of Tangible Capital Assets:

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

e) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

f) Government Transfers:

Government transfers (revenue from non-exchange transactions with governments) are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made, except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

g) Revenue Recognition:

The Neskonlith Indian Band derives revenues from a number of sources. Revenue is recognized on the accrual basis as it is earned, or as services are provided, and is measurable and becomes receivable under the terms of the applicable funding agreements.

Amounts received from Indigenous Services Canada (ISC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set contributions are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to ISC and any deficits incurred are refundable by ISC. Amounts specified as fixed funding are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the Band provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the Band. Amounts specified as flexible are reported as revenue as program terms and conditions are met and delivered and project expenditures have been made. Any unspent funds at the end of the project are repayable to ISC. Grants received from ISC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured.

Revenues, other than government transfers, that are externally restricted through stipulations imposed by an agreement with an external party, legislation, or regulation that specify the purpose or purpose for which the resources are to be used are deferred on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed are deferred and recognized when the fee is earned or service is performed.

Rental income is recognized when earned. Deposits recorded in advance are deferred until they are repaid or applied against outstanding accounts.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, and property taxes, etc. are recognized upon transfer of title of the product or upon performance of the service and when collectability is reasonably assured.

h) Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

i) Uses 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 amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

j) Statement of remeasurement gains and losses:

The statement of remeasurement gains and losses has not been included in the consolidated financial statement as there have been no remeasurement gains or losses as of March 31, 2023 or accumulated gains or losses from prior fiscal periods.

k) Asset retirement obligations:

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is measured at Neskonlith Indian Band's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for changes as a result of the passage of time with corresponding accretion expense and adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized on a declining balance basis over their estimated useful lives of the asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A3. FUTURE ACCOUNTING CHANGES:

PS 3400 Revenues

This section establishes standards on how to account for and report on revenue. This section applies to fiscal years beginning on or after April 1, 2023, with early adoption permitted.

PS 3160 Public Private Partnerships

New Section PS 3160 Public Private Partnerships establishes standards on how to account for public private partnerships between public and private sector entities where infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use and operate and/or maintain the infrastructure. This section applies to fiscal years beginning on or after April 1, 2023, with early adoption permitted.

PS 1000 Financial Statement Concepts

Section PS 1000 has been amended to remove the prohibition of recognition of purchased intangibles in public sector financial statements. This section applies to fiscal years beginning on or after April 1, 2023, with early adoption permitted.

NOTE A4. FINANCIAL INSTRUMENTS:

Classification

The following table provides the carrying amount information of the Band's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

Financial Instrument	2023	2022
	Amortized cost / cost	Amortized cost / cost
Cash	\$ 14,973,611	\$ 12,313,653
Restricted cash	1,585,508	1,221,419
Grants and accounts receivable	1,643,670	394,811
Deposits receivable	124,842	118,311
Accounts payable and accruals	517,364	1,284,066
Demand loans	207,066	280,593
Mortgages payable	184,890	310,372
Promissory note payable	2,135,389	2,192,409

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A4. FINANCIAL INSTRUMENTS (continued):

Credit risk

Credit risk is the risk of financial loss to the Band if a debtor fails to discharge their obligation (e.g., pay the accounts receivable owing to the Band). The Band is exposed to this risk arising from its cash, grants receivable, accounts receivable and deposits receivable. The Band holds its cash accounts with two federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Band's cash accounts are insured up to \$100,000 with each bank.

Accounts receivable is primarily due from government corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Band measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Band's historical experience regarding collections. In the current and prior years, all of the impairment allowance related to the other receivables. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

	Current	31-60 days	61-90 days	Over 90 days	Total
Government receivables	\$ 1,374,672	\$ -	\$ -	\$ 19,217	\$ 1,393,889
Other accounts receivable	76,232	49,428	10,246	995,158	1,131,064
Total	1,450,904	49,428	10,246	1,014,375	2,524,953
Less impairment allowance	(3,303)	(4,313)	(5,170)	(868,497)	(881,283)
Net receivable	<u>\$ 1,447,601</u>	<u>\$ 45,115</u>	<u>\$ 5,076</u>	<u>\$ 145,878</u>	<u>\$ 1,643,670</u>

The Band has provided a guarantee for the bank indebtedness of Sk'atsin Resources Limited Liability Partnership. The Band holds 99% of the partnership units in Sk'atsin Resources Limited Liability Partnership. At March 31, 2023, the outstanding loan balances were \$Nil. The maximum liability to the Band with respect to these loans is \$75,000.

Liquidity risk

Liquidity risk is the risk that the Band will not be able to meet all cash outflow obligations as they come due. The Band mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A5. RESTRICTED CASH:

	2023	2022
Replacement Reserve	\$ 297,218	\$ 305,134
Operating Reserve	215,172	204,229
Ottawa Trust Funds	<u>1,073,118</u>	<u>712,056</u>
	<u>\$ 1,585,508</u>	<u>\$ 1,221,419</u>

a) Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$26,592 (2022 - \$34,221) annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

b) Operating Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Operating Reserve account is to be credited in the amount of any accumulated surplus plus interest. These funds, along with accumulated interest, must be held in a separate bank account invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time.

c) Ottawa Trust Funds:

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

NOTE A6. GRANTS AND ACCOUNTS RECEIVABLE:

	2023	2022
Grants and accounts receivable	\$ 2,524,953	\$ 1,398,935
Less: Allowance for doubtful accounts	<u>881,283</u>	<u>1,004,124</u>
	<u>\$ 1,643,670</u>	<u>\$ 394,811</u>

NOTE A7. INVESTMENTS:

Portfolio investments:

All Nations Trust Company:

2,000 Class A shares, par value \$1	<u>\$ 4,000</u>	<u>\$ 4,000</u>
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B.C. First Nations Revenue Share Limited Partnership (0.45% interest)

<u>100</u>	<u>100</u>
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Share in the General Partner, BCFN GRS GP Inc., a corporation incorporated under the BC Business Corporations Act. Share represents a 0.45% interest in the Company at March 31, 2023.

<u>10</u>	<u>10</u>
<u>\$ 4,110</u>	<u>\$ 4,110</u>

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A8. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES:

	2023	2022
Sk'atsin Resources Ltd. (100% interest)	<u>\$ 86,336</u>	<u>\$ 74,192</u>

Financial information for Sk'atsin Resources Ltd.:

Assets	\$ 378,399	\$ 305,885
Liabilities	<u>(481,091)</u>	<u>(469,297)</u>
Equity (Deficit)	<u>\$ (102,692)</u>	<u>\$ (163,412)</u>
Revenue	\$ 95,169	\$ 114,132
Expenses	<u>34,445</u>	<u>47,240</u>
Net Income (Loss)	<u>\$ 60,724</u>	<u>\$ 66,892</u>

Sk'atsin Resources Limited Liability Partnership (99% interest)	<u>6,818,509</u>	<u>5,618,268</u>
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Financial information for Sk'atsin Resources Limited Liability Partnership:

	Total	Band's Share 2023	Band's Share 2022
Assets	\$ 7,466,255	\$ 7,391,592	\$ 5,985,086
Liabilities	<u>(611,350)</u>	<u>(605,237)</u>	<u>(411,042)</u>
Partner's Capital	<u>\$ 6,854,905</u>	<u>\$ 6,786,355</u>	<u>\$ 5,574,044</u>
Revenues	\$ 3,650,537	\$ 3,614,032	\$ 4,272,068
Expenses	<u>2,423,522</u>	<u>2,399,287</u>	<u>3,704,656</u>
Net Income	<u>\$ 1,227,015</u>	<u>\$ 1,214,745</u>	<u>\$ 567,412</u>

Sk'atsin Resources Limited Liability Partnership is domiciled in Canada and has a registered office at 740 Chief Neskonlith Drive, Chase, BC. The Partnership is engaged in resource and economic development opportunities. The Partnership is controlled by Neskonlith Indian Band (99%). Net income of the Partnership is allocated to the respective Partners annually. The Partnership was formed on March 19, 2014.

<u>\$ 6,904,845</u>	<u>\$ 5,692,460</u>
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NOTE A9. BANK INDEBTEDNESS:

Under a line of credit with the Royal Bank of Canada, the Band may borrow up to \$200,000 on such terms as the Band and bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2023, the unused portion of the credit line was \$200,000.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A10. DEMAND LOANS:	2023	2022
Royal Bank of Canada, demand loan, repayable in monthly installments of \$1,589 including interest at 6.81%, secured by a general security agreement, due December 2025	\$ 48,919	\$ 63,422
City of Salmon Arm, municipal service debt, repayable in monthly installments of \$1,191 including interest at 2.4%, unsecured, due December 2026	52,295	65,168
Royal Bank of Canada, demand loan, repayable in monthly installments of \$2,381 including interest at 5.04%, secured by a general security agreement, due June 2025	99,613	122,848
Royal Bank of Canada, demand loan repaid during the year	-	8,543
All Nations Trust Company, demand loan, repayable in monthly installments of \$1,288 including interest ANTCO's minimum lending rate plus 0.50%, secured by a general security agreement, due July 2023	6,239	20,612
	<u>\$ 207,066</u>	<u>\$ 280,593</u>

Principal repayments due in the ensuing 4 years are approximately as follows:

2024	\$ 59,756
2025	56,222
2026	79,296
2027	11,792
	<u>\$ 207,066</u>

NOTE A11. MORTGAGES PAYABLE:	2023	2022
<u>Social Housing Operation - Pre-1997 mortgages:</u>		
All Nations Trust Company, repayable in monthly installments of \$2,619 including interest at 2.50% per annum, secured by land and buildings with a carrying value of \$96,000, due June 2023.	\$ 7,829	\$ 38,648
All Nations Trust Company, repaid during the year.	-	2,138
	<u>7,829</u>	<u>40,786</u>

Social Housing Operation - Post-1996 mortgages:

All Nations Trust Company, repayable in monthly installments of \$2,379 including interest at 1.73% per annum, secured by land and buildings with a carrying value of \$21,000, due May 2024.	32,948	60,666
All Nations Trust Company, repayable in monthly installments of \$2,660 including interest at 2.50% per annum, secured by land and buildings with a carrying value of \$96,343, due June 2023.	89,701	118,988

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A11. MORTGAGES PAYABLE (continued):

All Nations Trust Company, repayable in monthly installments of \$3,064 including interest at 1.69% per annum, secured by land and buildings with a carrying value of \$90,696, due September 2024.

54,412	89,932
177,061	269,586
\$ 184,890	\$ 310,372

The Social Housing mortgages are guaranteed by Indigenous Services Canada.

Principal repayments due in the ensuing 2 years are approximately as follows:

2024	\$ 161,853
2025	23,037
	\$ 184,890

NOTE A12. PROMISSORY NOTE PAYABLE:

2023

2022

First Nations Finance Authority, repayable in annual installments of \$52,753 plus semi-annual interest payments at 2.15% per annum, due June 2030.

\$ 2,135,389	\$ 2,192,409
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Principal repayments due in the ensuing 5 years are approximately as follows:

2024	\$ 52,753
2025	52,753
2026	52,753
2027	52,753
2028	52,753
Thereafter	1,871,624
	\$ 2,135,389

NOTE A13. TANGIBLE CAPITAL ASSETS:

2023

2022

Tangible capital assets consist of the following:

Buildings	\$ 2,885,710	\$ 3,031,323
Automotive equipment	21,443	26,803
Furniture and equipment	201,674	191,724
Fencing	26,735	29,705
Infrastructure	55,564	69,455
Social Housing	99,748	400,040
	\$ 3,290,874	\$ 3,749,050

For additional information, see the Summary Schedule of Tangible Capital assets (Appendix 1).

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A14. ACCUMULATED SURPLUS:	2023	2022
Accumulated surplus consists of individual program surpluses and reserves as follows:		
Surplus from operations	<u>\$ 22,778,658</u>	<u>\$ 17,224,758</u>
Invested in investments	<u>5,210</u>	<u>5,210</u>
Invested in tangible capital assets	<u>1,322,919</u>	<u>1,094,266</u>
Funded Reserves:		
Operating Reserve Fund (CMHC)	229,344	213,018
Replacement Reserve Fund (CMHC)	146,817	221,350
Ottawa Trust Funds	<u>1,073,118</u>	<u>712,056</u>
	<u>1,449,279</u>	<u>1,146,424</u>
	<u>\$ 25,556,066</u>	<u>\$ 19,470,658</u>

NOTE A15. FEDERAL ASSISTANCE PAYMENTS:

The Neskonlith Indian Band Housing Project has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of assistance received through March 31, 2023 was \$66,239 (2022 - \$77,114). This assistance will continue, providing the Band is not in default of the agreement.

NOTE A16. COMMITMENTS AND CONTINGENCIES:

Commitments:

The Band leases office equipment under long-term lease agreements the longest of which expires June 2026.

Future minimum lease payments as at March 31, 2023, are as follows:

2024	\$ 18,540
2025	13,290
2026	1,440
2027	<u>360</u>
	<u><u>\$ 33,630</u></u>

Contingencies:

a) The Band is guarantor of various individual members' loans, secured by Ministerial guarantees, for a total of \$380,211.

b) Indigenous Services Canada:

The Band receives a portion of its funding under a contribution agreement with Indigenous Services Canada (ISC) which, if unexpended, may be refundable to ISC. Further, amounts which are overexpended may be reimbursed by ISC to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A16. COMMITMENTS AND CONTINGENCIES (continued):

c) Guarantees:

The Band has provided a guarantee for the bank indebtedness of Sk'atsin Resources Limited Liability Partnership. The Band holds 99% of the partnership units in Sk'atsin Resources Limited Liability Partnership. At March 31, 2023, the outstanding loan balances were \$Nil. The maximum liability to the Band with respect to these loans is \$75,000.

NOTE A17. DEFINED CONTRIBUTION PENSION PLAN:

The Band provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee. Total contributions to the plan during the year were \$71,241 (2022 - \$59,250). The pension rate for employees is 5.5%.

NOTE A18. SEGMENTED INFORMATION:

The Neskonlith Indian Band is a First Nations government institution that provides a range of programs and services to its members, including administration, community welfare, operations and maintenance, education, economic development, health services, Government - Tmicw, capital, local revenue and social housing. For management reporting purposes the First Nations 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 special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these programs. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Administration

Administration relates to the operations of the Neskonlith Indian Band itself and cannot be directly attributed to a specific segment.

Community Welfare

Community Welfare provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

Operations and maintenance provides services relating to the development, maintenance and service of the Neskonlith Indian Band's assets, infrastructure and common property.

Education

Education provides educational services through the operations of an on reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Neskonlith Indian Band's Members.

Economic Development

Economic development provides for the development of economic opportunities to the Members.

Health Services

Health services provides for health-related services and programs to the Members.

Government - Tmicw

Government - Tmicw provides exploration of natural resources and development of natural resource revenues.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2023

NOTE A18. SEGMENTED INFORMATION (continued):

Capital

Capital provides for the development of new capital projects and infrastructure programs on the reserve.

Local Revenue

Local Revenue assists in the maintenance of roads, streets, and facilities through revenue raised under local revenue laws.

Social Housing

Social housing provides for social housing to the Members.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

NOTE A19. ECONOMIC DEPENDENCE:

The Band receives revenues pursuant to a Funding Agreement with Indigenous Services Canada. In the current fiscal year, funding from Indigenous Services Canada accounted for 35% (2022 - 36%) of the Band's gross revenues.

NOTE A20. CASH FLOW INFORMATION:

During the year, the Band paid interest on demand loans and mortgages payable of \$63,491 (2022 - \$66,373) and received interest of \$142,229 (2022 - \$16,705).

NESKONLITH INDIAN BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2023

	Buildings	Automotive Equipment	Furniture and Equipment	Fencing	Infrastructure	Social Housing	2023	2022
Cost								
Balance, beginning of year	\$ 6,773,161	\$ 431,576	\$ 1,092,783	\$ 156,832	\$ 5,906,325	\$ 3,519,193	\$ 17,879,870	\$ 17,747,238
Add: Additions during the year	-	-	117,827	-	-	-	117,827	132,632
Less: Disposals during the year	-	-	(64,168)	-	-	(280,463)	(344,631)	-
Transfer during the year	368,925	-	-	-	-	(368,925)	-	-
Balance, end of year	7,142,086	431,576	1,146,442	156,832	5,906,325	2,869,805	17,653,066	17,879,870
Accumulated amortization								
Balance, beginning of year	3,741,838	404,773	901,059	127,127	5,836,870	3,119,153	14,130,820	13,666,248
Add: Amortization	213,434	5,360	50,126	2,970	13,891	102,560	388,341	464,572
Less: Disposals during the year	-	-	(6,417)	-	-	(150,552)	(156,969)	-
Transfer during the year	301,104	-	-	-	-	(301,104)	-	-
Balance, end of year	4,256,376	410,133	944,768	130,097	5,850,761	2,770,057	14,362,192	14,130,820
Net Book Value of Tangible Capital Assets	\$ 2,885,710	\$ 21,443	\$ 201,674	\$ 26,735	\$ 55,564	\$ 99,748	\$ 3,290,874	\$ 3,749,050

Included in Buildings are tangible capital assets under construction of \$1,072,304 (2022 - \$1,072,304). These assets have not been amortized.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2023

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2023	Total 2022
REVENUE:												
Indigenous Services Canada	\$ 852,571	\$ 1,080,393	\$ 1,165,299	\$ 2,154,580	\$ 497,621	\$ 102,298	\$ -	\$ -	\$ -	\$ -	\$ 5,852,762	\$ 5,553,304
Leases and rentals	171,937	-	-	-	-	-	18,672	-	-	153,997	344,606	367,641
CMHC	-	-	-	-	-	-	-	-	-	66,239	66,239	192,234
Province of BC	286,791	-	-	559,679	100,000	71,641	3,264,246	-	-	-	4,282,357	4,928,660
Interest and tax penalties	361,062	-	-	-	-	-	-	-	-	4,025	365,087	31,274
First Nations Health Authority	-	-	-	-	-	629,581	-	-	-	-	629,581	638,374
Admin recoveries	650,375	-	-	-	-	-	-	-	-	-	650,375	579,153
Equity earnings from government business enterprises	-	-	-	-	-	-	1,214,744	-	-	-	1,214,744	567,412
Miscellaneous	980,076	99	593,898	1,188,174	-	763,705	291,829	-	98,599	5,261	3,921,641	2,408,057
	3,302,812	1,080,492	1,759,197	3,902,433	597,621	1,567,225	4,789,491	-	98,599	229,522	17,327,392	15,266,109
EXPENSES:												
Administration fees	24,968	29,244	149,794	182,927	59,762	142,690	26,447	-	10,000	12,164	637,996	568,393
Advertising	-	-	-	-	-	971	1,561	-	-	-	2,532	10,537
Amortization	285,781	-	-	-	-	-	-	-	-	102,560	388,341	464,572
Assistance	-	505,517	-	269,653	-	-	-	-	-	-	775,170	676,623
Community development	-	-	-	-	-	32,480	-	-	-	-	32,480	22,173
Contract services	67,314	-	253,854	40,321	204,319	100,083	611,364	-	2,824	-	1,280,079	1,147,801
Education	-	-	-	786,637	-	-	-	-	-	-	786,637	771,178
Gifts and donations	312	-	-	-	-	-	30,735	-	-	-	31,047	31,827
Honorarium	6,401	-	-	23,200	-	3,600	423,618	-	-	-	456,819	452,367
Insurance	43,767	-	16,444	4,318	-	6,284	3,245	-	-	21,289	95,347	77,097
Leases	18,645	-	-	33,300	-	1,591	6,000	-	-	-	59,536	76,598
Licences, dues and fees	493	-	506	-	-	690	1,905	-	-	-	3,594	4,082
Interest on demand loans and mortgages payable	45,016	-	-	-	-	-	1,416	-	15	5,097	51,544	62,152
Materials and supplies	179,638	76,722	82,088	327,750	-	270,574	83,370	-	-	129,912	1,150,054	877,722
Meetings	-	565	112	3,175	248	-	48,869	-	-	-	52,969	35,067
Office and other	20,386	-	-	69,790	-	6,677	10,343	-	-	927	108,123	295,684
Professional fees	122,303	-	-	-	3,249	-	465,378	-	-	4,703	595,633	97,234
Programs	269,114	-	168,630	373,641	-	68,270	165	-	-	-	879,820	493,643
Repairs and maintenance	228,125	-	118,392	56,803	-	14,304	60,616	-	-	32,168	510,408	539,672
Telephone	8,662	1,560	6,369	10,385	-	11,965	2,926	-	-	-	41,867	38,754
Training	7,178	1,750	146	218,667	-	17,258	13,215	-	-	-	258,214	160,973
Travel	10,349	8,004	15,588	28,510	-	62,903	19,818	-	-	-	145,172	94,829
Utilities	23,344	-	48,640	21,697	-	14,714	12,109	-	-	-	120,504	117,203
Wages and benefits	1,139,777	73,286	231,971	795,970	-	392,550	144,544	-	-	-	2,778,098	2,284,705
	2,501,573	696,648	1,092,534	3,246,744	267,578	1,147,604	1,967,644	-	12,839	308,820	11,241,984	9,400,886
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 801,239	\$ 383,844	\$ 666,663	\$ 655,689	\$ 330,043	\$ 419,621	\$ 2,821,847	\$ -	\$ 85,760	\$ (79,298)	\$ 6,085,408	\$ 5,865,223

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2022

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2022
REVENUE:											
Indigenous Services Canada	\$ 468,698	\$ 1,025,539	\$ 1,170,961	\$ 2,352,267	\$ 280,262	\$ 255,577	\$ -	\$ -	\$ -	\$ -	\$ 5,553,304
Leases and rentals	169,930	-	-	-	-	-	18,672	-	-	179,039	367,641
CMHC	-	-	-	-	-	-	-	-	-	192,234	192,234
Province of BC	151,339	-	337	47,208	-	71,603	4,658,173	-	-	-	4,928,660
Interest and tax penalties	30,440	-	-	-	-	-	-	-	-	834	31,274
First Nations Health Authority	-	-	-	-	-	638,374	-	-	-	-	638,374
Admin recoveries	579,153	-	-	-	-	-	-	-	-	-	579,153
Equity earnings from government business enterprises	-	-	-	-	-	-	567,412	-	-	-	567,412
Miscellaneous	405,981	-	175,639	817,231	40,000	769,693	82,187	-	101,484	15,842	2,408,057
	<u>1,805,541</u>	<u>1,025,539</u>	<u>1,346,937</u>	<u>3,216,706</u>	<u>320,262</u>	<u>1,735,247</u>	<u>5,326,444</u>	<u>-</u>	<u>101,484</u>	<u>387,949</u>	<u>15,266,109</u>
EXPENSES:											
Administration fees	15,915	21,056	80,404	168,478	29,827	153,873	61,969	-	-	36,871	568,393
Advertising	-	-	1,019	5,521	304	1,672	2,021	-	-	-	10,537
Amortization	290,507	-	-	-	-	-	-	-	-	174,065	464,572
Assistance	-	482,956	-	193,667	-	-	-	-	-	-	676,623
Community development	-	-	-	-	-	22,173	-	-	-	-	22,173
Contract services	17,209	3,600	290,546	27,803	128,355	124,888	553,763	-	1,637	-	1,147,801
Education	-	-	-	771,178	-	-	-	-	-	-	771,178
Gifts and donations	47	-	-	1,750	-	-	30,030	-	-	-	31,827
Honorarium	3,945	-	-	9,100	-	2,050	437,272	-	-	-	452,367
Insurance	34,137	-	12,752	3,641	-	4,448	2,305	-	-	19,814	77,097
Leases	28,748	-	-	33,300	-	8,550	6,000	-	-	-	76,598
Licences, dues and fees	2,184	-	498	50	-	-	900	-	450	-	4,082
Interest on demand loans and mortgages payable	52,602	-	-	-	-	-	1,719	-	10	7,821	62,152
Materials and supplies	121,219	6,418	126,793	348,635	1,925	251,586	21,146	-	-	-	877,722
Meetings	568	2,773	-	730	-	-	30,996	-	-	-	35,067
Office and other	133,040	-	-	153,428	-	4,287	3,965	-	-	964	295,684
Professional fees	46,642	-	-	-	2,500	-	41,342	-	-	6,750	97,234
Programs	2,251	-	140,727	257,523	-	93,142	-	-	-	-	493,643
Repairs and maintenance	188,495	-	115,923	29,147	-	4,581	5,601	-	-	195,925	539,672
Telephone	7,892	840	5,524	9,295	-	12,859	2,344	-	-	-	38,754
Training	2,049	137	103	134,572	-	24,112	-	-	-	-	160,973
Travel	7,347	5,467	5,847	37,980	-	35,153	3,025	-	10	-	94,829
Utilities	24,708	-	58,322	17,305	-	14,571	2,297	-	-	-	117,203
Wages and benefits	903,693	89,554	215,734	531,381	-	372,841	171,502	-	-	-	2,284,705
	<u>1,883,198</u>	<u>612,801</u>	<u>1,054,192</u>	<u>2,734,484</u>	<u>162,911</u>	<u>1,130,786</u>	<u>1,378,197</u>	<u>-</u>	<u>2,107</u>	<u>442,210</u>	<u>9,400,886</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ (77,657)</u>	<u>\$ 412,738</u>	<u>\$ 292,745</u>	<u>\$ 482,222</u>	<u>\$ 157,351</u>	<u>\$ 604,461</u>	<u>\$ 3,948,247</u>	<u>\$ -</u>	<u>\$ 99,377</u>	<u>\$ (54,261)</u>	<u>\$ 5,865,223</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
SUPPLEMENTARY FINANCIAL INFORMATION

March 31, 2023

EXHIBIT

SUPPLEMENTARY FINANCIAL INFORMATION:

H	INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
H1	SCHEDULE OF REMUNERATION AND EXPENSES - CHIEF AND COUNCILLORS

Grant Thornton LLP
Suite 200
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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members,
NESKONLITH INDIAN BAND

We have reviewed the accompanying consolidated schedule of remuneration and expenses paid to elected officials ("the schedule") of the NESKONLITH INDIAN BAND for the year ended March 31, 2023. The schedule has been prepared by management of the NESKONLITH INDIAN BAND based on the First Nations Financial Transparency Act.

Management's Responsibility for the Schedule

Management of the NESKONLITH INDIAN BAND is responsible for the preparation of the schedule in accordance with the First Nations Financial Transparency Act, 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 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 is not prepared, in all material respects, in accordance with the First Nations Financial Transparency Act.



Kamloops, Canada
October 31, 2023

Chartered Professional Accountants

NESKONLITH INDIAN BAND
SCHEDULE OF REMUNERATION AND EXPENSES
CHIEF AND COUNCILLORS
For the year ended March 31, 2023

Name of Individual	Position Title	Number of Months	Remuneration	Expenses	Reimbursements from Others
JUDY WILSON	CHIEF	11	\$ 60,923	\$ 21,378	\$ 1,632
IRVIN WAI	CHIEF	1	10,154	6,573	-
FAY GINTHER	COUNCILLOR	11	55,385	5,294	59
JOAN MANUEL-HOOPER	COUNCILLOR	12	60,000	21,966	5,216
BRAD ARNOUSE	COUNCILLOR	12	60,000	7,215	896
LOUIS THOMAS	COUNCILLOR	11	55,395	6,107	-
SHIRLEY ANDERSON	COUNCILLOR	1	9,231	4,071	-
MINDY DICK	COUNCILLOR	1	9,231	4,688	-
FRANCES NARCISSE	COUNCILLOR	1	9,231	6,243	-
			\$ 329,550	\$ 83,535	\$ 7,803

Note:

Council travel is representative of the various National, Provincial, Regional, and local political tables.

NESKONLITH INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024

EXHIBIT

CONSOLIDATED FINANCIAL STATEMENTS:

A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITOR'S REPORT	
A2	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
A3	CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	
A4	CONSOLIDATED STATEMENT OF OPERATIONS	
A5	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	
A6	CONSOLIDATED STATEMENT OF CASH FLOWS	
	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
	SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS	APPENDIX 1
	2024 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2
	2023 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 3

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

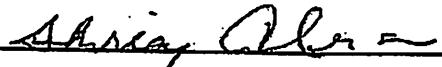
The financial statements of Neskonlith Indian Band have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

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

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and periodically with the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Doane Grant Thornton LLP in accordance with Canadian generally accepted auditing standards.





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INDEPENDENT AUDITOR'S REPORT

To the members of NESKONLITH INDIAN BAND

Opinion

We have audited the consolidated financial statements of NESKONLITH INDIAN BAND (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statement of accumulated surplus, consolidated statement of operations, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2024, and the results of its operations and its cash flow 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 Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

We draw attention to the fact the supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2, and Schedules 1 to 30 do not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(continues)

Independent Auditor's Report to the members of NESKONLITH INDIAN BAND (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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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.

December 11, 2024
Kamloops, Canada

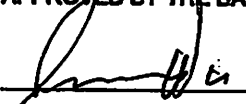


Chartered Professional Accountants

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2024

FINANCIAL ASSETS	2024	2023
Cash	\$ 20,075,039	\$ 14,973,611
Restricted cash (Note A5)	1,727,112	1,585,508
Grants and accounts receivable (Note A6)	1,426,745	1,843,670
Deposits receivable	129,250	124,842
Investments (Note A7)	4,110	4,110
Investments in government business enterprises (Note A8)	7,511,860	6,804,845
	<u>30,874,116</u>	<u>25,236,586</u>
LIABILITIES		
Accounts payable and accruals	2,578,063	517,364
Demand loans (Note A10)	108,108	207,086
Mortgages payable (Note A11)	83,149	184,890
Promissory note payable (Note A12)	2,075,305	2,135,389
	<u>4,844,625</u>	<u>3,044,709</u>
NET FINANCIAL ASSETS	<u>26,029,491</u>	<u>22,191,877</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	14,792	73,315
Tangible capital assets (Note A13)	3,623,739	3,280,874
	<u>3,638,531</u>	<u>3,354,189</u>
ACCUMULATED SURPLUS (Note A14)	<u>\$ 29,668,022</u>	<u>\$ 25,556,066</u>

COMMITMENTS AND CONTINGENCIES (Note A16)

APPROVED BY THE BAND:

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2024

	2024	2023
ACCUMULATED SURPLUS, beginning of year	\$ 25,556,066	\$ 19,470,658
EXCESS OF REVENUE OVER EXPENSES	<u>4,111,956</u>	<u>6,085,408</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 29,668,022</u>	<u>\$ 25,556,066</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2024

	Budget	2024	2023
REVENUE:			
Indigenous Services Canada	\$ 2,963,273	\$ 7,442,515	\$ 5,852,762
First Nations Health Authority	575,566	878,518	629,581
First Nations Education Steering Committee	310,000	1,289,300	1,100,149
Province of British Columbia	2,404,114	3,723,196	4,282,357
Leases and rentals	349,932	313,733	344,606
Income - Ottawa Trust Funds	-	397,234	361,062
Canada Mortgage and Housing Corporation	77,124	282,721	66,239
Interest and investment income	-	407,716	365,087
Equity earnings from government business enterprises	-	618,393	1,214,744
Other income	1,817,892	4,116,762	3,110,805
	<u>8,497,901</u>	<u>19,470,088</u>	<u>17,327,392</u>
EXPENSES:			
Administration	1,858,594	3,657,231	2,501,573
Community Welfare	547,859	733,835	696,648
Operations and Maintenance	714,792	1,223,399	1,092,534
Education	2,187,183	3,005,408	3,246,744
Economic Development	34,341	565,586	267,578
Health Services	1,284,465	1,402,951	1,147,604
Government - Tmicw	1,724,880	3,279,680	1,967,644
Capital	-	1,342,952	-
Local Revenue	16,200	3,185	12,839
Social Housing	236,607	143,905	308,820
	<u>8,604,921</u>	<u>15,358,132</u>	<u>11,241,984</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (107,020)	\$ 4,111,956	\$ 6,085,408

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2024

	Budget	2024	2023
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (107,020)	\$ 4,111,956	\$ 6,085,408
Acquisition of tangible capital assets	-	(1,822,999)	(117,827)
Amortization of tangible capital assets	-	321,830	388,341
Change in prepaid expenses	-	58,523	(21,531)
Loss on disposal of tangible capital assets	-	1,168,304	187,662
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(107,020)	3,837,614	6,522,053
NET FINANCIAL ASSETS, beginning of year	22,191,877	22,191,877	15,669,824
NET FINANCIAL ASSETS, end of year	\$ 22,084,857	\$ 26,029,491	\$ 22,191,877

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 4,111,956	\$ 6,085,408
Non-operating item:		
Equity earnings from government business enterprises	(618,393)	(1,214,744)
Amortization	321,830	388,341
Loss on disposal of tangible capital assets	1,168,304	187,662
(Increase) decrease in:		
Grants and accounts receivable	216,925	(1,248,859)
Prepaid expenses	58,523	(21,531)
Deposits receivable	(4,408)	(6,531)
Increase (decrease) in:		
Accounts payable and accruals	2,060,699	(766,702)
Deferred revenue	-	(7,500)
Cash flows from operations	<u>7,315,436</u>	<u>3,395,544</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	(141,604)	(364,089)
Repayment of demand loans, mortgages payable and promissory note payable	<u>(260,783)</u>	<u>(256,029)</u>
Cash flows used in financing	<u>(402,387)</u>	<u>(620,118)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Drawings from partnership	<u>11,378</u>	<u>2,359</u>
Cash flows from investing	<u>11,378</u>	<u>2,359</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Purchase of tangible capital assets	<u>(1,822,999)</u>	<u>(117,827)</u>
Cash flows used in capital	<u>(1,822,999)</u>	<u>(117,827)</u>
INCREASE IN CASH	5,101,428	2,659,958
CASH, beginning of year	<u>14,973,611</u>	<u>12,313,653</u>
CASH, end of year	<u>\$ 20,075,039</u>	<u>\$ 14,973,611</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A1. ADOPTION OF NEW STANDARDS:

Effective April 1, 2023, Neskonlith Indian Band adopted new Public Sector Accounting Standards Sections PS 3400 Revenue. This section establishes standards on how to account for and report on revenue.

The standard was applied prospectively and had no impact on the comparative figures.

NOTE A2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

a) Reporting Entity and Principles of Financial Reporting:

The Neskonlith Indian Band reporting entity includes the Band government and all related entities which are controlled by the First Nation. Control is defined as the power to govern the financial and operating policies of another with expected benefits or the risk of loss to the government from the other organizations' activities. Control exists regardless of whether the government chooses 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.

These financial statements consolidate the assets, liabilities and results of operations for the following programs which use accounting principles which lend themselves to consolidation:

- Neskonlith Indian Band Operating Fund
- Neskonlith Indian Band Trust Fund
- Neskonlith Indian Band Capital Fund
- Neskonlith Indian Band Social Housing Pre-1997 Fund
- Neskonlith Indian Band Social Housing Post-1996 Fund

All inter-entity balances have been eliminated on consolidation.

Government business entities owned or controlled by the Neskonlith Indian Band and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. This includes:

- Sk'atsin Resources Ltd. (including the entity's interest in 1202453 B.C. Ltd.)
- Sk'atsin Resources Limited Liability Partnership

All investments in entities that are not controlled, or under shared control are considered to be portfolio investments. They are reported at cost less any write-downs associated with a loss in value that is other than a temporary decline. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

b) 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 tangible capital assets and prepaid expenses.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

c) Tangible Capital Assets:

Tangible capital assets are recorded at cost which includes all 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 declining balance basis over their estimated useful lives as follows:

Major Asset Category:

Buildings	7%
Automotive equipment	20%
Furniture and equipment	20%
Fencing	10%
Infrastructure	20%

Assets under construction are not amortized until the asset is available for productive use.

The First Nation reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the First Nation's ability to provide services. When assets no longer have any long-term service potential to the First Nation, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

The First Nations' interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the First Nation to acquire these lands.

d) Contributions of Tangible Capital Assets:

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

e) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

f) Government Transfers:

Government transfers (revenue from non-exchange transactions with governments) are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made, except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Amounts received from Indigenous Services Canada (ISC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set contributions are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to ISC and any deficits incurred are refundable by ISC. Amounts specified as fixed funding are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the First Nation provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the First Nation. Amounts specified as flexible are reported as revenue as program terms and conditions are met and delivered and project expenditures have been made. Any unspent funds at the end of the project are repayable to ISC. Grants received from ISC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

g) Revenue Recognition:

The Neskonlith Indian Band derives revenues from a number of sources. Revenue is recognized on the accrual basis as it is earned, or as services are provided, and is measurable and becomes receivable under the terms of the applicable funding agreements.

Revenues, other than government transfers, that are externally restricted through stipulations imposed by an agreement with an external party, legislation, or regulation that specify the purpose or purpose for which the resources are to be used are deferred on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose.

Transactions where goods or services are provided for consideration include performance obligations to a specific payor. Revenue from these transactions is recognized as the performance obligations are satisfied. Transactions without performance obligations are recognized when the revenue is received or receivable.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, and property taxes, etc. are recognized upon transfer of title of the product or upon performance of the service and when collectability is reasonably assured.

h) Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

i) Uses 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 amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

j) Statement of remeasurement gains and losses:

The statement of remeasurement gains and losses has not been included in the consolidated financial statements as there have been no remeasurement gains or losses as of March 31, 2024 or accumulated gains or losses from prior fiscal periods.

k) Asset retirement obligations:

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

k) Asset retirement obligations (continued):

The liability is measured at Neskonlith Indian Band's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for changes as a result of the passage of time with corresponding accretion expense and adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized on a declining balance basis over their estimated useful lives of the asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

NOTE A3. FUTURE ACCOUNTING CHANGES:

PS 1202 Financial Statement Presentation

New section PS 1202 Financial Statement Presentation replaces Section PS 1201 Financial Statement Presentation. This section applies to fiscal years beginning on or after April 1, 2026, with early adoption permitted only if the conceptual framework is adopted at the same time. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in Section PS 1202. The main features of the new section include:

- Changes to the statement of financial position to present financial assets, non-financial assets, total assets, financial liabilities, non-financial liabilities total liabilities and net assets/net liabilities
- Separate statement of changes in net assets or net liabilities (formerly known as accumulated surplus) by required categories
- The addition of a statement of net financial assets or net financial liabilities that presents a revised net financial assets or net financial liabilities (formerly known as "net debt") calculation
- The option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities
- Ability to present an amended budget when there is an election or the majority of the governing body of a government organization is newly elected or appointed
- The requirement to provide a subtotal prior to financing activities in the statement of cash flow
- Guidance on assessing the going concern assumption

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

PSAB's Conceptual Framework for Financial Reporting in the Public Sector

PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces Sections PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives. As a result of the issuance of the Conceptual Framework, various Sections and Guidelines of the Handbook have been amended to include references to the new Conceptual Framework, add/clarify key definitions that are consistent with the Conceptual Framework, and/or remove references to qualitative characteristics that are no longer qualitative characteristics in the new Conceptual Framework. This section applies to fiscal years beginning on or after April 1, 2026, with early adoption permitted.

NOTE A4. FINANCIAL INSTRUMENTS:

Classification

The following table provides the carrying amount information of the First Nation's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

Financial Instrument	2024 Amortized cost / cost	2023 Amortized cost / cost
Cash	\$ 20,075,039	\$ 14,973,611
Restricted cash	1,727,112	1,585,508
Grants and accounts receivable	1,426,745	1,643,670
Accounts payable and accruals	2,578,063	517,364
Demand loans	108,108	207,066
Mortgages payable	83,149	184,890
Promissory note payable	2,075,305	2,135,389

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A4. FINANCIAL INSTRUMENTS (continued):

Credit risk

Credit risk is the risk of financial loss to the First Nation if a debtor fails to discharge their obligation (e.g., pay the accounts receivable owing to the First Nation). The First Nation is exposed to this risk arising from its cash, grants receivable, accounts receivable and deposits receivable. The First Nation holds its cash accounts with two federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the First Nation's cash accounts are insured up to \$100,000 with each bank.

Accounts receivable is primarily due from government corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The First Nation measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the First Nation's historical experience regarding collections. In the current and prior years, all of the impairment allowance related to the other receivables. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

	Current	31-60 days	61-90 days	Over 90 days	Total
Government receivables	\$ 1,040,961	\$ (4,500)	\$ -	\$ 56,156	\$ 1,092,617
Other accounts receivable	160,491	10,333	11,346	1,083,644	1,265,814
Total	1,201,452	5,833	11,346	1,139,800	2,358,431
Less impairment allowance	(4,988)	(3,560)	(3,630)	(919,508)	(931,686)
Net receivable	<u>\$ 1,196,464</u>	<u>\$ 2,273</u>	<u>\$ 7,716</u>	<u>\$ 220,292</u>	<u>\$ 1,426,745</u>

Liquidity risk

Liquidity risk is the risk that the First Nation will not be able to meet all cash outflow obligations as they come due. The First Nation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A5. RESTRICTED CASH:	2024	2023
Replacement Reserve	\$ 21,978	\$ 297,218
Operating Reserve	234,782	215,172
Ottawa Trust Funds	<u>1,470,352</u>	<u>1,073,118</u>
	<u>\$ 1,727,112</u>	<u>\$ 1,585,508</u>

- a) **Replacement Reserve:**
Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$19,432 (2023 - \$26,592) annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.
- b) **Operating Reserve:**
Under the terms of the agreement with Canada Mortgage & Housing Corporation, after the payment of all costs and expenditures including the allocation of the Replacement Reserve, any surplus revenue will be retained by the First Nation within an Operating Reserve fund. Interest earnings must accrue to and be maintained in the Operating Reserve fund. The Project's Operating Reserve fund may only be used for the ongoing operating costs of the housing projects committed under the On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. The First Nation agrees to maintain Operating Reserve funds 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 mutually agreed to by the First Nation and CMHC.
- c) **Ottawa Trust Funds:**
The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

NOTE A6. GRANTS AND ACCOUNTS RECEIVABLE:	2024	2023
Grants and accounts receivable	\$ 2,358,431	\$ 2,524,953
Less: Allowance for doubtful accounts	<u>931,686</u>	<u>881,283</u>
	<u>\$ 1,426,745</u>	<u>\$ 1,643,670</u>

NOTE A7. INVESTMENTS:	2024	2023
<u>Portfolio investments:</u>		
All Nations Trust Company:		
2,000 Class A shares, par value \$1	\$ 4,000	\$ 4,000
B.C. First Nations Revenue Share Limited Partnership (0.45% interest)	100	100
Share in the General Partner, BCFN GRS GP Inc., a corporation incorporated under the BC Business Corporations Act. Share represents a 0.45% interest in the Company at March 31, 2024.	<u>10</u>	<u>10</u>
	<u>\$ 4,110</u>	<u>\$ 4,110</u>

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A8. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES:	2024	2023
Sk'atsin Resources Ltd. (100% interest)	\$ 91,268	\$ 86,336
Sk'atsin Resources Limited Liability Partnership (99% interest)	<u>7,420,592</u>	<u>6,818,509</u>
Total Investments in Government Business Enterprises	<u><u>\$ 7,511,860</u></u>	<u><u>\$ 6,904,845</u></u>

Financial information for Sk'atsin Resources Limited Liability Partnership:

	Total	Band's Share 2024	Band's Share 2023
Assets	\$ 9,832,018	\$ 9,733,698	\$ 7,391,592
Liabilities	<u>(2,354,490)</u>	<u>(2,330,945)</u>	<u>(605,237)</u>
Partner's Capital	<u><u>\$ 7,477,528</u></u>	<u><u>\$ 7,402,753</u></u>	<u><u>\$ 6,786,355</u></u>
Revenues	\$ 5,004,615	\$ 4,954,569	\$ 3,614,032
Expenses	<u>4,379,976</u>	<u>4,336,176</u>	<u>2,399,287</u>
Net Income	<u><u>\$ 624,639</u></u>	<u><u>\$ 618,393</u></u>	<u><u>\$ 1,214,745</u></u>

Financial information for Sk'atsin Resources Ltd.:

Assets	\$ 326,454	\$ 378,399
Liabilities	<u>(398,589)</u>	<u>(481,091)</u>
Equity (Deficit)	<u><u>\$ (72,135)</u></u>	<u><u>\$ (102,692)</u></u>
Revenue	\$ 91,833	\$ 95,169
Expenses	<u>61,277</u>	<u>34,445</u>
Net Income (Loss)	<u><u>\$ 30,556</u></u>	<u><u>\$ 60,724</u></u>

NOTE A9. BANK INDEBTEDNESS:

Under a line of credit with the Royal Bank of Canada, the First Nation may borrow up to \$200,000 on such terms as the First Nation and bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2024, the unused portion of the credit line was \$200,000.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A10. DEMAND LOANS:	2024	2023
Royal Bank of Canada, demand loan, repayable in monthly installments of \$1,589 including interest at 6.81%, secured by a general security agreement, due December 2025	\$ 32,609	\$ 48,919
City of Salmon Arm, municipal service debt, repaid during the year.	-	52,295
Royal Bank of Canada, demand loan, repayable in monthly installments of \$2,381 including interest at 5.04%, secured by a general security agreement, due June 2025	75,499	99,613
All Nations Trust Company, demand loan, repaid during the year.	-	6,239
	<u>\$ 108,108</u>	<u>\$ 207,066</u>

Principal repayments due in the ensuing 2 years are approximately as follows:

2025	\$ 42,729
2026	65,379
	<u>\$ 108,108</u>

NOTE A11. MORTGAGES PAYABLE:	2024	2023
<u>Social Housing Operation - Pre-1997 mortgages:</u>		
All Nations Trust Company, repaid during the year.	\$ -	\$ 7,829
<u>Social Housing Operation - Post-1996 mortgages:</u>		
All Nations Trust Company, repayable in monthly installments of \$2,379 including interest at 1.73% per annum, secured by land and buildings with a carrying value of \$21,000, due May 2024.	4,749	32,948
All Nations Trust Company, repayable in monthly installments of \$2,732 including interest at 4.50% per annum, secured by land and buildings with a carrying value of \$21,000, due February 2026.	60,111	89,701
All Nations Trust Company, repayable in monthly installments of \$3,064 including interest at 1.69% per annum, secured by land and buildings with a carrying value of \$21,000 due September 2024.	18,289	54,412
	<u>83,149</u>	<u>177,061</u>
	<u>\$ 83,149</u>	<u>\$ 184,890</u>

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A11. MORTGAGES PAYABLE (continued):

The Social Housing mortgages are guaranteed by Indigenous Services Canada.

Principal repayments due in the ensuing 2 years are approximately as follows:

2025	\$	53,802
2026		29,347
	\$	<u>83,149</u>

NOTE A12. PROMISSORY NOTE PAYABLE:

2024

2023

First Nations Finance Authority, repayable in annual installments of \$52,753 plus semi-annual interest payments at 2.15% per annum, due June 2030.

<u>\$ 2,075,305</u>	<u>\$ 2,135,389</u>
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Principal repayments due in the ensuing 5 years are approximately as follows:

2025	\$	52,753
2026		52,753
2027		52,753
2028		52,753
2029		52,753
Thereafter		1,811,540
	\$	<u>2,075,305</u>

NOTE A13. TANGIBLE CAPITAL ASSETS:

2024

2023

Tangible capital assets consist of the following:

Buildings	\$ 2,857,284	\$ 2,846,977
Automotive equipment	227,161	21,443
Furniture and equipment	431,275	201,674
Fencing	24,062	26,736
Infrastructure	44,451	55,564
Social Housing	<u>39,506</u>	<u>138,480</u>
	<u>\$ 3,623,739</u>	<u>\$ 3,290,874</u>

For additional information, see the Summary Schedule of Tangible Capital assets (Appendix 1).

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A14. ACCUMULATED SURPLUS:	2024	2023
Accumulated surplus consists of individual program surpluses and reserves as follows:		
Surplus from operations	<u>\$ 26,902,046</u>	<u>\$ 22,778,658</u>
Invested in investments	<u>5,210</u>	<u>5,210</u>
Invested in tangible capital assets	<u>1,056,921</u>	<u>1,322,919</u>
Funded Reserves:		
Operating Reserve Fund (CMHC)	233,036	229,344
Replacement Reserve Fund (CMHC)	457	146,817
Ottawa Trust Funds	<u>1,470,352</u>	<u>1,073,118</u>
	<u>1,703,845</u>	<u>1,449,279</u>
	<u><u>\$ 29,668,022</u></u>	<u><u>\$ 25,556,066</u></u>

NOTE A15. FEDERAL ASSISTANCE PAYMENTS:

The Neskonlith Indian Band Housing Project has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of assistance received through March 31, 2024 was \$57,720 (2023 - \$66,239). This assistance will continue, providing the First Nation is not in default of the agreement.

NOTE A16. COMMITMENTS AND CONTINGENCIES:

Commitments:

The First Nation leases office equipment under long-term lease agreements the longest of which expires June 2026.

Future minimum lease payments as at March 31, 2024, are as follows:

2025	\$ 13,290
2026	1,440
2027	<u>360</u>
	<u><u>\$ 15,090</u></u>

Contingencies:

a) The First Nation is guarantor of various individual members' loans, secured by Ministerial guarantees, for a total of \$265,893.

b) Indigenous Services Canada:

The First Nation receives a portion of its funding under a contribution agreement with Indigenous Services Canada (ISC) which, if unexpended, may be refundable to ISC. Further, amounts which are overexpended may be reimbursed by ISC to the First Nation. No amounts have been recorded in the financial statements as refundable or reimbursable.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A16. COMMITMENTS AND CONTINGENCIES (continued):

c) Guarantees:

The First Nation has provided a guarantee for the bank indebtedness of Sk'atsin Resources Limited Liability Partnership. The First Nation holds 99% of the partnership units in Sk'atsin Resources Limited Liability Partnership. At March 31, 2024, the outstanding loan balances were \$1,103,942. The maximum liability to the First Nation with respect to these loans is \$1,103,942.

NOTE A17. DEFINED CONTRIBUTION PENSION PLAN:

The First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee. Total contributions to the plan during the year were \$81,775 (2023 - \$71,241). The pension rate for employees is 5.5%.

NOTE A18. SEGMENTED INFORMATION:

The Neskonlith Indian Band is a First Nations government institution that provides a range of programs and services to its members, including administration, community welfare, operations and maintenance, education, economic development, health services, Government - Tmicw, capital, local revenue and social housing. For management reporting purposes the First Nations 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 special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these programs. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Administration

Administration relates to the operations of the Neskonlith Indian Band itself and cannot be directly attributed to a specific segment.

Community Welfare

Community Welfare provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

Operations and maintenance provides services relating to the development, maintenance and service of the Neskonlith Indian Band's assets, infrastructure and common property.

Education

Education provides educational services through the operations of an on reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Neskonlith Indian Band's Members.

Economic Development

Economic development provides for the development of economic opportunities to the Members.

Health Services

Health services provides for health-related services and programs to the Members.

Government - Tmicw

Government - Tmicw provides exploration of natural resources and development of natural resource revenues.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2024

NOTE A18. SEGMENTED INFORMATION (continued):

Capital

Capital provides for the development of new capital projects and infrastructure programs on the reserve.

Local Revenue

Local Revenue assists in the maintenance of roads, streets, and facilities through revenue raised under local revenue laws.

Social Housing

Social housing provides for social housing to the Members.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

NOTE A19. ECONOMIC DEPENDENCE:

The First Nation receives revenues pursuant to a Funding Agreement with Indigenous Services Canada. In the current fiscal year, funding from Indigenous Services Canada accounted for 38% (2023 - 35%) of the First Nation's gross revenues.

NOTE A20. CASH FLOW INFORMATION:

During the year, the First Nation paid interest on demand loans and mortgages payable of \$62,193 (2023 - \$63,491) and received interest of \$623,304 (2023 - \$142,229).

NESKONLITH INDIAN BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2024

	Buildings	Automotive Equipment	Furniture and Equipment	Fencing	Infrastructure	Social Housing	2024	2023
Cost								
Balance, beginning of year	\$ 7,142,086	\$ 431,576	\$ 1,146,442	\$ 156,832	\$ 5,906,325	\$ 2,869,805	\$ 17,653,066	\$ 17,879,870
Add: Additions during the year	1,313,065	210,007	299,927	-	-	-	1,822,999	117,827
Less: Disposals during the year	(1,072,304)	-	-	-	-	(202,073)	(1,274,377)	(344,631)
Transfer during the year	530,365	-	-	-	-	(530,365)	-	-
Balance, end of year	7,913,212	641,583	1,446,369	156,832	5,906,325	2,137,367	18,201,688	17,653,066
Accumulated amortization								
Balance, beginning of year	4,295,108	410,133	944,768	130,097	5,850,761	2,731,325	14,362,192	14,130,820
Add: Amortization	230,455	4,289	70,326	2,673	11,113	2,974	321,830	388,341
Less: Disposals during the year	-	-	-	-	-	(106,073)	(106,073)	(156,969)
Transfer during the year	530,365	-	-	-	-	(530,365)	-	-
Balance, end of year	5,055,928	414,422	1,015,094	132,770	5,861,874	2,097,861	14,577,949	14,362,192
Net Book Value of Tangible Capital Assets	\$ 2,857,284	\$ 227,161	\$ 431,275	\$ 24,062	\$ 44,451	\$ 39,506	\$ 3,623,739	\$ 3,290,874

Included in Buildings are tangible capital assets under construction of \$537,010 (2023 - \$1,072,304). These assets have not been amortized.

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2024

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2024	Total 2023
REVENUE:												
Indigenous Services Canada	\$ 1,695,025	\$ 881,698	\$ 803,060	\$ 2,512,251	\$ 152,769	\$ 1,397,712	\$ -	\$ -	\$ -	\$ -	\$ 7,442,515	\$ 5,852,762
Leases and rentals	174,950	-	-	-	-	-	18,672	-	-	120,111	313,733	344,606
CMHC	225,000	-	-	-	-	-	-	-	-	57,721	282,721	66,239
Province of BC	262,080	-	45,500	457,579	-	47,983	2,910,054	-	-	-	3,723,196	4,282,357
Interest and tax penalties	397,234	-	-	-	-	-	-	-	-	10,482	407,716	365,087
First Nations Health Authority	-	-	-	-	-	878,518	-	-	-	-	878,518	629,581
Admin recoveries	727,473	-	-	-	-	-	-	-	-	-	727,473	650,375
Equity earnings from government business enterprises	-	-	-	-	-	-	618,393	-	-	-	618,393	1,214,744
Miscellaneous	1,879,581	-	229,131	1,418,595	428,958	731,623	274,039	-	112,204	1,692	5,075,823	3,921,641
	<u>5,361,343</u>	<u>881,698</u>	<u>1,077,691</u>	<u>4,388,425</u>	<u>581,727</u>	<u>3,055,836</u>	<u>3,821,158</u>	<u>-</u>	<u>112,204</u>	<u>190,006</u>	<u>19,470,088</u>	<u>17,327,392</u>
EXPENSES:												
Administration fees	69,649	13,713	67,541	229,570	58,637	274,814	3,400	-	-	11,106	728,430	637,996
Advertising	-	-	-	-	-	-	9,321	-	-	-	9,321	2,532
Amortization	318,856	-	-	-	-	-	-	-	-	2,974	321,830	388,341
Assistance	-	369,373	-	232,834	-	-	-	-	-	-	602,207	775,170
Community development	-	-	-	-	-	5,938	-	-	-	-	5,938	32,480
Contract services	139,334	-	245,520	66,602	284,005	45,834	1,745,349	173,352	3,175	-	2,703,171	1,280,079
Education	-	-	-	559,592	-	-	-	-	-	-	559,592	786,637
Gifts and donations	5,597	-	-	-	-	-	27,397	-	-	-	32,994	31,047
Honorarium	4,385	-	875	23,210	400	1,050	565,272	-	-	-	595,192	456,819
Insurance	50,918	-	21,085	7,098	-	9,334	3,600	-	-	21,107	113,142	95,347
Leases	24,358	-	-	15,253	-	2,535	9,572	-	-	-	51,718	59,536
Licences, dues and fees	2,550	-	765	-	-	764	400	-	-	-	4,479	3,594
Interest on demand loans and mortgages payable	42,554	-	-	-	-	-	104	-	10	5,097	47,765	51,544
Materials and supplies	167,256	244,809	109,218	406,436	47,340	398,248	97,798	1,168,304	-	-	2,639,409	1,150,054
Meetings	424	-	586	750	4,994	-	111,431	-	-	-	118,185	52,969
Office and other	159,796	-	-	78,931	-	33,617	3,737	-	-	-	276,081	108,123
Professional fees	166,308	-	-	-	5,180	-	420,118	-	-	6,295	597,901	595,633
Programs	83,669	-	165,194	267,157	1,000	176,573	1,700	-	-	-	695,293	879,820
Repairs and maintenance	846,219	-	186,537	44,122	-	15,793	70,467	-	-	97,326	1,260,464	510,408
Telephone	6,378	1,440	6,140	7,780	-	5,721	2,788	-	-	-	30,247	41,867
Training	4,363	374	131	89,626	-	7,758	3,458	-	-	-	105,710	258,214
Travel	14,286	6,072	22,755	27,138	58,138	50,788	20,408	1,296	-	-	200,881	145,172
Utilities	21,877	-	50,555	15,587	-	15,184	5,034	-	-	-	108,237	120,504
Wages and benefits	1,528,454	98,054	346,497	933,722	105,892	359,000	178,326	-	-	-	3,549,945	2,778,098
	<u>3,657,231</u>	<u>733,835</u>	<u>1,223,399</u>	<u>3,005,408</u>	<u>565,586</u>	<u>1,402,951</u>	<u>3,279,680</u>	<u>1,342,952</u>	<u>3,185</u>	<u>143,905</u>	<u>15,358,132</u>	<u>11,241,984</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 1,704,112</u>	<u>\$ 147,863</u>	<u>\$ (145,708)</u>	<u>\$ 1,383,017</u>	<u>\$ 16,141</u>	<u>\$ 1,652,885</u>	<u>\$ 541,478</u>	<u>\$ (1,342,952)</u>	<u>\$ 109,019</u>	<u>\$ 46,101</u>	<u>\$ 4,111,956</u>	<u>\$ 6,085,408</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2023

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2023
REVENUE:											
Indigenous Services Canada	\$ 852,571	\$ 1,080,393	\$ 1,165,299	\$ 2,154,580	\$ 497,621	\$ 102,298	\$ -	\$ -	\$ -	\$ -	\$ 5,852,762
Leases and rentals	171,937	-	-	-	-	-	18,672	-	-	153,997	344,606
CMHC	-	-	-	-	-	-	-	-	-	66,239	66,239
Province of BC	286,791	-	-	559,679	100,000	71,641	3,264,246	-	-	-	4,282,357
Interest and tax penalties	361,062	-	-	-	-	-	-	-	-	4,025	365,087
First Nations Health Authority	-	-	-	-	-	629,581	-	-	-	-	629,581
Admin recoveries	650,375	-	-	-	-	-	-	-	-	-	650,375
Equity earnings from government business enterprises	-	-	-	-	-	-	1,214,744	-	-	-	1,214,744
Miscellaneous	980,076	99	593,898	1,188,174	-	763,705	291,829	-	98,599	5,261	3,921,641
	<u>3,302,812</u>	<u>1,080,492</u>	<u>1,759,197</u>	<u>3,902,433</u>	<u>597,621</u>	<u>1,567,225</u>	<u>4,789,491</u>	<u>-</u>	<u>98,599</u>	<u>229,522</u>	<u>17,327,392</u>
EXPENSES:											
Administration fees	24,968	29,244	149,794	182,927	59,762	142,690	26,447	-	10,000	12,164	637,996
Advertising	-	-	-	-	-	971	1,561	-	-	-	2,532
Amortization	285,781	-	-	-	-	-	-	-	-	102,560	388,341
Assistance	-	505,517	-	269,653	-	-	-	-	-	-	775,170
Community development	-	-	-	-	-	32,480	-	-	-	-	32,480
Contract services	67,314	-	253,854	40,321	204,319	100,083	611,364	-	2,824	-	1,280,079
Education	-	-	-	786,637	-	-	-	-	-	-	786,637
Gifts and donations	312	-	-	-	-	-	30,735	-	-	-	31,047
Honorarium	6,401	-	-	23,200	-	3,600	423,618	-	-	-	456,819
Insurance	43,767	-	16,444	4,318	-	6,284	3,245	-	-	21,289	95,347
Leases	18,645	-	-	33,300	-	1,591	6,000	-	-	-	59,536
Licences, dues and fees	493	-	506	-	-	690	1,905	-	-	-	3,594
Interest on demand loans and mortgages payable	45,016	-	-	-	-	-	1,416	-	15	5,097	51,544
Materials and supplies	179,638	76,722	82,088	327,750	-	270,574	83,370	-	-	129,912	1,150,054
Meetings	-	565	112	3,175	248	-	48,869	-	-	-	52,969
Office and other	20,386	-	-	69,790	-	6,677	10,343	-	-	927	108,123
Professional fees	122,303	-	-	-	3,249	-	465,378	-	-	4,703	595,633
Programs	269,114	-	168,630	373,641	-	68,270	165	-	-	-	879,820
Repairs and maintenance	228,125	-	118,392	56,803	-	14,304	60,616	-	-	32,168	510,408
Telephone	8,662	1,560	6,369	10,385	-	11,965	2,926	-	-	-	41,867
Training	7,178	1,750	146	218,667	-	17,258	13,215	-	-	-	258,214
Travel	10,349	8,004	15,588	28,510	-	62,903	19,818	-	-	-	145,172
Utilities	23,344	-	48,640	21,697	-	14,714	12,109	-	-	-	120,504
Wages and benefits	1,139,777	73,286	231,971	795,970	-	392,550	144,544	-	-	-	2,778,098
	<u>2,501,573</u>	<u>696,648</u>	<u>1,092,534</u>	<u>3,246,744</u>	<u>267,578</u>	<u>1,147,604</u>	<u>1,967,644</u>	<u>-</u>	<u>12,839</u>	<u>308,820</u>	<u>11,241,984</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 801,239</u>	<u>\$ 383,844</u>	<u>\$ 666,663</u>	<u>\$ 655,689</u>	<u>\$ 330,043</u>	<u>\$ 419,621</u>	<u>\$ 2,821,847</u>	<u>\$ -</u>	<u>\$ 85,760</u>	<u>\$ (79,298)</u>	<u>\$ 6,085,408</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
SUPPLEMENTARY FINANCIAL INFORMATION
March 31, 2024

EXHIBIT

SUPPLEMENTARY FINANCIAL INFORMATION:

H	INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
H1	SCHEDULE OF REMUNERATION AND EXPENSES - CHIEF AND COUNCILLORS

Doane Grant Thornton LLP
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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members,
NESKONLITH INDIAN BAND

We have reviewed the accompanying consolidated schedule of remuneration and expenses paid to elected officials ("the schedule") of the NESKONLITH INDIAN BAND for the year ended March 31, 2024. The schedule has been prepared by management of the NESKONLITH INDIAN BAND based on the First Nations Financial Transparency Act.

Management's Responsibility for the Schedule

Management of the NESKONLITH INDIAN BAND is responsible for the preparation of the schedule in accordance with the First Nations Financial Transparency Act, 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 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.

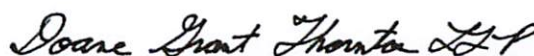
A review of the schedule in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical 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 is not prepared, in all material respects, in accordance with the First Nations Financial Transparency Act.

December 11, 2024
Kamloops, Canada



Chartered Professional Accountants

NESKONLITH INDIAN BAND
SCHEDULE OF REMUNERATION AND EXPENSES
CHIEF AND COUNCILLORS
For the year ended March 31, 2024

Name of Individual	Position Title	Number of Months	Remuneration	Expenses	Reimbursements from Others
IRVIN WAI	CHIEF	12	72,540	27,605	-
JOAN MANUEL-HOOPER	COUNCILLOR	12	65,946	24,494	-
BRAD ARNOUSE	COUNCILLOR	12	65,946	9,712	-
SHIRLEY ANDERSON	COUNCILLOR	12	65,946	24,508	1,308
MINDY DICK	COUNCILLOR	12	65,946	21,437	-
FRANCES NARCISSE	COUNCILLOR	12	65,946	22,550	-
			\$ 402,270	\$ 130,306	\$ 1,308

Note:

Council travel is representative of the various National, Provincial, Regional, and local political tables.

NESKONLITH INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2025

EXHIBIT

CONSOLIDATED FINANCIAL STATEMENTS:

A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITOR'S REPORT	
A2	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
A3	CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	
A4	CONSOLIDATED STATEMENT OF OPERATIONS	
A5	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	
A6	CONSOLIDATED STATEMENT OF CASH FLOWS	
	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
	CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS	APPENDIX 1
	2025 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2
	2024 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 3


MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


The financial statements of Neskonlith Indian Band have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

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

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and periodically with the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Doane Grant Thornton LLP in accordance with Canadian generally accepted auditing standards.





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INDEPENDENT AUDITOR'S REPORT

To the members of NESKONLITH INDIAN BAND

Opinion

We have audited the consolidated financial statements of NESKONLITH INDIAN BAND (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2025 and the consolidated statement of accumulated surplus, consolidated statement of operations, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2025, and the results of its operations and its cash flow 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 Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

We draw attention to the fact the supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2, and Schedules 1 to 30 do not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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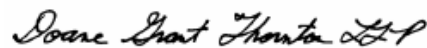
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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.

Kamloops, Canada
November 13, 2025





Chartered Professional Accountants

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2025

FINANCIAL ASSETS	2025	2024
Cash	\$ 22,278,632	\$ 20,075,039
Restricted cash (Note A4)	1,795,694	1,727,112
Grants and accounts receivable (Note A5)	1,728,084	1,426,745
Deposits receivable	133,963	129,250
Investments (Note A6)	4,110	4,110
Investments in government business enterprises (Note A7)	<u>6,073,859</u>	<u>7,511,860</u>
	<u>32,014,342</u>	<u>30,874,116</u>
LIABILITIES		
Accounts payable and accruals	1,574,667	2,578,063
Demand loans (Note A9)	64,006	108,108
Mortgages payable (Note A10)	29,389	83,149
Promissory note payable (Note A11)	<u>2,141,197</u>	<u>2,075,305</u>
	<u>3,809,259</u>	<u>4,844,625</u>
NET FINANCIAL ASSETS	<u>28,205,083</u>	<u>26,029,491</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	183,159	14,792
Tangible capital assets (Note A12)	<u>4,772,569</u>	<u>3,623,739</u>
	<u>4,955,728</u>	<u>3,638,531</u>
ACCUMULATED SURPLUS (Note A13)	<u>\$ 33,160,811</u>	<u>\$ 29,668,022</u>

COMMITMENTS AND CONTINGENCIES (Note A15)

APPROVED BY THE BAND:

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2025

	2025	2024
ACCUMULATED SURPLUS, beginning of year	\$ 29,668,022	\$ 25,556,066
EXCESS OF REVENUE OVER EXPENSES	<u>3,492,789</u>	<u>4,111,956</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 33,160,811</u>	<u>\$ 29,668,022</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2025

	Budget	2025	2024
REVENUE:			
Government transfers:			
Indigenous Services Canada	\$ 3,317,057	\$ 5,543,645	\$ 7,442,515
First Nations Health Authority	622,027	1,357,308	878,518
Canada Mortgage and Housing Corporation	77,124	96,810	282,721
Province of British Columbia	3,472,707	4,686,556	3,723,196
Other revenues:			
Leases and rentals	334,080	492,132	313,733
Income - Ottawa Trust Funds	-	67,408	397,234
First Nations Education Steering Committee	310,000	1,476,811	1,289,300
Interest and investment income	-	5,702	407,716
Equity earnings from government business enterprises	-	(1,400,246)	618,393
Other income	2,232,650	5,177,887	4,116,762
	<u>10,365,645</u>	<u>17,504,013</u>	<u>19,470,088</u>
EXPENSES:			
Administration	3,640,131	3,735,273	3,657,231
Community Welfare	657,354	806,423	733,835
Operations and Maintenance	808,790	1,413,784	1,223,399
Education	2,256,275	3,467,794	3,005,408
Economic Development	37,307	477,627	565,586
Health Services	1,933,333	1,894,141	1,402,951
Government - Tmicw	1,739,544	2,022,219	3,279,680
Capital	-	-	1,342,952
Local Revenue	16,200	4,319	3,185
Social Housing	236,607	189,644	143,905
	<u>11,325,541</u>	<u>14,011,224</u>	<u>15,358,132</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (959,896)	\$ 3,492,789	\$ 4,111,956

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2025

	Budget	2025	2024
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (959,896)	\$ 3,492,789	\$ 4,111,956
Acquisition of tangible capital assets	-	(1,520,471)	(1,822,999)
Amortization of tangible capital assets	-	356,927	321,830
Change in prepaid expenses	-	(168,368)	58,523
Loss on disposal of tangible capital assets	-	14,715	1,168,304
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(959,896)	2,175,592	3,837,614
NET FINANCIAL ASSETS, beginning of year	26,029,491	26,029,491	22,191,877
NET FINANCIAL ASSETS, end of year	\$ 25,069,595	\$ 28,205,083	\$ 26,029,491

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2025

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 3,492,789	\$ 4,111,956
Non-operating item:		
Equity earnings from government business enterprises	1,400,246	(618,393)
Amortization	356,927	321,830
Loss on disposal of tangible capital assets	14,715	1,168,304
(Increase) decrease in:		
Grants and accounts receivable	(301,339)	216,925
Prepaid expenses	(168,367)	58,523
Deposits receivable	(4,713)	(4,408)
Increase (decrease) in:		
Accounts payable and accruals	(1,003,397)	2,060,699
Cash flows from operations	<u>3,786,861</u>	<u>7,315,436</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	(68,582)	(141,604)
Repayment of demand loans, mortgages payable and promissory note payable	<u>(31,970)</u>	<u>(260,783)</u>
Cash flows used in financing	<u>(100,552)</u>	<u>(402,387)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Drawings from partnership	<u>37,755</u>	11,378
Cash flows from investing	<u>37,755</u>	<u>11,378</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Acquisition of tangible capital assets	<u>(1,520,471)</u>	(1,822,999)
Cash flows used in capital	<u>(1,520,471)</u>	<u>(1,822,999)</u>
INCREASE IN CASH	2,203,593	5,101,428
CASH, beginning of year	<u>20,075,039</u>	14,973,611
CASH, end of year	<u>\$ 22,278,632</u>	<u>\$ 20,075,039</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

a) Reporting Entity and Principles of Financial Reporting:

The Neskonlith Indian Band reporting entity includes the Band government and all related entities which are controlled by the First Nation. Control is defined as the power to govern the financial and operating policies of another with expected benefits or the risk of loss to the government from the other organizations' activities. Control exists regardless of whether the government chooses 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.

These financial statements consolidate the assets, liabilities and results of operations for the following programs which use accounting principles which lend themselves to consolidation:

- Neskonlith Indian Band Operating Fund
- Neskonlith Indian Band Trust Fund
- Neskonlith Indian Band Capital Fund
- Neskonlith Indian Band Social Housing Post-1996 Fund

All inter-entity balances have been eliminated on consolidation.

Government business entities owned or controlled by the Neskonlith Indian Band and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. This includes:

- Sk'atsin Resources Ltd. (including the entity's interest in 1202453 B.C. Ltd.)
- Sk'atsin Resources Limited Liability Partnership

All investments in entities that are not controlled, or under shared control are considered to be portfolio investments. They are reported at cost less any write-downs associated with a loss in value that is other than a temporary decline. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

b) 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 tangible capital assets and prepaid expenses.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

c) Tangible Capital Assets:

Tangible capital assets are recorded at cost which includes all 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 declining balance basis over their estimated useful lives as follows:

Major Asset Category:

Buildings	7%
Automotive equipment	20%
Furniture and equipment	20%
Fencing	10%
Infrastructure	20%

Assets under construction are not amortized until the asset is available for productive use.

The First Nation reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the First Nation's ability to provide services. When assets no longer have any long-term service potential to the First Nation, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

The First Nations' interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the First Nation to acquire these lands.

d) Contributions of Tangible Capital Assets:

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

e) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

f) Government Transfers:

Government transfers (revenue from non-exchange transactions with governments) are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made, except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Amounts received from Indigenous Services Canada (ISC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set contributions are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to ISC and any deficits incurred are refundable by ISC. Amounts specified as fixed funding are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the First Nation provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the First Nation. Amounts specified as flexible are reported as revenue as program terms and conditions are met and delivered and project expenditures have been made. Any unspent funds at the end of the project are repayable to ISC. Grants received from ISC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

g) Revenue Recognition:

The Neskonlith Indian Band derives revenues from a number of sources. Revenue is recognized on the accrual basis as it is earned, or as services are provided, and is measurable and becomes receivable under the terms of the applicable funding agreements.

Revenues, other than government transfers, that are externally restricted through stipulations imposed by an agreement with an external party, legislation, or regulation that specify the purpose or purpose for which the resources are to be used are deferred on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose.

Transactions where goods or services are provided for consideration include performance obligations to a specific payor. Revenue from these transactions is recognized as the performance obligations are satisfied. Transactions without performance obligations are recognized when the revenue is received or receivable.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, and property taxes, etc. are recognized upon transfer of title of the product or upon performance of the service and when collectability is reasonably assured.

h) Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

i) Uses 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 amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

j) Statement of remeasurement gains and losses:

The statement of remeasurement gains and losses has not been included in the consolidated financial statements as there have been no remeasurement gains or losses as of March 31, 2025 or accumulated gains or losses from prior fiscal periods.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

k) Asset retirement obligations:

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is measured at Neskonlith Indian Band's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for changes as a result of the passage of time with corresponding accretion expense and adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized on a declining balance basis over their estimated useful lives of the asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A2. FUTURE ACCOUNTING CHANGES:

PS 1202 Financial Statement Presentation

New section PS 1202 Financial Statement Presentation replaces Section PS 1201 Financial Statement Presentation. This section applies to fiscal years beginning on or after April 1, 2026, with early adoption permitted only if the conceptual framework is adopted at the same time. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in Section PS 1202. The main features of the new section include:

- Changes to the statement of financial position to present financial assets, non-financial assets, total assets, financial liabilities, non-financial liabilities and net assets/net liabilities
- Separate statement of changes in net assets or net liabilities (formerly known as accumulated surplus) by required categories
- The addition of a statement of net financial assets or net financial liabilities that presents a revised net financial assets or net financial liabilities (formerly known as "net debt") calculation
- The option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities
- Ability to present an amended budget when there is an election or the majority of the governing body of a government organization is newly elected or appointed
- The requirement to provide a subtotal prior to financing activities in the statement of cash flow
- Guidance on assessing the going concern assumption

PSAB's Conceptual Framework for Financial Reporting in the Public Sector

PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces Sections PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives. As a result of the issuance of the Conceptual Framework, various Sections and Guidelines of the Handbook have been amended to include references to the new Conceptual Framework, add/clarify key definitions that are consistent with the Conceptual Framework, and/or remove references to qualitative characteristics that are no longer qualitative characteristics in the new Conceptual Framework. This section applies to fiscal years beginning on or after April 1, 2026, with early adoption permitted.

NOTE A3. FINANCIAL INSTRUMENTS:

Classification

The following table provides the carrying amount information of the First Nation's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

Financial Instrument	2025 Amortized cost / cost	2024 Amortized cost / cost
Cash	\$ 22,278,632	\$ 20,075,039
Restricted cash	1,795,694	1,727,112
Grants and accounts receivable	1,728,084	1,426,745
Accounts payable and accruals	1,574,667	2,578,063
Demand loans	64,006	108,108
Mortgages payable	29,389	83,149
Promissory note payable	2,141,197	2,075,305

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A3. FINANCIAL INSTRUMENTS (continued):

Credit risk

Credit risk is the risk of financial loss to the First Nation if a debtor fails to discharge their obligation (e.g., pay the accounts receivable owing to the First Nation). The First Nation is exposed to this risk arising from its cash, grants receivable, accounts receivable and deposits receivable. The First Nation holds its cash accounts with two federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the First Nation's cash accounts are insured up to \$100,000 with each bank.

Accounts receivable is primarily due from government corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The First Nation measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the First Nation's historical experience regarding collections. In the current and prior years, all of the impairment allowance related to the other receivables. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

	Current	31-60 days	61-90 days	Over 90 days	Total
Government receivables	\$ -	\$ -	\$ -	\$ 21,266	\$ 21,266
Other accounts receivable	950,469	111,384	48,768	1,580,750	2,691,371
Total	950,469	111,384	48,768	1,602,016	2,712,637
Less impairment allowance	-	(17,237)	-	(967,316)	(984,553)
Net receivable	<u>\$ 950,469</u>	<u>\$ 94,147</u>	<u>\$ 48,768</u>	<u>\$ 634,700</u>	<u>\$ 1,728,084</u>

Liquidity risk

Liquidity risk is the risk that the First Nation will not be able to meet all cash outflow obligations as they come due. The First Nation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A4. RESTRICTED CASH:

	2025	2024
Replacement Reserve	\$ 17,449	\$ 21,978
Operating Reserve	240,485	234,782
Ottawa Trust Funds	<u>1,537,760</u>	<u>1,470,352</u>
	<u><u>\$ 1,795,694</u></u>	<u><u>\$ 1,727,112</u></u>

a) Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$9,000 (2024 - \$19,432) annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

b) Operating Reserve:

Under the terms of the agreement with Canada Mortgage & Housing Corporation, after the payment of all costs and expenditures including the allocation of the Replacement Reserve, any surplus revenue will be retained by the First Nation within an Operating Reserve fund. Interest earnings must accrue to and be maintained in the Operating Reserve fund. The Project's Operating Reserve fund may only be used for the ongoing operating costs of the housing projects committed under the On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. The First Nation agrees to maintain Operating Reserve funds 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 mutually agreed to by the First Nation and CMHC.

c) Ottawa Trust Funds:

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

NOTE A5. GRANTS AND ACCOUNTS RECEIVABLE:

	2025	2024
Grants and accounts receivable	\$ 2,712,637	\$ 2,358,431
Less: Allowance for doubtful accounts	<u>984,553</u>	<u>931,686</u>
	<u><u>\$ 1,728,084</u></u>	<u><u>\$ 1,426,745</u></u>

NOTE A6. INVESTMENTS:

	2025	2024
<u>Portfolio investments:</u>		
All Nations Trust Company:		
2,000 Class A shares, par value \$1	\$ 4,000	\$ 4,000
B.C. First Nations Revenue Share Limited Partnership (0.45% interest)	100	100
Share in the General Partner, BCFN GRS GP Inc., a corporation incorporated under the BC Business Corporations Act. Share represents a 0.45% interest in the Company at March 31, 2025.	<u>10</u>	<u>10</u>
	<u><u>\$ 4,110</u></u>	<u><u>\$ 4,110</u></u>

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A7. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES:	2025	2024
Sk'atsin Resources Ltd. (100% interest)	\$ 72,276	\$ 91,268
Sk'atsin Resources Limited Liability Partnership (99% interest)	<u>6,001,583</u>	<u>7,420,592</u>
Total Investments in Government Business Enterprises	<u>\$ 6,073,859</u>	<u>\$ 7,511,860</u>

Financial information for Sk'atsin Resources Limited Liability Partnership:

	Total	Band's Share 2025	Band's Share 2024
Assets	\$ 8,755,411	\$ 8,667,857	\$ 9,733,698
Liabilities	<u>(2,690,549)</u>	<u>(2,663,644)</u>	<u>(2,330,945)</u>
Partner's Capital	<u>\$ 6,064,862</u>	<u>\$ 6,004,213</u>	<u>\$ 7,402,753</u>
Revenues	\$ 3,598,832	\$ 3,562,844	\$ 4,954,569
Expenses	<u>5,013,222</u>	<u>4,963,090</u>	<u>4,336,176</u>
Net Income	<u>\$ (1,414,390)</u>	<u>\$ (1,400,246)</u>	<u>\$ 618,393</u>

Financial information for Sk'atsin Resources Ltd.:

Assets	\$ 221,454	\$ 326,454
Liabilities	<u>(213,028)</u>	<u>(398,589)</u>
Equity (Deficit)	<u>\$ 8,426</u>	<u>\$ (72,135)</u>
Revenue	\$ 130,995	\$ 91,833
Expenses	<u>50,435</u>	<u>61,277</u>
Net Income	<u>\$ 80,560</u>	<u>\$ 30,556</u>

NOTE A8. BANK INDEBTEDNESS:

Under a line of credit with the Royal Bank of Canada, the First Nation may borrow up to \$200,000 on such terms as the First Nation and bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2025, the unused portion of the credit line was \$200,000.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A9. DEMAND LOANS:	2025	2024
Royal Bank of Canada, demand loan, repayable in monthly installments of \$1,589 including interest at 6.81%, secured by a general security agreement, due December 2025	\$ 13,846	\$ 32,609
Royal Bank of Canada, demand loan, repayable in monthly installments of \$2,381 including interest at 5.04%, secured by a general security agreement, due December 2025	<u>50,160</u>	<u>75,499</u>
	<u><u>\$ 64,006</u></u>	<u><u>\$ 108,108</u></u>

Principal repayments due in the ensuing year is approximately as follows:

2026	<u><u>\$ 64,006</u></u>
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NOTE A10. MORTGAGES PAYABLE:	2025	2024
<u>Social Housing Operation - Post-1996 mortgages:</u>		
All Nations Trust Company, repaid during the year.	\$ -	\$ 4,749
All Nations Trust Company, repayable in monthly installments of \$2,732 including interest at 4.50% per annum, secured by land and buildings with a carrying value of \$21,000, due February 2026.	29,389	60,111
All Nations Trust Company, repaid during the year.	<u>-</u>	<u>18,289</u>
	<u><u>\$ 29,389</u></u>	<u><u>\$ 83,149</u></u>

The Social Housing mortgages are guaranteed by Indigenous Services Canada.

Principal repayments due in the ensuing year is approximately as follows:

2026	<u><u>\$ 29,389</u></u>
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NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A11. PROMISSORY NOTE PAYABLE:	2025	2024
First Nations Finance Authority, repayable in annual installments of \$52,753 plus semi-annual interest payments at 2.15% per annum, due June 2031.	\$ 2,014,150	\$ 2,075,305
Receiver General of Canada, non-interest bearing, due March 31, 2029.	<u>127,047</u>	<u>-</u>
	<u>\$ 2,141,197</u>	<u>\$ 2,075,305</u>

Principal repayments due in the ensuing 5 years are approximately as follows:

2026	\$ 52,753
2027	52,753
2028	52,753
2029	179,800
2030	52,753
Thereafter	<u>1,750,385</u>
	<u>\$ 2,141,197</u>

NOTE A12. TANGIBLE CAPITAL ASSETS:	2025	2024
Tangible capital assets consist of the following:		
Buildings	\$ 3,880,940	\$ 2,857,284
Automotive equipment	467,638	227,161
Furniture and equipment	345,021	431,275
Fencing	21,656	24,062
Infrastructure	35,561	44,451
Social Housing	<u>21,753</u>	<u>39,506</u>
	<u>\$ 4,772,569</u>	<u>\$ 3,623,739</u>

For additional information, see the Summary Schedule of Tangible Capital assets (Appendix 1).

NOTE A13. ACCUMULATED SURPLUS:	2025	2024
Accumulated surplus consists of individual program surpluses and reserves as follows:		
Surplus from operations	<u>\$ 28,648,891</u>	<u>\$ 26,902,046</u>
Invested in investments	<u>5,210</u>	<u>5,210</u>
Invested in tangible capital assets	<u>2,665,024</u>	<u>1,056,921</u>
Funded Reserves:		
Operating Reserve Fund (CMHC)	247,276	233,036
Replacement Reserve Fund (CMHC)	56,650	457
Ottawa Trust Funds	<u>1,537,760</u>	<u>1,470,352</u>
	<u>1,841,686</u>	<u>1,703,845</u>
	<u>\$ 33,160,811</u>	<u>\$ 29,668,022</u>

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A14. FEDERAL ASSISTANCE PAYMENTS:

The Neskonlith Indian Band Housing Project has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of assistance received through March 31, 2025 was \$96,810 (2024 - \$57,720). This assistance will continue, providing the First Nation is not in default of the agreement.

NOTE A15. COMMITMENTS AND CONTINGENCIES:

Commitments:

The First Nation leases office equipment under long-term lease agreements the longest of which expires June 2030.

Future minimum lease payments as at March 31, 2025, are as follows:

2026	\$	53,790
2027		51,960
2028		51,600
2029		51,600
2030		51,600
2031		8,600
		<u>269,150</u>
	\$	<u>269,150</u>

Contingencies:

a) The First Nation is guarantor of various individual members' loans, secured by Ministerial guarantees, for a total of \$193,291.

b) Indigenous Services Canada:

The First Nation receives a portion of its funding under a contribution agreement with Indigenous Services Canada (ISC) which, if unexpended, may be refundable to ISC. Further, amounts which are overexpended may be reimbursed by ISC to the First Nation. No amounts have been recorded in the financial statements as refundable or reimbursable.

c) Guarantees:

The First Nation has provided a guarantee for the line of credit of Sk'atsin Resources Limited Liability Partnership in the amount of \$75,000. The First Nation holds 99% of the partnership units in Sk'atsin Resources Limited Liability Partnership. At March 31, 2025, the outstanding Line of credit was \$Nil.

NOTE A16. DEFINED CONTRIBUTION PENSION PLAN:

The First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee. Total contributions to the plan during the year were \$91,867 (2024 - \$81,775). The pension rate for employees is 5.5%.

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A17. SEGMENTED INFORMATION:

The Neskonlith Indian Band is a First Nations government institution that provides a range of programs and services to its members, including administration, community welfare, operations and maintenance, education, economic development, health services, Government - Tmicw, capital, local revenue and social housing. For management reporting purposes the First Nations 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 special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these programs. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Administration

Administration relates to the operations of the Neskonlith Indian Band itself and cannot be directly attributed to a specific segment.

Community Welfare

Community Welfare provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

Operations and maintenance provides services relating to the development, maintenance and service of the Neskonlith Indian Band's assets, infrastructure and common property.

Education

Education provides educational services through the operations of an on reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Neskonlith Indian Band's Members.

Economic Development

Economic development provides for the development of economic opportunities to the Members.

Health Services

Health services provides for health-related services and programs to the Members.

Government - Tmicw

Government - Tmicw provides exploration of natural resources and development of natural resource revenues.

Capital

Capital provides for the development of new capital projects and infrastructure programs on the reserve.

Local Revenue

Local Revenue assists in the maintenance of roads, streets, and facilities through revenue raised under local revenue laws.

Social Housing

Social housing provides for social housing to the Members.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

NESKONLITH INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2025

NOTE A18. ECONOMIC DEPENDENCE:

The First Nation receives revenues pursuant to a Funding Agreement with Indigenous Services Canada. In the current fiscal year, funding from Indigenous Services Canada accounted for 29% (2024 - 38%) of the First Nation's gross revenues.

NOTE A19. CASH FLOW INFORMATION:

During the year, the First Nation paid interest on demand loans and mortgages payable of \$54,618 (2024 - \$62,193) and received interest of \$865,407 (2024 - \$623,304).

NESKONLITH INDIAN BAND
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2025

	Buildings	Automotive Equipment	Furniture and Equipment	Fencing	Infrastructure (water/sewer)	Social Housing	2025	2024
Cost								
Balance, beginning of year	\$ 7,913,212	\$ 641,583	\$ 1,446,369	\$ 156,832	\$ 5,906,325	\$ 2,137,367	\$ 18,201,688	\$ 17,653,066
Add: Additions during the year	1,234,562	285,909	-	-	-	-	1,520,471	1,822,999
Less: Disposals during the year	-	-	-	-	-	(291,373)	(291,373)	(1,274,377)
Transfer during the year	1,107,972	-	-	-	-	(1,107,972)	-	-
Balance, end of year	10,255,746	927,492	1,446,369	156,832	5,906,325	738,022	19,430,786	18,201,688
Accumulated amortization								
Balance, beginning of year	5,055,927	414,422	1,015,094	132,770	5,861,874	2,097,861	14,577,948	14,362,192
Add: Amortization	210,907	45,432	86,254	2,406	8,890	3,038	356,927	321,830
Less: Disposals during the year	-	-	-	-	-	(276,658)	(276,658)	(106,073)
Transfer during the year	1,107,972	-	-	-	-	(1,107,972)	-	-
Balance, end of year	6,374,806	459,854	1,101,348	135,176	5,870,764	716,269	14,658,217	14,577,949
Net Book Value of Tangible Capital Assets	\$ 3,880,940	\$ 467,638	\$ 345,021	\$ 21,656	\$ 35,561	\$ 21,753	\$ 4,772,569	\$ 3,623,739

Included in Buildings are tangible capital assets under construction of \$1,165,226 (2024 - \$537,010). These assets have not been amortized.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2025

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2025	Total 2024
REVENUE:												
Indigenous Services Canada	\$ 578,167	\$ 720,117	\$ 724,038	\$ 2,033,536	\$ 137,707	\$ 1,350,080	\$ -	\$ -	\$ -	\$ -	\$ 5,543,645	\$ 7,442,515
Leases and rentals	349,945	-	-	-	-	-	80,862	-	-	61,325	492,132	313,733
CMHC	-	-	-	-	-	-	-	-	-	96,810	96,810	282,721
Province of BC	314,116	-	1,500	69,193	72,000	49,190	4,180,557	-	-	-	4,686,556	3,723,196
Interest and tax penalties	67,408	-	-	-	-	-	-	-	-	5,702	73,110	407,716
First Nations Health Authority	721,852	-	-	-	-	635,456	-	-	-	-	1,357,308	878,518
Admin recoveries	588,685	-	-	-	-	-	-	-	-	-	588,685	727,473
Equity earnings from government business enterprises	-	-	-	-	-	-	(1,400,246)	-	-	-	(1,400,246)	618,393
Miscellaneous	1,353,807	294	628,623	1,871,351	790,198	1,031,563	279,774	-	110,403	-	6,066,013	5,075,823
	3,973,980	720,411	1,354,161	3,974,080	999,905	3,066,289	3,140,947	-	110,403	163,837	17,504,013	19,470,088
EXPENSES:												
Administration fees	34,267	10,966	62,650	204,867	46,566	233,487	-	-	-	5,886	598,689	728,430
Advertising	-	-	-	-	-	234	5,355	-	-	-	5,589	9,321
Amortization	353,889	-	-	-	-	-	-	-	-	3,038	356,927	321,830
Assistance	-	426,277	-	157,043	-	-	-	-	-	-	583,320	602,207
Community development	-	-	-	-	-	824	-	-	-	-	824	5,938
Contract services	62,285	20,032	472,457	58,845	167,868	114,474	653,913	-	4,311	-	1,554,185	2,703,171
Education	-	-	-	883,610	-	-	-	-	-	-	883,610	559,592
Gifts and donations	6,530	-	-	-	-	-	51,691	-	-	-	58,221	32,994
Honorarium	3,454	-	-	27,806	-	3,572	559,654	-	-	-	594,486	595,192
Insurance	97,065	-	34,625	10,371	-	19,166	17,176	-	-	20,037	198,440	113,142
Leases	15,653	-	390	21,530	-	68,564	13,715	-	-	-	119,852	51,718
Licences, dues and fees	2,877	-	909	3,460	-	-	818	-	-	-	8,064	4,479
Interest on demand loans and mortgages payable	39,939	-	-	-	-	-	-	-	8	2,945	42,892	47,765
Materials and supplies	225,378	220,894	46,367	333,926	57,567	410,088	52,400	-	-	-	1,346,620	2,639,409
Meetings	435	-	2,297	2,147	-	45	85,045	-	-	-	89,969	118,185
Office and other (recovery)	(115,234)	-	10,000	124,402	-	16,380	2,457	-	-	-	38,005	276,081
Professional fees	85,062	-	-	-	5,290	-	235,521	-	-	2,831	328,704	597,901
Programs	60,136	-	164,677	302,492	-	197,654	-	-	-	-	724,959	695,293
Repairs and maintenance	846,225	339	98,706	52,172	-	12,426	2,104	-	-	154,907	1,166,879	1,260,464
Telephone	11,459	780	8,592	4,945	-	7,702	3,286	-	-	-	36,764	30,247
Training	2,181	-	2,354	58,546	24,625	17,241	68,947	-	-	-	173,894	105,710
Travel	27,427	2,399	18,465	36,295	36,740	123,933	36,218	-	-	-	281,477	200,881
Utilities	28,761	-	56,426	12,386	-	11,637	491	-	-	-	109,701	108,237
Wages and benefits	1,947,484	124,736	434,869	1,172,951	138,971	656,714	233,428	-	-	-	4,709,153	3,549,945
	3,735,273	806,423	1,413,784	3,467,794	477,627	1,894,141	2,022,219	-	4,319	189,644	14,011,224	15,358,132
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 238,707	\$ (86,012)	\$ (59,623)	\$ 506,286	\$ 522,278	\$ 1,172,148	\$ 1,118,728	\$ -	\$ 106,084	\$ (25,807)	\$ 3,492,789	\$ 4,111,956

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31 , 2024

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Local Revenue	Social Housing	Total 2024
REVENUE:											
Indigenous Services Canada	\$ 1,695,025	\$ 881,698	\$ 803,060	\$ 2,512,251	\$ 152,769	\$ 1,397,712	\$ -	\$ -	\$ -	\$ -	\$ 7,442,515
Leases and rentals	174,950	-	-	-	-	-	18,672	-	-	120,111	313,733
CMHC	225,000	-	-	-	-	-	-	-	-	57,721	282,721
Province of BC	262,080	-	45,500	457,579	-	47,983	2,910,054	-	-	-	3,723,196
Interest and tax penalties	397,234	-	-	-	-	-	-	-	-	10,482	407,716
First Nations Health Authority	-	-	-	-	-	878,518	-	-	-	-	878,518
Admin recoveries	727,473	-	-	-	-	-	-	-	-	-	727,473
Equity earnings from government business enterprises	-	-	-	-	-	-	618,393	-	-	-	618,393
Miscellaneous	1,879,581	-	229,131	1,418,595	428,958	731,623	274,039	-	112,204	1,692	5,075,823
	<u>5,361,343</u>	<u>881,698</u>	<u>1,077,691</u>	<u>4,388,425</u>	<u>581,727</u>	<u>3,055,836</u>	<u>3,821,158</u>	<u>-</u>	<u>112,204</u>	<u>190,006</u>	<u>19,470,088</u>
EXPENSES:											
Administration fees	69,649	13,713	67,541	229,570	58,637	274,814	3,400	-	-	11,106	728,430
Advertising	-	-	-	-	-	-	9,321	-	-	-	9,321
Amortization	318,856	-	-	-	-	-	-	-	-	2,974	321,830
Assistance	-	369,373	-	232,834	-	-	-	-	-	-	602,207
Community development	-	-	-	-	-	5,938	-	-	-	-	5,938
Contract services	139,334	-	245,520	66,602	284,005	45,834	1,745,349	173,352	3,175	-	2,703,171
Education	-	-	-	559,592	-	-	-	-	-	-	559,592
Gifts and donations	5,597	-	-	-	-	-	27,397	-	-	-	32,994
Honorarium	4,385	-	875	23,210	400	1,050	565,272	-	-	-	595,192
Insurance	50,918	-	21,085	7,098	-	9,334	3,600	-	-	21,107	113,142
Leases	24,358	-	-	15,253	-	2,535	9,572	-	-	-	51,718
Licences, dues and fees	2,550	-	765	-	-	764	400	-	-	-	4,479
Interest on demand loans and mortgages payable	42,554	-	-	-	-	-	104	-	10	5,097	47,765
Materials and supplies	167,256	244,809	109,218	406,436	47,340	398,248	97,798	1,168,304	-	-	2,639,409
Meetings	424	-	586	750	4,994	-	111,431	-	-	-	118,185
Office and other	159,796	-	-	78,931	-	33,617	3,737	-	-	-	276,081
Professional fees	166,308	-	-	-	5,180	-	420,118	-	-	6,295	597,901
Programs	83,669	-	165,194	267,157	1,000	176,573	1,700	-	-	-	695,293
Repairs and maintenance	846,219	-	186,537	44,122	-	15,793	70,467	-	-	97,326	1,260,464
Telephone	6,378	1,440	6,140	7,780	-	5,721	2,788	-	-	-	30,247
Training	4,363	374	131	89,626	-	7,758	3,458	-	-	-	105,710
Travel	14,286	6,072	22,755	27,138	58,138	50,788	20,408	1,296	-	-	200,881
Utilities	21,877	-	50,555	15,587	-	15,184	5,034	-	-	-	108,237
Wages and benefits	1,528,454	98,054	346,497	933,722	105,892	359,000	178,326	-	-	-	3,549,945
	<u>3,657,231</u>	<u>733,835</u>	<u>1,223,399</u>	<u>3,005,408</u>	<u>565,586</u>	<u>1,402,951</u>	<u>3,279,680</u>	<u>1,342,952</u>	<u>3,185</u>	<u>143,905</u>	<u>15,358,132</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 1,704,112</u>	<u>\$ 147,863</u>	<u>\$ (145,708)</u>	<u>\$ 1,383,017</u>	<u>\$ 16,141</u>	<u>\$ 1,652,885</u>	<u>\$ 541,478</u>	<u>\$ (1,342,952)</u>	<u>\$ 109,019</u>	<u>\$ 46,101</u>	<u>\$ 4,111,956</u>

See accompanying notes to financial statements.

NESKONLITH INDIAN BAND
SUPPLEMENTARY FINANCIAL INFORMATION

March 31, 2025

EXHIBIT

SUPPLEMENTARY FINANCIAL INFORMATION:

F	INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
F1	SCHEDULE OF REMUNERATION AND EXPENSES - CHIEF AND COUNCILLORS

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members,
NESKONLITH INDIAN BAND

We have reviewed the accompanying consolidated schedule of remuneration and expenses paid to elected officials ("the schedule") of the NESKONLITH INDIAN BAND for the year ended March 31, 2025. The schedule has been prepared by management of the NESKONLITH INDIAN BAND based on the First Nations Financial Transparency Act.

Management's Responsibility for the Schedule

Management of the NESKONLITH INDIAN BAND is responsible for the preparation of the schedule in accordance with the First Nations Financial Transparency Act, 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 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 is not prepared, in all material respects, in accordance with the First Nations Financial Transparency Act.

Doane Grant Thornton LLP

Chartered Professional Accountants

Kamloops, Canada
November 13, 2025

NESKONLITH INDIAN BAND
SCHEDULE OF REMUNERATION AND EXPENSES
CHIEF AND COUNCILLORS
For the year ended March 31, 2025

Name of Individual	Position Title	Number of Months	Remuneration	Expenses	Reimbursements from Others
IRVIN WAI	CHIEF	12	74,929	33,517	11,153
JOAN MANUEL-HOOPER	COUNCILLOR	12	68,919	36,208	13,058
BRAD ARNOUSE	COUNCILLOR	12	68,919	8,134	850
SHIRLEY ANDERSON	COUNCILLOR	12	68,919	15,143	6,412
MINDY DICK	COUNCILLOR	12	68,919	27,939	10,902
FRANCES NARCISSE	COUNCILLOR	10	59,054	24,343	1,176
			\$ 409,659	\$ 145,284	\$ 43,551

Note:

Council travel is representative of the various National, Provincial, Regional, and local political tables.