

Consolidated Financial Statements of

TLA'AMIN NATION

And Independent Auditor's Report thereon
Year ended March 31, 2023

DRAFT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Tla'amin Nation (the "Nation") and all the information in this report are the responsibility of management and have been approved by the Tla'amin Government.

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

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

The Tla'amin Government, represented by the elected Hegus and Legislators, are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Hegus and Legislators meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. Hegus and Legislators take this information into consideration when approving the consolidated financial statements for issuance to the Nation's citizens. In addition, Hegus and Legislators also consider the engagement of the Nation's external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the Nation's citizens. KPMG LLP have full access to Hegus and Legislators.

Hegus

Legislator

Chair, Finance Committee

Legislator

Chief Financial Officer

Legislator

Legislator

Legislator

December 11, 2024



KPMG LLP
200-3200 Richter Street
Kelowna BC V1W 5K9
Canada
Telephone (250) 979 7150
Fax (250) 763 0044

INDEPENDENT AUDITORS' REPORT

To the Tla'amin Government and Tla'amin Nation Citizens

Opinion

We have audited the consolidated financial statements of Tla'amin Nation, which comprise:

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

(Hereinafter referred to as the “financial statements”).

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of Tla'amin 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 these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Tla'amin Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative to do so.

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

Auditors' 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 auditors' report that includes our opinion.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Tla'amin 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 a significant doubt on Tla'amin 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 auditors' 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 auditors' report. However, future events or conditions may cause Tla'amin 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion of the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Can't Show KPMG.BMP

Chartered Professional Accountants

Kelowna, Canada

December 11, 2024

TLA'AMIN NATION

Consolidated Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash and cash equivalents	\$ 22,136,985	\$ 14,349,549
Restricted cash, cash equivalents and investments (note 2)	40,094,863	47,456,670
Accounts receivable (note 3)	8,379,868	11,702,558
Investments (note 4)	2,287,849	1,912,765
Investments in business enterprises (note 5)	17,668,343	11,457,142
	<u>90,567,908</u>	<u>86,878,684</u>
Liabilities		
Accounts payable and accrued liabilities	3,637,337	2,900,066
Deferred revenue (note 6)	12,433,157	14,068,182
Term debt (note 7)	7,161,144	7,488,948
	<u>23,231,638</u>	<u>24,457,196</u>
Net financial assets	<u>67,336,270</u>	<u>62,421,488</u>
Non-Financial Assets		
Tangible capital assets (schedule 2)	44,791,380	29,343,973
Prepaid expenses and deposits	552,419	626,112
	<u>45,343,799</u>	<u>29,970,085</u>
Accumulated surplus (note 8)	<u>\$ 112,680,069</u>	<u>\$ 92,391,573</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 112,576,782	\$ 91,909,315
Accumulated remeasurement gain	103,287	482,259
	<u>\$ 112,680,069</u>	<u>\$ 92,391,574</u>

Commitments and contingencies (note 11)

On behalf of the Tla'amin Government:

Hegus

Legislator

Chair, Finance Committee

Legislator

Chief Financial Officer

Legislator

Legislator

Legislator

TLA'AMIN NATION

Consolidated Statement of Operations and Accumulated Operating Surplus

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

	2023 Budget (note 1(j))	2023	2022
Revenue:			
Transfers from (to) other governments:			
Indigenous Services Canada	\$ 31,594,526	\$ 23,033,115	\$ 21,663,711
Transfer to Qames ?ems Tala Settlement Trust (note 1(e))	(4,931,623)	(4,964,799)	(4,922,137)
Province of British Columbia	2,092,899	3,414,806	8,098,096
Other government	6,971,478	9,813,532	1,696,514
Investment	602,300	2,327,483	999,294
Rental	312,000	331,857	346,620
Property and other taxes	433,600	466,963	454,205
Fishing licenses	70,000	116,883	121,178
Other	1,984,611	4,177,052	1,985,641
Equity in earnings of business enterprises (note 5)	4,600,000	6,961,201	3,398,676
	43,729,791	45,678,093	33,841,798
Expenses (schedule 1):			
Administration	8,963,054	7,398,051	5,646,458
Education	4,496,163	4,210,813	3,088,522
Health	7,574,079	5,009,509	3,549,372
Housing	856,896	1,245,671	1,765,283
Infrastructure	3,162,285	3,063,806	3,025,842
Land and resources	2,688,495	1,880,954	1,871,264
Social development	3,345,766	1,887,358	1,985,289
Taxation	277,686	314,464	289,722
	31,364,424	25,010,626	21,221,752
Surplus	\$ 12,365,367	20,667,467	12,620,046
Accumulated operating surplus, beginning of the year		91,909,315	79,289,269
Accumulated operating surplus, end of year		\$ 112,576,782	\$ 91,909,315

See accompanying notes to consolidated financial statements.

TLA'AMIN NATION

Consolidated Statement of Changes in Net Financial Assets

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

	2023 Budget (note 1(j))	2023	2022
Surplus	\$ 12,365,367	\$ 20,667,467	\$ 12,620,046
Changes to non-financial assets:			
Acquisition of tangible capital assets	(18,247,617)	(16,735,127)	(9,393,544)
Amortization of tangible capital assets	2,386,580	1,287,720	1,016,105
	(15,861,037)	(15,447,407)	(8,377,439)
Net expense (acquisition) of prepaid expenses and deposits	-	73,693	(386,280)
	(3,495,670)	5,293,753	3,856,327
Net remeasurement loss	-	(378,972)	(101,442)
Increase (decrease) in net financial assets	\$ (3,495,670)	4,914,781	3,754,885
Net financial assets, beginning of year		62,421,489	58,666,604
Net financial assets, end of year		\$ 67,336,270	\$ 62,421,489

See accompanying notes to consolidated financial statements.

TLA'AMIN NATION

Consolidated Statement of Remeasurement Gains and Losses

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

	2023	2022
Portfolio investments:		
Accumulated remeasurement gain, beginning of year	\$ 482,259	\$ 583,701
Net unrealized loss	(378,972)	(101,442)
Accumulated measurement gain, end of year	\$ 103,287	\$ 482,259

See accompanying notes to consolidated financial statements.

DRAFT

TLA'AMIN NATION

Consolidated Statement of Cash Flows

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

	2023	2022
Cash provided by (used in):		
Operating activities:		
Net cash received from Indigenous Services Canada	\$ 23,349,259	\$ 17,850,574
Cash received from grants, property taxes, user fees, rent and other revenue	14,457,770	15,827,910
Cash paid to employees and suppliers	(22,381,320)	(19,432,441)
Investment income received	1,922,650	680,130
Interest paid	(260,576)	(372,388)
	17,087,783	14,553,785
Financing activities:		
Repayment of term debt	(327,804)	(272,910)
Capital activities:		
Acquisition of tangible capital assets	(16,735,127)	(9,393,544)
Investing activities:		
Net (increase) decrease in restricted cash, cash equivalents and investments	6,982,835	(1,567,872)
Net distribution from investments	29,749	15,277
Net drawings from business enterprises	750,000	1,013,869
	7,762,584	(538,726)
Increase in cash and cash equivalents	7,787,436	4,348,605
Cash and cash equivalents, beginning of year	14,349,549	10,000,944
Cash and cash equivalents, end of year	\$ 22,136,985	\$ 14,349,549
Non-cash investing, financing and capital activities:		
Equity in earnings of business enterprises (note 5)	\$ 6,961,201	\$ 3,398,676
Net partnership earnings (note 4)	404,833	319,164
Net remeasurement loss on portfolio investments	(378,972)	(101,442)

See accompanying notes to consolidated financial statements.

TLA'AMIN NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

Tla'amin Nation (the "Nation") is an indigenous Coast Salish Nation located along the northern part of British Columbia's Sunshine Coast. The Nation is self-governing through a treaty settlement (the "Tla'amin Final Agreement") between the Nation and the Governments of Canada and British Columbia. The Tla'amin Government is represented by an elected Hecus and Legislators and is the governing and taxation authority for the Nation.

The Tla'amin Final Agreement, a treaty and land claims agreement between the Nation and the Governments of Canada and British Columbia, became effective April 5, 2016. The Tla'amin Final Agreement constituted a full and final settlement with respect to the Tla'amin Nation's aboriginal rights, including aboriginal title, in Canada.

1. Basis of presentation and significant accounting policies:

These consolidated financial statements include the assets, liabilities, and results of operations of the Nation and all related entities and organizations subject to its control. No inclusion has been made of assets, liabilities, revenue or expenses of the Nation's citizens, individually or collectively, incorporated or unincorporated, that are not controlled by or are the responsibility of the Nation.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for governments, as established by the Canadian Public Sector Accounting Board ("PSAB"), which encompasses the following significant accounting principles:

(a) Fund accounting:

The Nation uses fund accounting procedures, which results in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been consolidated for presentation in the consolidated financial statements.

(b) Reporting entity and basis of consolidation and partnerships:

The Nation's reporting entity includes the Tla'amin Nation and all related entities, which are accountable for the administration of their financial affairs and resources to the Nation and are either owned or controlled by the Nation. The Games ?ems Tala Settlement Trust is not owned or controlled by the Nation and is not consolidated in these financial statements.

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Basis of presentation and significant accounting policies (continued):

(b) Reporting entity and basis of consolidation and partnerships (continued):

i) Investment in government business enterprises and partnerships:

The Nation records its investments in government business enterprises (GBE) and government business partnerships (GBP) on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of the Nation and inter-organizational transactions and balances are not eliminated. The Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

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

Tla'amin Holdings Inc. - 100% interest

The Nation's government business partnerships investments consist of following:

Tla'amin Holdings Limited Partnership - 99.99% interest

ii) Investments:

Investments in entities in which the Nation does not control individually or jointly are recorded at acquisition cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value. Investments in entities in which the Nation does not control but has joint control or significant influence in operations are accounted for, similar to government business partnerships, using the modified equity method.

(c) Cash and cash equivalents:

Cash and cash equivalents includes cash and investments in highly liquid money market funds, readily convertible to known amounts of cash.

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Basis of presentation and significant accounting policies (continued):

(d) Tangible capital assets:

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

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

Asset	Method	Amount
Buildings and improvements	Declining balance and straight-line	4 - 20%
Infrastructure	Declining balance	4%
Equipment	Declining balance and straight-line	10 - 100%

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

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

Settlement lands to which no acquisition costs is attributable have not been assigned any value in the consolidated financial statements.

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Basis of presentation and significant accounting policies (continued):

(e) Revenue recognition:

Government transfers and grant revenue are recognized as the Nation becomes entitled to the funding under the terms of applicable funding agreements and is recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received for which eligibility criteria have not been met or which has stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

In connection with the Tla'amin Final Agreement, the Nation receives an annual capital transfer over a 10 year period. The annual capital transfer payment is transferred to the Qames ?ems Tala Settlement Trust.

Rental, lease and interest revenue is recognized on a monthly basis as income is earned and when collection is reasonable assured. Property and other tax revenues are recognized, net of applicable homeowner grants, at the time the taxes are levied.

Revenue from logging, sales of goods and provision of service, fishing licenses and other sources are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

The Nation accounts for revenue received from contractual agreements, such as resource royalties, certain grants and other government transfers in the year the proceeds are received or the proceeds are considered receivable, any prescribed services are performed and the amount can be reasonably estimated.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of financial and non-financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Areas requiring management estimates include the recoverable amount of accounts receivable, the recoverable amount of investments and investments in government business enterprises and partnerships and the useful lives of and net future economic benefits associated with tangible capital assets. Management reviews these estimates on a periodic basis and at least annually. Where necessary, management makes adjustments to these benefits prospectively.

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Basis of presentation and significant accounting policies (continued):

(g) Contaminated site liabilities:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when an environmental standard exists, contamination exceeds the environmental standard, the Nation is directly responsible and accepts responsibility, future economic benefits will be given up and a reasonable estimate can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. An expected recoveries from other parties, including other governments, are recorded as a reduction of the liability. As at March 31, 2023, the Nation did not have any significant or measurable contaminated site liabilities.

(h) Asset retirement obligations:

An asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the transaction giving rise to the obligation has occurred, cash or other economic benefits are expected to be given up in the future and a reasonable estimate of the obligation can be made. As at March 31, 2023, the Nation did not have any significant asset retirement obligations.

(i) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the Nation to be recorded at fair value. All other financial instruments, including financial instruments with related parties, are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss, calculated as the excess of the net recoverable amount of the asset and its carrying value, is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Basis of presentation and significant accounting policies (continued):

(j) Budget data:

The budget data presented in these consolidated financial statements have been derived from the budget approved by Hegus and Legislators on March 16, 2022.

(k) Segmented disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Nation has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in note 14 and schedule 3 to the consolidated financial statements.

(l) Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year

DRAFT

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

2. Restricted cash, cash equivalents and investments:

The Nation maintains its cash balances in several financial institutions in British Columbia. The Canada Deposit Insurance Corporation (CDIC) insures each of these accounts up to \$100,000. The aggregate funds held in each institution may exceed the CDIC insured limit from time to time and specific funds held by each institution may not be covered by CDIC insurance. Management does not anticipate any material effect on the consolidated financial position of the Nation as a result of these concentrations.

Certain cash, cash equivalents and investments have been internally restricted by the Nation for the following specific purposes. Restricted cash, cash equivalents and investments includes cash and cash equivalents (with interest rates from nil% to 5.00%), term deposits and guaranteed investment certificates (with interest rates at 4.80% to 5.40%) and portfolio investments that are quoted in an active market.

	2023	2022
Cash and cash equivalents	\$ 11,650,043	\$ 23,599,536
Term deposits and guaranteed investment certificates	7,450,565	7,500,908
Portfolio investments	20,994,255	16,356,226
	\$ 40,094,863	\$ 47,456,670

	2023	2022
Internally restricted:		
Capital	\$ 8,915,270	\$ 15,594,293
Community improvement	23,841,740	24,331,338
Culture and language	964,007	927,439
Lands and resources	2,741,448	2,637,456
Minors trust	1,632,398	1,966,144
Mortgage guarantee (note 11(b))	2,000,000	2,000,000
	\$ 40,094,863	\$ 47,456,670

As at March 31, 2023, the total fair value of the Nation's portfolio investments exceeded their cost by \$103,287 (2022 - \$482,259), which has been reflected in the Nation's statement of remeasurement gains and losses.

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

3. Accounts receivable:

	2023	2022
Indigenous Services Canada	\$ 4,942,376	\$ 5,754,257
Government of Canada	885,088	603,604
Province of British Columbia	1,730,734	4,801,859
Other	781,228	532,408
	8,339,426	11,692,128
Tla'amin Nation Citizens	2,405,220	2,398,980
Less allowance for doubtful accounts	(2,364,778)	(2,388,550)
	40,442	10,430
	\$ 8,379,868	\$ 11,702,558

The contractual maturities of accounts receivable, as at March 31, 2023, are as follows:

2024	\$ 7,298,578
2025	1,081,290
	\$ 8,379,868

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

4. Investments:

	2023	2022
Salish Seas Fisheries Limited Partnership ("SSFLP"), limited partnership interest, equity method	\$ 2,287,738	\$ 1,912,654
Salish Seas Fisheries Ltd. ("SSF"), shares, at cost	1	1
BCFN Gaming Revenue Sharing Limited Partnership ("BCFN GR LP"), limited partnership interest, at cost	100	100
BCFN Gaming Revenue General Partner Inc. ("BCFN GR GP"), shares, at cost	10	10
	<u>\$ 2,287,849</u>	<u>\$ 1,912,765</u>

The Nation's investments in SSFLP and SSF consists of a 33% limited partnership interest in SSFLP and a 33% beneficial interest in one common share of SSF. The Nation does not control SSFLP's or SSF's operations or assets. Accordingly, the Nation measures its limited partnership investment in SSFLP using the equity method, with the Nation's interest adjusted each year for its share of limited partnership earnings or loss and for any distributions to or from the limited partnership, and its share investment in SSF using the cost method.

Total investment revenue for the year ended March 31, 2023 from the Nation's investment in SSFLP totaled \$404,833 (2022 - \$319,164).

The Nation's investment in BCFN GR LP consists of a limited partnership interest, by way of a \$100 capital contribution, and its investment in BCFN GR GP consists of shares in the general partner corporation. As the Nation, through its investments, does not control or jointly control either entity, its investments are measured using the cost method.

Other revenue includes \$744,074 (2022 - \$316,286) of gaming revenue sharing contributions.

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

5. Investments in business enterprises:

	2023	2022
Government business enterprises	\$ 1,085	\$ 388
Government business partnerships	17,667,258	11,456,754
	\$ 17,668,343	\$ 11,457,142

The change in the Nation's investment in government business enterprises and government business partnerships consists of the following:

	2023	2022
Equity in earnings of business partnerships	\$ 6,960,504	\$ 3,398,336
Equity in earnings of business enterprises	697	340
	6,961,201	3,398,676
Net drawings from business partnerships	(750,000)	(1,013,869)
	\$ 6,211,201	\$ 2,384,807

The Nation's investment interest and year-end for its business enterprises are as follows:

	Interest	Year-end
Government business enterprise:		
Tla'amin Holdings Inc. ("TH")	100 %	December 31
Government business partnership:		
Tla'amin Holdings Limited Partnership ("THLP")	99.99 %	December 31

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

5. Investment in business enterprises (continued):

(a) Government business enterprises (GBE):

(i) The Nation's investments in wholly-owned incorporated entities is summarized below:

	2023	2022
TH:		
Investments in shares, at cost	\$ 1	\$ 1
Accumulated equity in earnings	1,084	387
	\$ 1,085	\$ 388

TH:

TH is the general partner in THLP, and was formed to serve as the Nation's primary investment interest in its government business operations.

The fiscal year end of TH is December 31, and the financial information provided in note 5(a)(ii) is at and for the period ended December 31, 2022, with comparative information for the year ended December 31, 2021. There were no material changes in TH's operations from their fiscal year end date to March 31, 2023.

(ii) Financial information for TH, as at December 31, 2022 and 2021, is summarized below:

	2022	2021
Balance sheet information:		
Assets	\$ 1,086	\$ 389
Liabilities	1	3
Shareholder's equity	1,085	386
Results of operations:		
Revenue	697	340
Earnings (loss)	697	340

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

5. Investment in business enterprises (continued):

(b) Government business partnerships (GBP):

(i) The Nation's investment in limited partnerships is summarized below:

	2023	2022
THLP:		
Partnership equity interest	\$ 17,667,258	\$ 11,456,754

THLP:

The Nation and TH formed a limited partnership, THLP. THLP was formed to serve as the Nation's primary investment interest in its government business operations which include forestry, tourism, and hospitality, food and beverage, land development and leasing, and investment operations.

The fiscal year end of THLP is December 31, and the financial information provided in note 5(b)(ii) is at and for the year ended December 31, 2022, with comparative information for the year ended December 31, 2021. There were no material changes in THLP's operations from their fiscal year end date to March 31, 2023.

(ii) Financial information for THLP, as at December 31, 2022 and 2021, is summarized below:

	2022	2021
Balance sheet information:		
Assets	\$ 60,032,800	\$ 52,128,978
Liabilities - external debt	525,877	336,349
Liabilities - other	19,535,210	19,148,273
Partnership equity	39,971,713	32,644,356
Results of operations:		
Revenue	23,525,451	13,295,368
Expenses	16,527,051	11,158,308
Other income (loss)	78,957	1,148,370
Earnings (loss)	7,077,357	3,285,430

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

6. Deferred revenue:

	2023	2022
Indigenous Services Canada	\$ 7,453,159	\$ 2,984,098
Province of British Columbia	2,621,123	1,773,359
Other government	2,288,750	9,239,225
Rent	70,125	71,500
	<u>\$ 12,433,157</u>	<u>\$ 14,068,182</u>

Indigenous Services Canada deferred revenue includes non-interest bearing advances with respect to outstanding claims totaling \$44,597. The advances are supported by promissory notes and are repayable on the earlier of the claim settlement or May 31, 2025. As management expects the advances will be extinguished through proceeds of the claim settlements, the balance has been included in deferred revenue.

Net change in deferred revenue for the year was as follows:

	2023	2022
Balance, beginning of year	\$ 14,068,182	\$ 3,925,672
Contributions received	12,733,801	21,818,313
Amounts recorded in revenue	(14,368,826)	(11,675,803)
Balance, end of year	<u>\$ 12,433,157</u>	<u>\$ 14,068,182</u>

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

7. Term debt:

	2023	2022
Term loan, repayable in total monthly installments of \$10,651 including interest of 2.08%, secured by a general security agreement and maturing August 2023	\$ 1,187,471	\$ 1,289,522
Term loan, repayable in total monthly installments of \$35,731 including interest of 3.33%, secured by a general security agreement and maturing November 2026	5,973,673	6,199,426
	<u>\$ 7,161,144</u>	<u>\$ 7,488,948</u>

The Nation has an available operating line of credit with a credit limit of \$350,000. The line of credit bear interest at the bank's prime lending rate and is secured by a general security agreements. The \$1,187,471 term loan was repaid on maturity.

Based on maturity provisions to March 31, 2023, scheduled principal payments on term debt are as follows:

2024	\$ 1,420,857
2025	241,278
2026	249,436
2027	5,249,573

8. Accumulated surplus:

	2023	2022
Financial surplus:		
Unrestricted operating surplus	\$ 34,954,970	\$ 23,079,879
Internally restricted surplus (note 9)	40,094,863	47,456,670
	<u>75,049,833</u>	<u>70,536,549</u>
Invested in tangible capital assets (note 10)	37,630,236	21,855,025
	<u>\$112,680,069</u>	<u>\$ 92,391,574</u>

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

9. Internally restricted surplus:

	Beginning balance	Contributions	Investment revenue	Approved expenses	Ending balance
Capital	\$ 15,594,293	\$ 7,748,400	\$ 552,017	\$ (14,979,440)	\$ 8,915,270
Community improvement	24,331,338	58,600	129,891	(678,089)	23,841,740
Culture & language	927,439	-	36,568	-	964,007
Land & resources	2,637,456	-	103,992	-	2,741,448
Minors trust	1,966,144	16,720	(38,330)	(312,136)	1,632,398
Mortgage guarantee	2,000,000	-	-	-	2,000,000
	\$47,456,670	\$ 7,823,720	\$ 784,138	\$ (15,969,665)	\$ 40,094,863

10. Invested in tangible capital assets:

(a) Investment in tangible capital assets:

	2023	2022
Tangible capital assets	\$ 44,791,380	\$ 29,343,973
Less financed by:		
Term debt	7,161,144	7,488,948
	\$ 37,630,236	\$ 21,855,025

(b) Change in invested in tangible capital assets:

	2023	2022
Balance, beginning of year	\$ 21,855,025	\$ 13,204,676
Acquisition of tangible capital assets	16,735,127	9,393,544
Amortization of tangible capital assets	(1,287,720)	(1,016,105)
Repayment of term debt	327,804	272,910
Balance, end of year	\$ 37,630,236	\$ 21,855,025

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

11. Commitments and contingencies:

(a) Contractual commitments:

The Nation has entered into contractual obligations for ongoing construction projects, with remaining contractual commitments of approximately \$1.4 million as at March 31, 2023.

(b) Housing loan guarantees under the Federal Ministerial Loan Guarantee Program:

The Nation is contingently liable as guarantor of housing loans for members in the amount of \$98,286 (2022 - \$113,537) under the Federal Ministerial Loan Guarantee Program.

(c) Other housing loan guarantees:

The Nation is contingently liable as guarantor for housing loans taken by members with two different financial institutions, up to agreed limits of \$3.0 million and \$2.0 million, respectively. The guaranteed housing loans outstanding as at March 31, 2023, totaled \$3,385,369 (2022 - \$3,045,481). In connection with the guarantees, the Nation has a \$2.0 million deposit, which is included in restricted cash and investments (note 2).

(d) 2011 referendum:

On July 26, 2011, the Nation held a referendum, pursuant to which it transferred \$2,309,744 from its Land Lease Investment account to offset a deficit in its Administration program. The transfer is to be repaid over a period of 30 years.

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

12. Related party transactions:

Transactions with GBEs and GBPs, and their subsidiaries included the following:

	2023	2022
Revenue:		
Property taxes	\$ 26,118	\$ 46,845
Rental	12,000	12,000
Other	71,822	-
Expenses:		
Accounting and legal	3,876	3,172
Consulting	83,079	133,855
Miscellaneous	52,095	75,290
Supplies and equipment	11,295	12,911

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

13. Financial instruments:

(a) Credit risk:

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in a financial loss. The Nation holds its cash and cash equivalents with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation (note 2). There has been no change in the Nation's credit risk in 2023.

(b) Liquidity risk:

Liquidity risk is the risk that the Nation will not be able to meet its financial obligations as they become due. The Nation monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due. The Nation is subject to non-financial covenants and restrictions in relation to its term debt (note 7).

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

13. Financial instruments (continued):

(b) Liquidity risk (continued):

The following table summarizes the contractual maturities of the Nation's financial liabilities:

In \$ thousands					2023
	On demand	Up to 1 year	Over 1 year	Total	
Accounts payable and accrued liabilities	\$ 3,637	\$ -	\$ -	\$ 3,637	
Deferred revenue	-	-	45	45	
Term debt	-	1,421	5,740	7,161	
	\$ 3,637	\$ 1,421	\$ 5,740	\$ 10,798	

In \$ thousands					2022
	On demand	Up to 1 year	Over 1 year	Total	
Accounts payable and accrued liabilities	\$ 2,900	\$ -	\$ -	\$ 2,900	
Deferred revenue	-	-	45	45	
Term debt	-	338	7,151	7,489	
	\$ 2,900	\$ 338	\$ 7,151	\$ 10,389	

(c) Interest rate and cash flow risk:

Interest rate risk relates to the impact of changes in interest rates on the Nation's future cash inflows from its investments and future cash outflows on its term debt. The Nation's cash and cash equivalents are held in cash or short term money market instruments; accordingly, the Nation is not subject to significant interest rate risk in regards to these financial assets.

The Nation is subject to interest rate and cash flow risk with respect to its term debt, as disclosed in note 7. The Nation manages interest rate risk through negotiations with lenders at origination or renewal of loan agreements. There has been no significant change in the Nation's interest rate and cash flow risk in 2023.

(d) Concentration of revenue:

The Nation receives a significant portion of its revenue each year through government transfers pursuant to funding agreements with Indigenous Services Canada, the Province of British Columbia and other federal and provincial government funding agencies. Any disruption in this funding could have a negative effect of the Nation's operations.

TLA'AMIN NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

14. Segmented information:

Segmented information has been identified based on programs provided by the Nation. Programs are provided by controlled entities, funds and departments, and their activities are reported by function in the consolidated statement of operations and accumulated surplus. Certain programs that have been separately disclosed are summarized below, with activity for the year ended March 31 summarized in Schedule 3.

(a) Administration

Administration provides the functions of corporate administration, finance, human resources, legislative services, elected officials, membership and registry, and cultural activities.

(b) Education

Education is responsible for administering and facilitating education programs including elementary and secondary, post-secondary, qualifying credit courses, and community education programs.

(c) Health

Health's focus is to improve and maintain health, lifestyle and wellness in the Nation.

(d) Housing

Housing relates to rental housing units owned or managed on by the Nation.

(e) Infrastructure

Infrastructure operates to maintain the Nation's infrastructure.

(g) Land and resources

Land and resources operates to maintain the Nation's land and buildings, including fisheries and forestry.

(h) Social development

Social development provides social programs to Nation's members.

(i) Taxation

Taxation includes revenue from property tax levies, goods and services tax and funds received from impact benefits and costs related to the administration of the property taxation department.

TLA'AMIN NATION

Schedule 1 - Consolidated Expenses by Object

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

	2023	2022
Accounting and legal	\$ 362,349	\$ 546,339
Amortization	1,287,720	1,016,105
Consulting	1,544,931	1,662,868
Distributions to citizens	920,965	742,418
Doubtful accounts provision	-	65,693
Education	2,588,644	2,251,726
Grants and bursaries	278,516	270,360
Honoraria	145,629	61,481
Insurance	527,019	396,429
Interest	260,576	372,388
Miscellaneous	461,771	256,554
Programming	797,040	361,701
Repairs and maintenance	1,200,559	1,843,128
Social health and child benefits	1,142,802	1,023,163
Supplies	977,059	887,085
Telephone and utilities	526,305	472,053
Travel and training	892,736	442,611
Wages and benefits	11,096,005	8,549,650
	<u>\$ 25,010,626</u>	<u>\$ 21,221,752</u>

TLA'AMIN NATION

Schedule 2 - Tangible capital assets

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

March 31, 2023						
	Land	Buildings and improvements	Infrastructure	Equipment	Construction in progress	Net book value
Cost:						
Beginning of year	\$ 3,768,679	\$ 25,342,072	\$ 3,666,356	\$ 4,933,714	\$ 8,337,318	\$ 46,048,139
Acquisitions	123,490	4,268,288	450,784	706,223	11,186,342	16,735,127
Transfers	-	6,661,984	-	-	(6,661,984)	-
End of year	3,892,169	36,272,344	4,117,140	5,639,937	12,861,676	62,783,266
Accumulated amortization:						
Beginning of year	-	11,658,150	2,085,106	2,960,910	-	16,704,166
Amortization	-	776,162	71,276	440,282	-	1,287,720
End of year	-	12,434,312	2,156,382	3,401,192	-	17,991,886
Net book value	\$ 3,892,169	\$ 23,838,032	\$ 1,960,758	\$ 2,238,745	\$ 12,861,676	\$ 44,791,380

Construction in progress as at March 31, 2023 includes approximately \$11.5 million for housing projects and approximately \$440,000 for infrastructure and \$360,000 for a cultural centre project.

March 31, 2022						
	Land	Buildings and improvements	Infrastructure	Equipment	Construction in progress	Net book value
Cost:						
Beginning of year	\$ 3,768,679	\$ 24,374,165	\$ 3,666,356	\$ 4,368,149	\$ 477,246	\$ 36,654,595
Acquisitions	-	915,557	-	565,565	7,912,422	9,393,544
Disposals	-	52,350	-	-	(52,350)	-
End of year	3,768,679	25,342,072	3,666,356	4,933,714	8,337,318	46,048,139
Accumulated amortization:						
Beginning of year	-	11,104,177	2,020,251	2,563,633	-	15,688,061
Amortization	-	553,973	64,855	397,277	-	1,016,105
Disposals	-	-	-	-	-	-
End of year	-	11,658,150	2,085,106	2,960,910	-	16,704,166
Net book value	\$ 3,768,679	\$ 13,683,922	\$ 1,581,250	\$ 1,972,804	\$ 8,337,318	\$ 29,343,973

TLA'AMIN NATION

Schedule 3 - Segmented Information

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

Year ended March 31, 2023

	Revenue		Expenses				Contributions to (from) other Programs	Surplus (deficit)
	ISC (net of transfer to Trust)	Equity in earnings of GBE & GBP	Total	Amortization	Wages and Benefits	Other		
Administration	\$ 6,416,668	\$ 16,194,691	\$ 29,572,560	\$ 1,219,178	\$ 2,656,335	\$ 3,522,538	\$ 7,398,051	\$ 22,174,509
Education	3,425,501	599,979	4,025,480	-	1,150,364	3,060,449	4,210,813	(185,333)
Health	3,130,247	1,982,735	5,112,982	68,542	3,153,453	1,787,514	5,009,509	103,473
Housing	620,222	447,875	1,068,097	-	226,483	1,019,188	1,245,671	(177,574)
Infrastructure	356,099	114,087	470,186	-	1,918,939	1,144,867	3,063,806	(2,593,620)
Lands and resources	3,023,584	844,999	3,868,583	-	1,275,788	605,166	1,880,954	1,987,629
Social development	1,095,995	(4,855)	1,091,140	-	669,019	1,218,339	1,887,358	(796,218)
Taxation	-	469,065	469,065	-	45,624	268,840	314,464	154,601
	\$ 18,068,316	\$ 20,648,576	\$ 45,678,093	\$ 1,287,720	\$ 11,096,005	\$ 12,626,901	\$ 25,010,626	\$ 20,667,467

Year ended March 31, 2022

	Revenue		Expenses				Contributions to (from) other Programs	Surplus (deficit)
	ISC (net of transfer to Trust)	Equity in earnings of GBE & GBP	Total	Amortization	Wages and Benefits	Other		
Administration	\$ 12,183,025	\$ 9,437,008	\$ 25,018,709	\$ 953,977	\$ 1,919,814	\$ 3,296,672	\$ 6,170,463	\$ 14,104,742
Education	215,710	355,298	571,008	-	691,039	2,144,379	2,835,418	636,567
Health	1,788,020	1,240,327	3,028,347	62,128	2,390,796	1,170,651	3,623,575	(595,228)
Housing	850,545	794,259	1,644,804	-	444,254	1,321,029	1,765,283	(120,479)
Infrastructure	-	1,180	1,180	-	1,382,192	1,404,732	2,786,924	(2,785,744)
Lands and resources	468,963	1,268,432	1,737,395	-	995,183	942,681	1,937,864	1,642,058
Social development	1,235,311	185,613	1,420,924	-	679,522	1,214,183	1,893,705	(472,781)
Taxation	-	419,431	419,431	-	46,850	161,671	208,521	210,910
	\$ 16,741,574	\$ 13,701,548	\$ 33,841,798	\$ 1,016,105	\$ 8,549,650	\$ 11,655,998	\$ 21,221,753	\$ 12,620,045