

Seabird Island Band
Consolidated Financial Statements
March 31, 2024

Seabird Island Band Contents

For the year ended March 31, 2024

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To the Members of Seabird Island Band:

Opinion

We have audited the consolidated financial statements of Seabird Island Band (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2024, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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.

Chilliwack, British Columbia

July 3, 2024

MNP LLP

Chartered Professional Accountants

Seabird Island Band
Consolidated Statement of Financial Position
As at March 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents <i>(Note 4)</i>	43,434,760	39,795,988
Accounts receivable <i>(Note 5)</i>	7,601,115	4,650,585
Portfolio investments <i>(Note 6)</i>	2,381,010	1,994,963
Inventory for resale	78,896	172,736
Funds held in trust <i>(Note 7)</i>	33,412	35,726
Investment in Nation business entities <i>(Note 8)</i>	21,276,646	11,294,853
Total of financial assets	74,805,839	57,944,851
Liabilities		
Accounts payable and accruals	3,556,469	3,089,520
Deferred revenue <i>(Note 9)</i>	5,901,992	939,231
Long-term debt <i>(Note 10)</i>	11,019,761	15,201,561
Capital lease obligations <i>(Note 11)</i>	177,631	4,026
Total of financial liabilities	20,655,853	19,234,338
Net financial assets	54,149,986	38,710,513
Contingencies <i>(Note 12)</i>		
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	47,620,895	36,042,368
Inventories held for use	23,739	18,046
Prepaid expenses	147,865	147,736
Total non-financial assets	47,792,499	36,208,150
Accumulated surplus <i>(Note 13)</i>	101,942,485	74,918,663
Accumulated surplus is comprised of:		
Accumulated surplus	101,852,966	74,933,237
Accumulated Remeasurement Gains (losses)	89,519	(14,574)
	101,942,485	74,918,663

Approved on behalf of the Council

<u>Original Signed by James Harris</u>	Chief	<u>Original Signed by Sally-May Hope</u>	Councillor
<u>Original Signed by Rodney Peters</u>	Councillor	<u>Original Signed by Chaudine Fisher</u>	Councillor
<u>Original Signed by Willow Walker</u>	Councillor	<u>Original Signed by Paul Andrew</u>	Councillor
<u>Original Signed by Ashley Bobb</u>	Councillor	<u>Original Signed by Marcia Peters</u>	Councillor

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

Seabird Island Band

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2024

	2024 <i>Budget</i>	2024	2023
Revenue			
Indigenous Services Canada	16,375,597	13,625,640	19,476,514
Economic activity and other income	9,349,162	12,118,078	12,121,310
Other Federal funding	1,927,340	9,774,946	6,161,148
First Nation Health Authority	5,848,865	8,193,014	6,549,832
Province of British Columbia	4,434,111	6,891,551	4,050,065
First Nation Education Steering Committee	1,662,390	1,835,873	2,699,491
Rental income	1,592,957	1,663,615	1,502,816
Sto:lo Nation	731,170	536,184	602,990
Canada Mortgage and Housing Corporation	299,157	2,482,977	298,353
Investment income	644,390	2,056,792	1,048,968
Earnings from investment in Nation business entities	500,000	6,674,640	5,090,920
	43,365,139	65,853,310	59,602,407
Expenses			
Administration	1,790,459	(353,707)	809,694
Capital Projects	2,515,153	1,182,419	1,981,995
Economic Development	462,777	764,476	1,112,164
Education	12,316,298	10,903,895	9,366,352
Health and Social Development	19,457,288	17,603,553	17,760,841
Housing	1,117,983	2,455,389	1,531,708
Public Works	4,706,929	1,661,914	2,892,405
Lands and Government Affairs	3,588,017	2,805,161	1,724,880
Reserves and Other	250,828	1,910,481	1,899,095
	46,205,732	38,933,581	39,079,134
Annual surplus (deficit)	(3,040,173)	26,919,729	20,523,273
Accumulated surplus, beginning of year	74,933,237	74,933,237	54,409,964
Accumulated surplus, end of year <i>(Note 13)</i>	71,893,064	101,852,966	74,933,237

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

Seabird Island Band
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2024

	2024	2023
Accumulated remeasurement gains (losses), beginning of year	(14,574)	-
Unrealized gains (losses) attributable to:		
Foreign exchange	(13,984)	-
Portfolio investments	13,324	(34,472)
Amounts reclassified to the statement of operations:		
Foreign exchange	1,481	-
Portfolio investments	103,272	19,898
Change in remeasurement gains (losses), for the year	104,093	(14,574)
Accumulated remeasurement gains (losses), end of year	89,519	(14,574)

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

Seabird Island Band
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2024

	2024 Budget	2024	2023
Annual surplus (deficit)	(3,040,173)	26,919,729	20,523,273
Purchases of tangible capital assets	-	(12,843,522)	(1,350,117)
Purchases of assets under capital lease	-	(185,080)	-
Amortization of tangible capital assets	-	1,450,075	1,557,386
	-	(11,578,527)	207,269
Acquisition of prepaid expenses	-	(147,865)	(147,735)
Use of prepaid expenses	-	147,736	127,878
Use of inventories held for use	-	(5,693)	19,230
Change in remeasurement gains (losses) for the year	-	104,093	(14,574)
	-	98,271	(15,201)
Increase (decrease) in net financial assets	(3,040,173)	15,439,473	20,715,341
Net financial assets, beginning of year	38,710,513	38,710,513	17,995,172
Net financial assets, end of year	35,670,340	54,149,986	38,710,513

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

Seabird Island Band
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	26,919,729	20,523,273
Non-cash items		
Amortization	1,450,075	1,557,386
Earnings from investment in Nation business entities	(6,674,640)	(5,090,920)
Change in remeasurement losses for the year	104,093	(14,574)
	21,799,257	16,975,165
Changes in working capital accounts		
Accounts receivable	(2,950,530)	(148,465)
Inventory for resale	93,840	28,438
Funds held in trust	2,314	202
Accounts payable and accruals	466,948	194,932
Deferred revenue	4,962,761	(5,233,912)
Inventory held for use	(5,695)	19,228
Prepaid expenses	(129)	(19,857)
	24,368,766	11,815,731
Financing activities		
Advances of long-term debt	-	118,275
Repayment of long-term debt	(4,181,797)	(616,205)
Repayment of capital lease obligations	(11,475)	(1,586)
	(4,193,272)	(499,516)
Capital activities		
Purchases of tangible capital assets	(12,843,522)	(1,350,117)
Investing activities		
Investment in Nation business entities	(3,599,457)	-
Repayment of advances in investment in Nation business entities	292,304	304,566
Change in portfolio investments	(386,047)	515,830
	(3,693,200)	820,396
Increase in cash resources	3,638,772	10,786,494
Cash resources, beginning of year	39,795,988	29,009,494
Cash resources, end of year	43,434,760	39,795,988

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

1. Operations

Seabird Island Band (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Seabird Island Band includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity - consolidated consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities. Trusts administered on behalf of third parties by Seabird Island Band are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities:

- Seabird Education Society, Lalme; Iwesawtexw
- Seabird Island Holdings Ltd.
- 1456104 B.C. Ltd.
- Sqéwqel Construction Corporation
- Seabird Housing Society

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Government business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Stqó:ya Construction Ltd.
- Stqó:ya Construction Limited Partnership
- Sqéwqel Development Corporation
- Sqéwqel Development Limited Liability Partnership
- Sqéwqel Gas Bar Limited Liability Partnership
- Seabird Island Forestry Company Ltd.
- Seabird Island Forestry Limited Partnership

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. **Significant accounting policies** *(Continued from previous page)*

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, prepaid expenses and inventories of held for use.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated surplus.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less.

Portfolio investments

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Portfolio investments with prices quoted in an active market include cash, bonds and equities. Changes in fair value are recorded in the statement of remeasurement gains (losses).

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Cost of inventories of items that are segregated for specific projects is assigned by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated operating surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets *(Continued from previous page)*

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Years</i>
Automobile equipment	straight-line	10-25 years
Band housing	straight-line	30 years
Infrastructure	straight-line	20-45 years
Buildings	straight-line	20-45 years
Other equipment	straight-line	5-10 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

Revenue recognition

Own source revenue

Own source revenue is derived from such sources as resource based revenues, interest income and other revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government Transfers

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

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Rental revenue

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

Investments

The Nation uses the modified equity investment to account for its investments in business entities as listed under reported entity - consolidated. Investment income earned from portfolio investments is recognized in the period the income is earned.

2. **Significant accounting policies** *(Continued from previous page)*

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related First Nation entities and departments, are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

Segments

The First Nation conducts its business through nine of reportable segments: Administration, Capital Projects, Economic Development, Education, Health and Social Development, Housing, Public Works, Lands and Government Affairs and Reserve and Other. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Retirement benefits

The First Nation has a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. There are no prior service costs. Contributions are discretionary, and are based on the percentage of participants' contributions, up to a maximum. The First Nation follows the policy of funding retirement plan contributions as accrued. The First Nation contributions totalled \$644,094 (2023 - \$530,320). There have been no changes to the plan in the current year.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), 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 best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2024. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

2. Significant accounting policies *(Continued from previous page)*

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a First Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers [describe criteria – i.e., whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, etc.] in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

3. Change in accounting policy

Effective April 1, 2023, the First Nation adopted the recommendations relating to the following accounting policy, as set out in the Canadian public sector accounting standards:

- PS 3400 Revenue

Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated. The adoption of PS 3400 did not have a material impact on the financial statements.

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

4. Cash and cash equivalents

	2024	2023
Externally restricted		
CMHC operating reserve	281,288	543,296
CMHC replacement reserve	1,348,715	1,499,830
	1,630,003	2,043,126
Internally restricted		
Replacement and operating reserves (Note 15)	16,609,631	12,519,844
Unrestricted		
Operating funds	25,195,126	25,233,018
	43,434,760	39,795,988

Replacement Reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the First Nation established a replacement reserve, funded by an annual allocation of \$89,811 (2023 - \$89,811), to ensure replacement of buildings financed by CMHC. The reserve was fully funded at March 31, 2024.

In accordance with terms of the agreement, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

Operating Reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") 1997 On-Reserve Program requirements, the First Nation established an operating reserve retained by the First Nation resulting from annual surplus after the payment of all costs and expenses including allocation to the replacement reserve. 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 otherwise mutually agreed to by the First Nation and CMHC.

These funds may only be used for the ongoing operating costs of the housing projects committed under the 1997 On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve Fund. At March 31, 2024 this reserve was fully funded.

5. Accounts receivable

	2024	2023
Funding and trade receivables	8,234,585	5,156,311
Interest receivable	34,604	34,604
Dental and medical office receivable	22,776	19,006
Member loans receivable	11,232	11,232
Allowance for doubtful accounts	(702,082)	(570,568)
	7,601,115	4,650,585

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Portfolio investments

	2024	2023
Measured at cost:		
BC First Nations Gaming Revenue Sharing LP	100	100
BC First Nations Gaming Revenue Sharing General Partner Ltd.	10	10
	110	110
Measured at fair value:		
Municipal Finance Authority - Short Term Bond	2,041	1,952
Municipal Finance Authority - Money Market	423,833	402,893
Investors Group Portfolio	208	208
RBC Dominion Securities Portfolio	1,954,818	1,589,800
	2,380,900	1,994,853
	2,381,010	1,994,963

7. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2024	2023
Capital Trust		
Balance, beginning and end of year	32,847	32,847
Revenue Trust		
Balance, beginning of year	2,879	2,677
Interest and distributions	3,429	3,375
	6,308	6,052
Less: Transfers to Nation	5,743	3,173
	565	2,879
	33,412	35,726

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

8. Investments in First Nation business entities

The First Nation has investments in the following entities:

				2024
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
Seabird Island Forestry Company Ltd. - 100%	1	-	-	1
Stqó:ya Construction Ltd. - 100%	55	-	-	55
Sqéwqel Development Corporation - 100%	1	-	-	1
	57	-	-	57
First Nation Business Partnerships - Modified Equity:				
Stqó:ya Construction LP - 99.99%	100	3,494,768	6,111,713	9,606,581
Seabird Island Forestry LP - 99.99%	1	5,416	(5,170)	247
Sqéwqel Development Corporation LLP - 99.99%	100	150,138	10,892,823	11,043,061
Sqéwqel Gas Bar LLP - 99.99%	100	74,368	552,232	626,700
	301	3,724,690	17,551,598	21,276,589
	358	3,724,690	17,551,598	21,276,646

				2023
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Government Business Enterprises				
Seabird Island Forestry Company Ltd. - 100%	1	-	-	1
Stqó:ya Construction Ltd. - 50%	55	-	-	55
Sqéwqel Development Corporation - 100%	1	-	-	1
	57	-	-	57
First Nation Business Partnerships - Modified Equity:				
Stqó:ya Construction LP - 51.00%	50	(10,055)	4,437,974	4,427,969
Seabird Island Forestry LP - 99.99%	1	-	-	1
Sqéwqel Development Corporation LLP - 99.99%	100	442,441	5,922,261	6,364,802
Sqéwqel Gas Bar LLP - 99.99%	100	(14,799)	516,723	502,024
	251	417,587	10,876,958	11,294,796
	308	417,587	10,876,958	11,294,853

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

8. Investments in First Nation business entities *(Continued from previous page)*

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Stqó:ya Construction LP As at March 31, 2024</i>	<i>Seabird Island Forestry LP As at March 31, 2024</i>	<i>Sqéwqel Development Corporation LLP As at March 31, 2024</i>	<i>Sqéwqel Gas Bar LLP As at March 31, 2024</i>
Assets				
Cash	5,977,656	8,065	8,287,314	174,353
Accounts receivable	3,657,374	887	1,596,797	355,389
Inventory	-	215,739	-	242,584
Prepaid expenses and deposits	87,702	-	-	3,282
Advances to related parties	-	-	1,392,647	-
Property, plant and equipment	1,821,113	-	1,277,554	1,116,804
Total assets	11,543,845	224,691	12,554,312	1,892,412
Liabilities				
Accounts payable and accruals	1,339,869	224,445	416,697	124,342
Deferred revenue	-	-	1,243,748	-
Advances from related parties	-	5,417	-	1,216,316
Long-term debt	341,777	-	-	-
Total liabilities	1,681,646	229,862	1,660,445	1,340,658
Equity	9,862,199	(5,171)	10,893,867	551,754
Total revenue	21,427,468	-	6,440,827	4,991,780
Total expenses	18,330,582	2,940	1,472,131	4,974,223
Net income	3,096,886	(2,940)	4,968,696	17,557

Summary financial information for each business enterprise, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>Seabird Island Forestry Company Ltd. As at March 31, 2024</i>	<i>Stqó:ya Construction Ltd. As at March 31, 2024</i>	<i>Sqéwqel Development Corporation As at March 31, 2024</i>
Assets			
Cash	1	585	1
Total assets	1	585	1
Accounts payable and accruals	-	500	-
Total liabilities	-	500	-
Equity	1	85	1
Total revenue	-	310	-
Total expenses	-	-	-
Net income	-	310	-

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

9. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contribution recognized</i>	<i>Balance, end of year</i>
Indigenous Services Canada Funding	-	2,357,555	475,687	1,881,868
Canada Mortgage and Housing Corporation	-	3,706,458	1,369,468	2,336,990
New Relationships Trust	-	385,000	39,350	345,650
Fisheries and Oceans Canada	-	25,000	2,500	22,500
Fraser Health Authority	611,649	270,000	611,649	270,000
Province of British Columbia	327,582	45,500	332,132	40,950
Sto:lo Aboriginal Skills & Employment Training	-	888,750	88,875	799,875
BC Indigenous Clean Energy Initiative	-	109,065	10,906	98,159
Lease deposits	-	106,000	-	106,000
	939,231	7,893,328	2,930,567	5,901,992

10. Long-term debt

	2024	2023
Project #13 - All Nations Trust Company mortgage, blended monthly payments of \$1,766 at 0.69% per annum, maturing January 1, 2025.	17,604	38,597
Project #14 - All Nations Trust Company mortgage, blended monthly payments of \$3,073 at 3.84% per annum, maturing February 1, 2029.	165,230	197,025
Project #15 - All Nations Trust Company mortgage, blended monthly payments of \$3,180 at 5.44% per annum, maturing March 1, 2034.	294,659	320,802
Project #16 - All Nations Trust Company mortgage, blended monthly payments of \$3,394 at 5.44% per annum, maturing March 1, 2034.	314,497	342,400
Project #17 - All Nations Trust Company mortgage, blended monthly payments of \$5,491 at 1.48% per annum, maturing January 1, 2037.	770,093	824,100
Project #18 - All Nations Trust Company mortgage, blended monthly payments of \$2,541 at 2.68% per annum, maturing October 1, 2038.	369,324	388,566
Project #19 - All Nations Trust Company mortgage, blended monthly payments of \$2,492 at 2.21% per annum, maturing February 1, 2039.	380,352	401,269
Project #20 - All Nations Trust Company mortgage, blended monthly payments of \$2,202 at 0.70% per annum, maturing September 1, 2040.	411,737	435,191
Project #21 - All Nations Trust Company mortgage, blended monthly payments of \$4,929 at 2.06% per annum, maturing November 1, 2042.	751,785	778,448
Project #22 - All Nations Trust Company mortgage, blended monthly payments of \$4,430 at 0.98% per annum, maturing April 1, 2045.	984,138	1,027,302

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

10. **Long-term debt** (Continued from previous page)

	2024	2023
Bank of Montreal, blended monthly payments of \$3,614 at 2.79% per annum, maturing June 30, 2025.	696,154	717,787
Prospera Credit Union, blended monthly payments of \$29,105 at 3.00% per annum, maturing January 1, 2027.	5,778,716	5,952,374
Wells Fargo Bank, blended monthly payments of \$2,120 at 2.90% per annum, maturing November 4, 2027.	85,472	110,912
Bank of Montreal, extinguished during the year	-	2,830,135
Prospera Credit Union, extinguished during the year	-	836,653
	11,019,761	15,201,561

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

2025	530,283
2026	526,684
2027	541,150
2028	544,308
2029	542,639

Security for the Prospera loans consist of:

- an agreement providing a mortgage of \$6,150,000 over 1755 Agassiz-Rosedale No. 9 Highway, Agassiz, BC
- an agreement providing a mortgage of \$862,000 over 7820 Industrial Way, Agassiz, BC
- a general security agreement over all present and after-acquired capital assets
- assignment of all rents and/or leases of the 1755 Agassiz-Rosedale property
- assignment of all rents and/or leases of the 7820 Industrial Way property

The terms of the Prospera Credit Union loans require that a certain measurable covenant is met. As at March 31, 2024, the First Nation is in compliance with the covenant.

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

11. Capital lease obligations

	2024	2023
Cisco Capital - capital lease bearing interest at 1.88%, with blended monthly payments of \$5,291, due July 2026. Secured by specific equipment with a net book value of \$175,826.	175,069	-
Konica Minolta - capital lease bearing interest at 1%, with blended monthly payments of \$122, due December 2026. Secured by specific equipment with a net book value of \$5,228.	2,562	4,026
	177,631	4,026

Minimum lease payments related to the obligation under capital lease are as follows:

2025	64,961
2026	64,961
2027	52,915
	182,837
Less: imputed interest	5,206
	177,631

12. Contingencies

As at March 31, 2024, the First Nation is contingently liable in respect of guaranteed individual Band member mortgages with various financial institutions totalling \$3,971,238 (2023 - \$3,264,903).

Bank of Montreal (BMO) has authorized up to \$7,050,000 (2023 - \$7,050,000) of residential mortgage loans to members of Seabird Island Band. Under this agreement, the First Nation is to provide guarantees on all Band member mortgages. The total amounts guaranteed under this agreement are included above.

In addition, the First Nation is a guaranteed the debts of Stqo:ya Construction LP of approximately \$1,400,000 (2023 - \$700,000).

13. Accumulated operating surplus

Accumulated operating surplus consists of the following:

	2024	2023
Equity in Tangible Capital Assets	36,423,503	20,836,781
Internally Restricted Equity (Note 15)	16,609,631	12,519,844
Operating Surplus	29,604,819	28,620,802
Accumulated remeasurement gains (losses)	89,519	(14,574)
Equity in Ottawa Trust Funds	33,412	35,726
Equity in CMHC Replacement and Operating Reserves	1,630,003	2,043,126
Equity in Nation business entities	17,551,598	10,876,958
	101,942,485	74,918,663

Seabird Island Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

14. Budget information

The disclosed budget information has been approved by the Chief and Council of the Seabird Island Band at the Chief and Council meeting held on July 7, 2023. The budget information is unaudited and is projected based on operating expenses to be incurred during the year on a program by program basis.

15. Internally restricted equity

	2024	2023
Funded reserves consist of the following:		
Seabird Island Futures Reserve	2,900,533	2,781,756
Murphy Land	43,225	36,357
Admin Transfers Reserve	3,000,000	1,000,000
Student Loan Reserve	343,738	305,477
Post Secondary Reserve	1,059,525	1,059,525
Replacement Reserve - Matured Phase 3 - 5	406,370	405,112
Health Program Reserve	1,240,846	1,230,846
Bear Bus Reserve	100,000	100,000
Maintenance Reserve	28,922	27,046
Contingency Reserve	837,063	748,778
Chief and Council Discretionary Reserve	1,441,637	1,146,137
Capital Replacement Fund Reserve	2,737,467	2,326,245
Social Assistance Reserve	940	-
School Maintenance Reserve	1,200,000	1,200,000
Stqo:ya Reserve	1,000,000	-
Committed Funds Reserve	46,965	46,965
Recovery Home Reserve	222,400	105,600
	16,609,631	12,519,844

16. Segments

The First Nation conducts its business through nine reportable segments, which are differentiated by major activities, accountability and control relationships. The reportable segments and their activities are as follows:

Administration

Includes general operations, IT support and financial management of the First Nation along with an arm related to discretionary revenue, property taxation and governance activities.

Capital Projects

Includes revenue and expenses related to capital projects and capital project flow through funding administered on behalf of Indigenous Services Canada.

Economic Development

Includes activities related to the growth of the revenue producing projects within the First Nation, land management along with an arm of rights and resource management.

Education

Includes revenue and expenses related to primary, secondary and post secondary education of the members of the First Nation, and operations relating to First Nation operated school and Seabird College.

16. **Segments** *(Continued from previous page)*

Health and Social Development

Includes revenue and expenses relating to the activities related to a wide range of health services including dental, doctor, family and children services within the First Nation and social assistance programs.

Housing

Includes property management related to the mortgaged homes owned by the First Nation and the administration of social housing programs.

Public Works

Includes revenue and expenses related to ongoing community maintenance.

Lands and Government Affairs

Includes revenue and expenses related to general governance activities, lands administration, membership and aboriginal rights and title.

Reserves and Other

Includes revenue and expenses related to the tangible capital assets and restricted reserves and other activities not related to another segment.

17. **Financial Instruments**

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair Value of Financial Instruments

Financial instruments measured at fair value on the statement of financial position include portfolio investments quoted in active markets.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The First Nation enters into transactions to purchase and sell portfolio investments, for which the market price fluctuates.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The First Nation is exposed to interest rate price risk with respect to its term deposits which are at fixed rates of interest.

The First Nation is exposed to interest rate price risk with respect to mortgages included in long term debt which have fixed rates of interest.

Seabird Island Band
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2024

	<i>Automobile Equipment</i>	<i>Housing</i>	<i>Infrastructure</i>	<i>Buildings</i>	<i>Other Equipment</i>	2024	2023
Cost							
Balance, beginning of year	3,814,952	13,219,869	10,785	34,038,525	4,193,117	55,277,248	53,927,131
Acquisition of tangible capital assets	208,670	-	-	3,361,708	289,650	3,860,028	1,350,117
Construction-in-progress	-	-	-	9,168,574	-	9,168,574	-
Balance, end of year	4,023,622	13,219,869	10,785	46,568,807	4,482,767	68,305,850	55,277,248
Accumulated amortization							
Balance, beginning of year	2,175,268	5,143,111	10,785	9,208,890	2,696,826	19,234,880	17,677,494
Annual amortization	250,070	371,508	-	619,461	209,036	1,450,075	1,557,386
Balance, end of year	2,425,338	5,514,619	10,785	9,828,351	2,905,862	20,684,955	19,234,880
Net book value of tangible capital assets	1,598,284	7,705,250	-	36,740,456	1,576,905	47,620,895	36,042,368
2023 Net book value of tangible capital assets	1,639,684	8,076,758	-	24,829,635	1,496,291	36,042,368	

Seabird Island Band
Schedule 2 - Segmented Information
For the year ended March 31, 2024

	Administration	Capital Projects	Economic Development	Education	Health and Social Development	Housing	Public Works	Lands and Government Affairs	Reserves and Other	2024
Revenue										
Indigenous Services Canada	\$ 950,492	\$ 3,424,725	\$ 179,198	\$ 792,445	\$ 5,623,931	\$ 346,142	\$ 1,376,214	\$ 682,493	\$ 250,000	\$ 13,625,640
Other government	1,266,028	3,230,453	-	10,851,327	12,864,542	304,479	2,581,221	1,089,116	2,282	32,189,448
Economic activities and other	10,793,746	652,526	352,985	325,256	3,442,161	816,211	1,509,598	2,141,727	4,012	20,038,222
	13,010,266	7,307,704	532,183	11,969,028	21,930,634	1,466,832	5,467,033	3,913,336	256,294	65,853,310
Expenses										
Amortization	-	-	-	-	-	-	-	-	1,450,075	1,450,075
Operating expenses (recovery)	(4,649,788)	-	235,355	2,306,189	3,984,020	933,709	(1,160,850)	789,270	60,713	2,498,618
Salaries, wages and benefits	3,281,513	-	180,269	5,150,266	8,175,857	194,400	1,823,114	1,309,074	6,673	20,121,166
Program and services delivery expenses	1,014,568	1,182,419	348,852	3,447,440	5,443,676	1,327,280	999,650	706,817	393,020	14,863,722
	(353,707)	1,182,419	764,476	10,903,895	17,603,553	2,455,389	1,661,914	2,805,161	1,910,481	38,933,581
Surplus (deficit) before transfers	13,363,973	6,125,285	(232,293)	1,065,133	4,327,081	(988,557)	3,805,119	1,108,175	(1,654,187)	26,919,729
Transfers between programs	(6,150,272)	(4,885,078)	(24,408)	(17,551)	355,951	135,974	(7,071,447)	1,018,269	16,638,562	-
Annual surplus (deficit)	\$ 7,213,701	\$ 1,240,207	\$ (256,701)	\$ 1,047,582	\$ 4,683,032	\$ (852,583)	\$ (3,266,328)	\$ 2,126,444	\$ 14,984,375	\$ 26,919,729

	Administration	Capital Projects	Economic Development	Education	Health and Social Development	Housing	Public Works	Lands and Government Affairs	Reserves and Other	2023
Revenue										
Indigenous Services Canada	\$ 1,038,647	\$ 3,560,957	\$ 58,943	\$ 2,216,743	\$ 7,475,695	\$ 62,621	\$ 3,682,733	\$ 576,676	\$ 803,499	\$ 19,476,514
Other government	1,068,180	114,687	497,669	8,419,596	10,832,606	303,153	557,022	907,412	2,325	22,702,650
Economic activities and other	11,712,573	448,093	345,839	9,572	3,105,938	1,574,431	46,747	179,000	1,050	17,423,243
	13,819,400	4,123,737	902,451	10,645,911	21,414,239	1,940,205	4,286,502	1,663,088	806,874	59,602,407
Expenses										
Amortization	-	-	-	-	-	-	-	-	1,557,386	1,557,386
Operating expenses (recovery)	(3,174,116)	1,426,603	322,832	2,159,971	4,158,011	686,173	(58,954)	325,840	94,353	5,940,713
Salaries, wages and benefits	3,015,107	34,680	173,179	4,563,444	7,996,306	155,473	1,238,686	860,726	126,088	18,163,689
Program and services delivery expenses	968,703	520,712	616,153	2,642,937	5,606,524	690,062	1,712,673	538,314	121,268	13,417,346
	809,694	1,981,995	1,112,164	9,366,352	17,760,841	1,531,708	2,892,405	1,724,880	1,899,095	39,079,134
Surplus (deficit) before transfers	13,009,707	2,141,742	(209,713)	1,279,559	3,653,398	408,497	1,394,097	(61,792)	(1,092,221)	20,523,273
Transfers between programs	(1,617,958)	(186,132)	(129,531)	(562,117)	479,220	(333,663)	(128,941)	548,371	1,930,751	-
Annual surplus (deficit)	\$ 11,391,748	\$ 1,955,610	\$ (339,244)	\$ 717,442	\$ 4,132,618	\$ 74,834	\$ 1,265,156	\$ 486,579	\$ 838,530	\$ 20,523,273