
Consolidated financial statements of Huu-ay-aht Government

March 31, 2025

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Huu-ay-aht Government (the "Government") are the responsibility of management and have been approved by the Executive Council of the Government.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated 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.

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

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

The Executive Council reviews the Government's consolidated financial statements and recommends their approval to the People's Assembly. The Executive Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Executive Council takes this information into consideration when approving the consolidated financial statements for issuance to the citizens. The Executive Council also appoints the engagement of the external auditors.

The consolidated financial statements have been audited by Deloitte LLP in accordance with Canadian generally accepted auditing standards on behalf of the citizens. Deloitte LLP has been given unrestricted access to all financial and other records of the Government.

Executive Director

Independent Auditor's Report

To the Executive Council of Huu-ay-aht Government

Opinion

We have audited the accompanying consolidated financial statements of Huu-ay-aht Government (the "Government"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations and accumulated operating surplus, changes in net financial assets, remeasurement gains and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2025, and the results of its operations, changes in its net financial assets, its remeasurement gains and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

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

Other Matter

The financial statements as at March 31, 2024 and for the year then ended were audited by other chartered professional accountants who issued an unmodified independent auditor's report dated October 11, 2024.

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 PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Government'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 Government or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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.

Chartered Professional Accountants
(Date)
Vancouver, British Columbia

Huu-ay-aht Government
Consolidated statement of financial position
As at March 31, 2025

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	Notes	2025 \$	2024 \$
Financial assets			
Cash	3	10,057,084	39,605,161
Restricted cash	3	10,217,015	3,320,179
Designated cash	3	28,736,070	—
Accounts receivable	4	2,209,541	2,977,359
Portfolio investments	5	54,273,982	47,938,091
Investment in government businesses	6	17,616,023	18,883,099
		123,109,715	112,723,889
Liabilities			
Accounts payable and accrued liabilities	8	2,309,333	1,940,828
Deferred revenue	9	1,211,239	985,328
Long term debt	10	14,487,774	14,708,399
Other liabilities	11	2,506,162	2,266,906
Asset retirement obligations	12	486,027	117,624
		21,000,535	20,019,085
Net financial assets		102,109,180	92,704,804
Non-financial assets			
Tangible capital assets	7	43,747,123	39,872,127
Prepaid expenses		346,021	58,614
Purchased intangible assets		1,035,275	1,035,275
		45,128,419	40,966,016
Accumulated surplus	14	147,237,599	133,670,820
Accumulated surplus is comprised of:			
Accumulated operating surplus		143,518,864	131,085,692
Accumulated remeasurement gains		3,718,735	2,585,128
		147,237,599	133,670,820

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

Approved on behalf of the Executive Council:



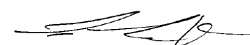
Chief Councillor John Jack



Councillor Brad Johnson



Councillor Edward Johnson



Councillor Evan Cook



Councillor Stephen Rayner



Councillor Stella Peters



Ha'wiih Representative Theresa Nookemus

Consolidated statement of changes in net financial assets

Year ended March 31, 2025

	Budget	2025	2024
	\$	\$	\$
	(Note 13)		
Annual surplus	1,030,677	12,433,172	27,727,919
Purchases of tangible capital assets	(6,055,500)	(5,517,694)	(1,813,101)
Accretion of asset retirement obligations	—	9,438	—
Amortization of tangible capital assets	1,530,947	1,608,610	1,778,732
Change in prepaid expenses	—	(287,407)	424,494
Gain on sale of tangible capital assets	—	(25,577)	—
Proceeds on sale of tangible capital assets	—	50,227	—
Change in net financial assets, excluding effect of remeasurement gains	(3,493,876)	8,270,769	28,118,044
Net effect of remeasurement gains	—	1,133,607	1,577,241
Net financial assets, beginning of year	92,704,804	92,704,804	63,009,519
Net financial assets, end of year	89,210,928	102,109,180	92,704,804

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

Consolidated statement of operations and accumulated operating surplus

Year ended March 31, 2025

	Notes	Budget \$	2025 \$	2024 \$
		(Note 13)		
Revenue	23			
Government transfers	16	17,346,173	25,199,368	15,322,810
Grants and contributions	17	4,782,024	8,283,533	3,050,233
Investment income	5	1,148,184	2,892,338	1,085,442
Fees, charges, and other revenue		2,410,698	1,123,052	1,136,893
Rental revenue		—	242,670	—
Taxation		35,000	50,539	37,219
Gain on sale of assets		—	25,577	—
Loss from government businesses	6	—	(1,267,076)	(1,166,165)
Stumpage income		—	—	180,169
		25,722,079	36,550,001	19,646,601
Expenses	23			
Community services	20	9,551,146	7,453,914	5,436,636
General government	20	4,452,615	4,651,742	3,441,800
Administration and finance		2,979,071	5,146,056	4,625,564
Economic development	10	1,892,389	1,485,482	1,418,018
Implementation		830,000	955,233	799,462
Infrastructure		2,016,194	2,316,293	1,634,329
Land and natural resources		2,969,987	1,877,321	1,655,986
Housing		—	130,643	—
		24,691,402	24,016,684	19,011,795
Annual surplus, before other items		1,030,677	12,533,317	634,806
Other items				
Revenue				
Government transfers related to specific claims		—	—	35,727,814
Government transfers related to provincial infrastructure projects	19	—	—	10,737,644
		—	—	46,465,458
Expenses				
Specific claims		—	100,145	360,653
Provincial infrastructure projects	19	—	—	19,011,692
		—	100,145	19,372,345
Annual surplus		1,030,677	12,433,172	27,727,919
Accumulated operating surplus, beginning of year		131,085,692	131,085,692	103,357,773
Accumulated operating surplus, end of year		132,116,369	143,518,864	131,085,692

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

Consolidated statement of remeasurement gains

Year ended March 31, 2025

	2025	2024
	\$	\$
Accumulated remeasurement gains, beginning of year	2,585,128	1,007,887
Unrealized gains attributable to portfolio investments	1,137,471	1,583,010
Amounts reclassified to the statement of operations:		
Investment income	3,864	5,769
Net remeasurement gains for the year	1,133,607	1,577,241
Accumulated remeasurement gains, end of year	3,718,735	2,585,128

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

	2025	2024
	\$	\$
Operating transactions		
Annual surplus	12,433,172	27,727,919
Items not involving cash:		
Amortization	1,608,610	1,778,732
Gain on sale of tangible capital assets	(25,577)	—
Amortization of financing fees	50,000	50,000
Loss from investment in government businesses	1,267,076	1,166,165
Accretion expense	9,438	8,914
Revaluation of asset retirement obligations	368,403	—
Changes in working capital accounts:		
Accounts receivable	767,818	5,974,141
Accounts payable and accruals	367,712	(7,165,535)
Deferred revenue	226,704	480,079
Prepaid expenses	(287,407)	424,494
Other liabilities	239,256	28,988
Cash flows from operating transactions	17,025,205	30,473,897
Capital transactions		
Purchase of tangible capital assets	(5,517,694)	(1,813,101)
Proceeds on sale of tangible capital assets	50,227	—
Cash flows from capital transactions	(5,467,467)	(1,813,101)
Investing transactions		
Increase in designated cash	(28,736,070)	—
Increase in restricted cash	(6,896,836)	(3,320,179)
Distribution from (investment in) Huu-ay-aht Settlement Trust	(4,700,000)	4,589,422
Purchase of portfolio investments	(502,284)	(286,539)
Cash flows from investing transactions	(40,835,190)	982,704
Financing transactions		
Cash proceeds from debt financing	864,774	1,273,000
Repayment of long term debt	(1,135,399)	(929,157)
Cash flows from financing transactions	(270,625)	343,843
Net change in cash	(29,548,077)	29,987,343
Cash, beginning of year	39,605,161	9,617,818
Cash, end of year	10,057,084	39,605,161

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

1. The Huu-ay-aht Government and nature of operations

The Huu-ay-aht Government (the "Government") operates under the authority of the Constitution Act of the Huu-ay-aht First Nations and under the Maa-nulth Final Agreement. The Government was recognized April 1, 2011 as a constitutionally-protected self-government under the Maa-nulth Final Agreement agreed to by the Government of Canada (Canada) and the Government of British Columbia ("BC").

The Government has the right to assume and exercise all law-making authority set out in the Maa-nulth Final Agreement and any law-making authority set out in non-Treaty agreements with the Province of British Columbia and Canada. The Maa-nulth Final Agreement sets out the Government's rights and benefits respecting land and resources, and self-government over its lands and resources and its citizens.

The Government's structure consists of a Legislature, an Executive Council, a Ha'wiih Council and a People's Assembly. The Government's Executive Council has the authority to make laws pertaining to citizenship; Government structures, and public institutions; land, and land management; resources on Government land; and social services that include, but are not limited to, children, education (public primary and post-secondary), public health, public utilities (water and sewer), public works, public infrastructure, and taxation.

The Huu-ay-aht have existed from time immemorial, owned and occupied the lands and waters within the traditional territory, governed the lands and waters, abided by laws and shared language and culture. Since 2011, the Government's jurisdiction includes Huu-ay-aht Treaty Settlement Lands (TSL), in accordance with the Maa-nulth Treaty, and other properties owned and operated outside the TSL in other jurisdictions. In the Province of British Columbia, jurisdiction 408 of area 4 on Vancouver Island is under the authority of the Huu-ay-aht Government.

2. Summary of significant accounting policies

(a) Basis of accounting

These consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) developed by the Public Sector Accounting Board. They are prepared to comply with the Government's legislation, Constitution and the Financial Administration Act (FAA), which require the Government to report financial statements under standards comparable to those generally accepted for governments in Canada.

During the fiscal year no new accounting policies were adopted by the Government.

These consolidated financial statements include the accounts of the Government and organizations controlled by the Government. The Government reporting entity includes the Government's operating departments: General Government (including Human Resources), Community Services, Economic Development, Finance, Implementation, Infrastructure, and Lands and Natural Resources (Note 23). The Government also consolidates related entities which are accountable to and are either owned or controlled by the Government. The trust funds created by the Government's legislation and/or under the Government's control are incorporated directly into the Government's accounts.

2. Summary of significant accounting policies (continued)

(b) Principles of consolidation

All controlled entities are consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a Government Business Enterprise or a Business Partnership (see Note 2(c)). Inter-entity balances and transactions are eliminated under this method, and the Government reports the controlled entities as if they were one organization. The organizations included through the consolidation method are:

- Huu-ay-aht Government
- Huumiis Ventures Corporation
- Huumiis Ventures Limited Partnership, which holds the Government's interest in the investment in Tsawak-qin Forestry Limited Partnership
- Ma-as Ta-kimlth Housing Society

(c) Investment in Government Business Enterprises and Business Partnerships

Investments subject to control or shared control and which meet the definition of a Government Business Enterprise ("GBE") or a Business Partnership ("BP") have been accounted for on the modified equity basis. The investment balance represents the investment in and accumulated earnings of the investee, less distributions and dividends paid to the Government, less operating losses incurred.

These entities are included in the consolidated financial statements on a modified equity basis (Note 6). No adjustment is made to conform the accounting policies of these entities (which are International Financial Reporting Standards (IFRS)) to those of the Government. Under this method, the inter-corporate transactions are not eliminated. These entities are reviewed annually to determine whether they meet the definition of a GBE or a BP in the normal course of operations.

The following are the GBEs accounted for by the Modified Equity Method:

- HFN Development Corporation ("HFN Development Corp")
- HFN Development Limited Partnership ("HFN Development LP"), which is referred to in these consolidated financial statements as the HFN Group of Businesses, and which consolidates or proportionately consolidates the following entities:
 - HFN Fisheries Limited Partnership
 - HFN Forestry Limited Partnership
 - HFN Gravel Limited Partnership
 - HFN Hospitality Limited Partnership
 - HFN Lands Limited Partnership
 - HFN Management Limited Partnership
 - HFN Market Limited Partnership
 - Nuu-chah-nulth Seafood Limited Partnership
 - Nuu-chah-nulth Seafood Development Corporation
- Huu-ay-aht First Nations Forestry Consulting Services Corporation
- Huu-ay-aht First Nations Forestry Consulting Services Limited Partnership

2. Summary of significant accounting policies (continued)

(d) Revenue recognition

Investment income, grants and contributions, rental revenue, and fees, charges and other revenue are recognized on the accrual basis of accounting, and when the service has been provided, the amount of consideration can be reasonably estimated, and collection is reasonably assured.

(e) Government transfers

Government transfers are transfers of monetary assets or tangible capital assets from other public sector entities to the Government that are not the result of an exchange transaction, a direct financial return, or expected to be repaid in the future.

Government transfers received are recognized in the consolidated financial statements as revenue in the financial period in which the transfers are authorized, any eligibility criteria have been met, stipulations (if any) have been met and reasonable estimates of the amounts can be determined. Stipulations attached to transfers that give rise to an obligation may be deferred in the consolidated financial statements to the extent there is an obligation meeting the definition of a liability.

(f) Taxation revenue

Taxation revenue is recognized in the year the taxes are levied because the tax revenues result from non-exchange transactions that are compulsorily paid to governments in accordance with the laws and regulations established to provide revenue to the Government for the provision of public services. Levies imposed by other taxing authorities are not included as taxation revenue.

In accordance with the Maa-nulth Final Agreement, and related agreements and legislation, the Government has the authority to levy taxes within its treaty settlement lands related to income, sales of goods, and real property. The Government's taxation authority does not limit the taxation authority of the Province of British Columbia and Canada.

(g) Deferred revenue

Funds received for specific purposes that are externally restricted by legislation, regulation or agreement that meet the definition of a liability are accounted for as deferred revenue, as well as fees collected pertaining to services to be provided in a future period. These amounts will be recognized as revenue in the period when the conditions giving rise to the liability have been settled.

(h) Contaminated sites

The government recognizes a liability for remediation of contaminated sites when conditions are identified which indicate non-compliance with the applicable environmental legislation. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination.

The liability reflects the Government's best estimate of the amount required to remediate the site to the current minimum standard of use prior to contamination, as of the financial statement date. Recorded liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual remediation costs incurred.

2. Summary of significant accounting policies (continued)

(i) Financial instruments

Cash and portfolio investments comprising equity instruments that are quoted in an active market are measured at fair value. All other portfolio investments, accounts receivable, accounts payable and accrued liabilities, long term debt, and other liabilities are measured at cost or amortized cost on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. Portfolio investments reported at cost are written down to net realizable value when there has been, in management's opinion, a loss in value of a portfolio investment that is other than a temporary decline. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

(j) Asset retirement obligations

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

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

(k) Designated cash

The Government has designated, through Executive Council motion, a portion of the Government's cash to be used for certain uses. These amounts are segregated on the consolidated statement of financial position and these funds are intended to be used only for these specified purposes.

2. Summary of significant accounting policies (continued)

(l) Non-financial assets

Non-financial assets are held for use in the provision of goods and services but are not available to discharge existing liabilities. These assets may have a useful life extending beyond the current year and are not intended for sale in the ordinary course of operations.

(m) Tangible capital assets

The Government's tangible capital assets are recorded at cost, which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets (excluding land and work in progress), is amortized on a straight-line basis over the estimated useful life as follows:

Buildings and housing	10 - 50 years	straight-line
Land improvements	30 years	straight-line
Machinery and equipment	5 - 20 years	straight-line
Vehicles	3 - 10 years	straight-line
Public infrastructure	10 - 100 years	straight-line
Utilities	10 - 100 years	straight-line

Assets under construction are not amortized until the asset is substantially complete and placed into service.

Contributed tangible capital assets are recognized at fair value at the date of contribution and are also recognized as revenue. Where an estimate of fair market value cannot be made, the tangible capital asset is recognized at nominal value.

(n) Purchased intangible assets

The Government holds a crab fishing license which provides the Government the right to annually renew a related commercial fishing license. The license was purchased from an unrelated third party and is recorded at cost. The license has an indefinite life and is not amortized.

(o) Impairment of long-lived assets

Tangible capital assets and purchased intangible assets are written down if conditions indicate that they no longer contribute to the Government's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets or purchased intangibles are less than their net book value. The net write downs are accounted for as expenses in the consolidated statement of operations.

(p) Use of estimates

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The significant areas requiring management estimates include the useful lives of tangible capital assets, impairment of investments, classification of government business enterprises and partnerships, asset retirement obligations and estimating provisions for accrued liabilities. Actual results will depend on future economic events and may differ from these estimates.

3. Cash

<i>Unrestricted cash:</i>	2025	2024
	\$	\$
General (i)	9,343,545	39,581,508
Housing Society (ii)	689,886	—
Other (iii)	23,653	23,653
	10,057,084	39,605,161

The Government's unrestricted cash consists of the following amounts:

- i. General cash is held for general operations and delivery of government services. The cash is held at a Canadian chartered bank and earns interest at the current prevailing rates.
- ii. The Housing Society cash is held by the Ma-as Ta-limlth Housing Society and is used in carrying out the programs and mandate of the society.
- iii. Other cash is primarily used for employment and training related purpose with other corporate partners in the forestry sector. The Government's Community Services Department manages the delivery of these services.

<i>Restricted cash:</i>	2025	2024
	\$	\$
Housing replacement reserves (i)	7,776,093	1,116,583
Minor's Trust (ii)	2,440,922	2,203,596
	10,217,015	3,320,179

The Government's restricted cash consists of the following amounts:

- i. Housing replacement reserves represent amounts that are restricted to fund future repair and maintenance costs of the Government's housing assets.
- ii. The Minors Trust cash balance is dedicated by the Government under tribunal order to minor citizens (under the age of 19 years old as at the reporting date). The related Minors Trust Liability is reported as an other liability (Note 11).

Designated cash:

In addition to the cash amounts described above, the Government has internally designated certain cash balances for specific purposes, by way of a motion of Executive Council dated May 9, 2024. Details of these amounts and the activity for the year ended March 31, 2025 are as follows:

	Initial designation	Use of funds	March 31, 2025
	\$	\$	\$
Bamfield Road Operational Reserve	7,760,000	—	7,760,000
Capital Projects	5,000,000	—	5,000,000
Citizen Distribution (Note 23)	890,000	(890,000)	—
Economic Development Initiatives	3,300,000	—	3,300,000
Settlement Trust Account	4,700,000	(4,700,000)	—
Loan Payments	1,098,555	(1,098,555)	—
Invested Wealth Fund Repayment	6,701,445	—	6,701,445
Program Development& Enhancement	5,974,625	—	5,974,625
	35,424,625	(6,688,555)	28,736,070

4. Accounts receivable

	2025	2024
	\$	\$
Federal Government - grants receivable	518,178	503,995
Federal Government - loan reimbursement (i)	97,696	983,203
Related party receivables (Note 15)	4,525	184,694
Goods and Services Tax receivable	157,404	76,108
Provincial Sales Tax receivable	437,686	222,414
Other accounts receivable	994,052	1,006,945
	2,209,541	2,977,359

- i. During the 2020 fiscal year, the Government received notice from the Federal Government of Canada that loan principal payments of \$5,443,563 made in prior years by the Government related to treaty negotiations would be forgiven. The Federal Government of Canada has committed to reimburse the Government in annual installments in the 2020 to 2025 fiscal years.

5. Portfolio investments

Portfolio investments are managed in accordance with the Investment Management Policy Regulation and include internally and externally managed investments.

Internally managed investments consist of the Government's 35% (2024 - 35%) interest in Tsawak-qin Forestry LP, which is held by its subsidiary Huumiis Ventures Limited Partnership.

Externally managed investments, which are held in the Invested Wealth Fund and the Huu-ay-aht Settlement Trust, include positions in cash, bonds and preferred shares, Canadian equities, U.S. equities, International equities, and private equities.

The Government's portfolio investments are as follows:

	2025	2024
	\$	\$
Investment in Tsawak-qin Forestry LP	30,546,019	30,546,019
Invested Wealth Fund	17,239,366	15,874,792
Huu-ay-aht Settlement Trust		
RBC Cash	4,916,860	86,968
TD Wealth Investments	1,571,737	1,430,312
	6,488,597	1,517,280
	54,273,982	47,938,091

Investment in Tsawak-qin Forestry LP

In 2018, the Huu-ay-aht Government agreed to purchase an interest in Tree Farm Licence 44 (TFL44) and become a beneficial owner in the rights of the licence, initially held by Western Forest Products (WFP). A tree farm licence (TFL) is an area-based tenure that grants virtually exclusive rights to harvest timber and manage and conserve forests, recreation and cultural heritage resources on a specified area of land. TFL44 was created in 1984 and is an area of west-central Vancouver Island, extending from Strathcona Park in the north to Walbran Creek in the south, covering a total of 136,900 hectares. TFL44's administrative boundary overlaps the traditional territories of the Maa-nulth First Nations, including Huu-ay-aht First Nation.

5. Portfolio investments (continued)

In March of 2019, the management of TFL44 changed from WFP to TFL 44 Limited Partnership (TFL 44 LP). In October 2021, TFL 44 LP changed its name to Tsawak-qin Forestry Limited Partnership (TFLP). TFLP is a partnership between the Huu-ay-aht Government (through its investment entity Huumiis Ventures Limited Partnership) and WFP for the purpose of holding the licence issued by the Province of British Columbia. The current licence for TFL44 was issued by the Province of British Columbia for a 25 year term, beginning on August 1, 2019. Under Section 36 of the Forest Act, the Province is required to offer a replacement TFL every five to ten years with a new 25-year term.

The Huu-ay-aht Government's 35% beneficial interest in TFL44, through its investment in TFLP, was acquired in the following phases:

Phase 1 Transaction

On December 12, 2018, the Government entered into an agreement with WFP to acquire a 7% interest in TFLP. On March 29, 2019 Huumiis Ventures Limited Partnership ("Huumiis"), a wholly owned special investment body owned by the Government, completed the Phase 1 transaction. The Government's investment of \$7,968,068 was accounted for at cost.

Phase 2 Transaction

On March 16, 2020, the Government announced the intent to purchase a majority stake and controlling interest in TFLP. On April 22, 2021, WFP and Huumiis entered into an agreement whereby Huumiis will acquire an additional 44% ownership interest in TFLP for total consideration of \$35.2 million in two separate transactions (Phases 2 and 3). On May 3, 2021, the Phase 2 transaction completed, with Huumiis acquiring an additional 28% interest in Tsawak-qin Forestry LP for total consideration of \$22.4 million. Huumiis partially financed the transaction with a \$10.8 million term loan and \$2.6 million in vendor financing (see Note 10), with the remaining consideration being paid by the Government directly to WFP. Acquisition costs of \$177,950 associated with the Phase 2 transaction were capitalized to the investment in the 2021 fiscal year. The Phase 3 transaction was not entered into by the Government.

As at March 31, 2025, the following are the entities related to the purchase of the Government's interest in TFL44:

Entity	Description	Owner(s)	Inception
Tsawak-qin Forestry LP	Holds Tree Farm Licence 44, issued by BC Government	65%WFP & 35% Huu-ay-aht Government (via Huumiis)	2019
Huumiis Ventures Limited Partnership	Huu-ay-aht Government special investment body holds Government interest of TFLP	100% owned by Huu-ay-aht Government	2019
Huumiis Ventures Corporation	Huu-ay-aht Government general partner for Huumiis	100% owned by Huu-ay-aht Government	2019
HFN Forestry Consulting Services LP	Huu-ay-aht Government management fees for operating Huumiis	100% owned by Huu-ay-aht Government	2019
HFN Forestry Consulting Services Corporation	Huu-ay-aht Government general partner for HFN Forestry Consulting Services	100% owned by Huu-ay-aht Government	2019

5. Portfolio investments (continued)

During the year, TFLP declared distributions of \$nil (\$nil in March 31, 2024).

Distributions from TFLP are generated from the logging operations associated with TFL44. The markets for lumber are cyclical and prices are affected by such factors as the general level of economic activity in the markets in which TFLP sells its products, geopolitical uncertainty, interest rates, construction activity, duty rates, supply shortages due to weather or logistical issues, and log supply/demand relationships. On August 1, 2025 the United States of America imposed a tariff of 35% on imported goods from Canada to the US that are not compliant with the Canada-United States-Mexico Agreement ("CUSMA"), and on September 29, 2025 signed a proclamation imposing tariffs on imports of timber, lumber, and their derivative products (wood products). While TFLP does not directly export its harvest, these tariffs could impact its customers, log demand and log prices. The potential implementation and duration of any incremental US tariffs is unknown and could have a material impact on TFLP's operating earnings and cash flows. Distribution levels from TFLP in 2024 are reflective of more challenging macroeconomic conditions impacting the BC forestry industry, resulting in weaker demand and lower lumber prices.

The BC forestry industry is subject to extensive federal, provincial, municipal and other local laws and regulations, including those governing forestry, exports, taxes, labour standards, occupational health, safety, waste disposal, building structures/systems, environmental protection and remediation, protection of endangered and protected species and land use and expropriation.

Under Section 8 of the Forest Act (BC), the Provincial Chief Forester must conduct a review of the allowable annual cut (AAC) for each Timber Supply Area and each TFL in the Province on a periodic basis, at least once every ten years. This review is then used to determine the AAC for licences issued by the Province under the Forest Act. Many factors affect the AAC such as timber inventory, the amount of operable forest land, growth estimates of young forests, regulation changes and environmental and social changes. Land use planning, including critical habitat designations, stand age restrictions, as well as new harvesting regulations, can constrain access to timber and new parks can permanently remove land from the timber harvesting land base.

TFLs have cut control periods which contain provisions where, under the Forest Act, if the volume of timber harvested during a cut control period is less than the total AAC for the TFL in that period, the TFL holder will lose the right to harvest the unharvested volume in any subsequent period. This unharvested volume can be allocated by the Province to third parties.

In June 2023, the Province set a new AAC for TFL 44, reducing the AAC from 793,600 cubic metres to 642,800 cubic metres, as well as reallocating previously unharvested volume to new forest licences. TFLP strongly opposes the AAC determination and the allocation of unharvested volume to new forest licences in light of concerns that the allocation significantly affected the AAC determination. TFLP is discussing these concerns with the Province, and TFLP is unable to assess the potential impact of this AAC determination at this time.

Management has conducted a review of the Government's investment in TFLP, which is recorded at cost, and has determined that there is no impairment provision required as at March 31, 2025. However, the circumstances described above give rise to measurement uncertainty in the following areas:

Log values: Management has estimated log values using data obtained from the Coast Log Market Reports. The Coast Log Market Reports are average domestic prices for old and second growth log sales in the Vancouver Log Market (VLM). This data is provided by major market participants in the coastal region and is reported by one- and three-month prices, by species and grade, in dollars per cubic meter. While management believes that estimates are conservative and reflect a low point in the market cycle, there is no guarantee that log prices will not decline further in future periods.

5. Portfolio investments (continued)

Cost estimates: Best efforts were used to estimate logging costs as accurately as possible based on historic cost info, reflective of existing harvest methods. The data set available did not account for future harvest methods information which would yield a more accurate harvest cost. Harvesting forecasts plan for a transition to second growth harvest in future years, which management believes will result in a greater decrease to log harvesting costs than is accounted for in the model. However, there is no guarantee that forecasted costs will not increase at a higher rate than anticipated in future periods.

Harvest estimates: Current harvest volumes are significantly below the AAC of 642,800 cubic metres. Given the ongoing economic and operational challenges to harvest the AAC, management believes it is unlikely a full AAC harvest will occur in the near term. As a result, Management has estimated a gradual increase in annual harvest levels over the next five years with a plan to achieve full harvest in 2029, with no consideration for accessing any undercut volume in Year five of the cut control period. However, there is no guarantee that actual harvest levels will achieve forecasted harvest levels.

These measurement uncertainties could impact TFLP's future financial performance, which could affect the Government's ability to realize a positive return on this investment.

Invested Wealth Fund

The Huu-ay-aht Government has transferred funds into an Invested Wealth Fund (IWF), in accordance with its legislation and the FAA. The intent of this fund is to provide the Government with perpetual investment income to fund administrative activities required to operate a Government with essential public services.

The IWF had a market value at March 31, 2025 of \$17,239,366 (\$15,874,792 in 2024) and these investments were held in the following investment categories:

	2025 %	2024 %
Cash and cash equivalents	3	3
Fixed income	35	32
Equities	62	65

Huu-ay-aht Settlement Trust

The Huu-ay-aht Government has transferred funds to the Huu-ay-aht Settlement Trust (HST), in accordance with the legislation and the FAA. The purpose of this Trust is to hold and protect capital transfers and resource revenues intended for its beneficiaries: the Huu-ay-aht Government, other Government trusts, any registered charity or not-for-profit organizations that are qualified donees that in the opinion of the Trustees directly or indirectly benefits one or more Huu-ay-aht citizens, or a combination of the above mentioned entities and persons. The market value of the TD Wealth investments at March 31, 2025 is \$1,571,737 (\$1,430,312 in 2024), and these investments were held in the following investment categories:

	2025 %	2024 %
Cash and cash equivalents	5	2
Fixed income	53	55
Equities	42	43

6. Investments in government businesses

The Government's investments in government business enterprises and business partnerships are noted in the following table.

These entities have a December 31, 2024 fiscal year-end, and the Government's equity income or loss for its March 31, 2025 fiscal year-end is based on twelve months of financial results for these entities for the year ended December 31, 2024.

	2024 \$	Share of income (loss) \$	Capital contributions \$	Capital draws \$	2025 \$
HFN Group of Businesses	19,221,568	(1,530,434)	—	—	17,691,134
HFN Development Corp	(18,813)	(1,467)	—	—	(20,280)
HFN Forestry Consulting Services Corp & LP	(319,656)	264,825	—	—	(54,831)
	18,883,099	(1,267,076)	—	—	17,616,023

The following summarizes the assets, liabilities and financial results of these entities as at and for the year ended December 31:

	Assets \$	Liabilities \$	Net assets \$	Revenue \$	Expense \$	2024 Net income (loss) \$	2023 Net income (loss) \$
HFN Group of Businesses	17,876,101	184,967	17,691,134	(1,467,905)	62,529	(1,530,434)	(734,692)
HFN Development Corp	7	20,287	(20,280)	—	1,467	(1,467)	(1,346)
HFN Forestry Consulting Services Corp & LP	425,444	480,275	(54,831)	1,781,689	1,516,864	264,825	(430,127)

7. Tangible capital assets

The Government's tangible capital assets, including additions and annual amortization, are noted in the following table.

	Land and land improvements \$	Buildings and Housing \$	Machinery and equipment \$	Vehicles \$	Public infrastructure \$	Utilities \$	Work in progress \$	2025 Total \$	2024 Total \$
Cost, beginning of year	12,993,665	25,635,442	4,712,682	1,329,182	1,979,609	6,918,595	2,516,723	56,085,898	54,272,788
Additions	—	5,225,706	36,566	255,422	—	—	—	5,517,694	1,813,101
Disposals	—	—	—	(86,400)	—	—	—	(86,400)	—
Reclassification	—	—	—	—	17,306	—	(17,306)	—	—
Cost, end of year	12,993,665	30,861,148	4,749,248	1,498,204	1,996,915	6,918,595	2,499,417	61,517,192	56,085,889
Accumulated amortization, beginning of year	48,747	9,342,667	1,468,728	750,313	1,390,204	3,213,103	—	16,213,762	14,435,030
Amortization	26,328	903,972	196,502	98,175	123,350	260,283	—	1,608,610	1,778,732
Disposals	—	—	—	(52,303)	—	—	—	(52,303)	—
Accumulated amortization, end of year	75,075	10,246,639	1,665,230	796,185	1,513,554	3,473,386	—	17,770,069	16,213,762
Net carrying amount, end of year	12,918,590	20,614,509	3,084,018	702,019	483,361	3,445,209	2,499,417	43,747,123	39,872,127
Net carrying amount, prior year	12,944,918	16,293,134	3,243,955	578,866	589,404	3,705,484	2,516,366	39,872,127	39,837,758

The additions to buildings and housing consist of the following projects in 2025:

	\$
Oomiiqsu Centre	2,085,942
Ma-as Ta-kimlth Housing Society construction in process	2,027,243
Cultural and Visitor Centre construction in process	1,112,521
	<u>5,225,706</u>

The Oomiiqsu Centre is a multi-purpose building containing Huu-ay-aht First Nations Child and Family Wellness Department office space, an Indigenous mother's centre that includes offices, transitional residential housing and second stage housing, and a Huu-ay-aht childcare facility. This development was constructed by the Provincial Rental Housing Corporation ("PRHC"), a wholly owned and controlled corporation of the Province of British Columbia. The Building and related lands are owned by PRHC, and are leased to the Government for a term of 60 years at a basic rent of \$2,086,558, which was paid by the Government on the lease commencement date.

8. Accounts payable and accrued liabilities

	2025	2024
	\$	\$
Trade payable and accrued liabilities	1,695,019	1,467,317
Accrued wages and benefits	509,759	469,461
Related party payables (Note 15)	104,555	4,050
	2,309,333	1,940,828

The Government holds a commercial credit card account with RBC that has a maximum authorized borrowing limit of \$110,000.

9. Deferred revenue

The deferred revenue is comprised of grants and contributions the Government has received from other levels of government and from external sources. These funds will be used for the following projects in subsequent years.

	Balance March 31, 2024		Revenue recognized	Balance March 31, 2025
	\$	Additions	\$	\$
Salish Sea Initiative	375,028	399,420	(375,028)	399,420
Childcare Space Funding	305,570	—	(305,570)	—
Co Developing Community Response	183,700	—	(65,028)	118,672
Pacific Salmon Commission	4,767	—	—	4,767
Invasive Species Mitigation	60,200	—	(60,200)	—
West Coast Trail Guardians	44,500	—	(44,500)	—
REDIP Fibre & Feasibility	—	400,000	—	400,000
Other	11,563	288,380	(11,563)	288,380
	985,328	1,087,800	(861,889)	1,211,239

Deferred revenue will be recognized as revenue in the Statement of Operations in the period in which the related expenses are incurred and/or services are performed and the stipulation criteria have been met.

10. Long term debt

	2025 \$	2024 \$
Term loan - Tsawak-qin Forestry Phase 2	7,900,000	8,620,000
Vendor-take-back financing-Tsawak-qin Forestry Phase 2	2,600,000	2,600,000
Advances from Tsawak-qin Forestry LP	3,403,000	2,423,000
BC Housing repayable loan	592,274	—
RBC Term Loan - Land purchase	—	54,794
BMO Term Loan - NEDC - Crab license	—	340,843
RBC Term Loan - PAGO	—	179,746
HFN Development LP Term Loan - Special Projects	—	560,016
	14,495,274	14,778,399
Less: Unamortized financing costs	7,500	70,000
	14,487,774	14,708,399

Included in economic development expenses on the consolidated statement of operations is interest of \$663,071 (\$602,065) relating to the loans noted above.

Each of the loans listed above are due on demand, and as such the entire long-term debt balance would be considered a current liability of the Government.

Term loan - Tsawak-qin Forestry Phase 2

The term loan was advanced 75% by Export Development Canada and 25% by RBC (the "lenders") and is repayable in quarterly installments of \$180,000 plus interest fixed at 6.76% per annum until the April 2026 maturity date, and at RBC prime rate plus 1.75% per annum thereafter while the term loan remains outstanding.

The term loan is secured by:

- General security agreement under which all assets of Huumiis are pledged as collateral, in addition to a first charge on all TFLP and Tsawakqin Forestry GP equity interests and assignment of all distributions from TFLP.
- Debt service agreement signed by the Government whereby the Government agrees to cover any debt service shortfalls of Huumiis as well as a postponement and subordination of claims signed by the Government.
- Postponement and subordination of certain other financing of TFLP signed by WFP and other consents and acknowledgements by WFP.
- Agreement by the Government on other matters including certain restrictions on distributions by Huumiis, to be accepted, acknowledged and authorized by the Government pursuant to an Executive Council Resolution.

The lending agreement includes a covenant whereby a fixed charge coverage ratio of 1.15 must be maintained by Huumiis. As at March 31, 2025, Huumiis was in violation of this covenant and as a result, the debt is due on demand. To date the lenders have not waived this covenant violation, cancelled the availability of this loan, or taken any other action.

10. Long term debt (continued)

Vendor-take-back financing - Tsawak-qin Forestry Phase 2

The vendor-take-back financing accrues interest at 3.20%, with interest payable annually on the last day of each year. The vendor financing is repayable the earlier of December 31, 2025, the date Huumiis sells any of its interest in TFLP or when the Huumiis repays or refinances the term loan with Export Development Canada and RBC. The vendor financing is secured by a general security agreement and pledge general security and pledge agreement over all of Huumiis' present and after-acquired personal property, including the limited partner units and other interests owned by Huumiis in TFLP.

Advances from TFLP

During the year, TFLP issued advances of \$980,000 (\$980,000 in 2024) to Huumiis such that Huumiis could meet its obligations for repayment of principal and interest on the term loan with Export Development Canada and RBC. The advances are unsecured, non-interest bearing, and are repayable on demand.

BC Housing repayable loan

During the year, the Ma-as Ta-kimlth Housing Society entered into a lending agreement with BC Housing, whereby the Housing Society could borrow up to \$2,752,807 in the form of a demand non-revolving construction loan to fund the cost of building new housing. The loan bears interest at a variable rate of RBC prime rate plus 1% per annum, which will be converted to a fixed rate upon completion of construction, with the fixed rate to be agreed upon at that time. Repayment conditions will also be determined upon completion of construction, and the loan is secured by a mortgage over the land and buildings related to this property.

11. Other liabilities

	2025	2024
	\$	\$
Minor's Trust Liability	2,440,922	2,203,596
Distributions to Citizens	65,240	63,310
	2,506,162	2,266,906

Under the Tribunal order, the Government has allocated \$2,440,922 (\$2,203,596 in 2024) for all Huu-ay-aht First Nation Citizens who are minors to receive accumulated distributions upon becoming legal age (19 years old). The funds are currently held in a Canadian chartered bank (Note 3). The Minors Trust was allocated interest of \$111,277 (\$105,680 in 2024) which has been added to the liability. The Minors Trust liability has not been established as a legal trust.

12. Asset retirement obligations

	2025	2024
	\$	\$
Balance, beginning of the year	117,624	108,710
Change in estimates	358,965	—
Accretion expense	9,438	8,914
	486,027	117,624

12. Asset retirement obligations (continued)

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

Contaminated site

On March 31, 2023, the Government identified a contaminated site that has an estimated useful life of 6 years. The Government is legally required to remediate the site according to the BC Contaminated Sites Regulation in a timely manner. The asset is amortized over this period using the straight-line amortization method. The Government recognized an asset retirement obligation of \$63,166, which was derived from an estimated undiscounted future remediation expenditure of \$90,000, expected to be incurred in 6 years. The associated discount rate applied was 8.2%. During the year additional remediation activities were identified and deemed necessary, increasing the total undiscounted future remediation expenditure to \$560,000. As a result, an increase to the asset retirement obligation of \$358,965 was recorded in the year ended March 31, 2025.

Wells

The Government owns 7 assets which are wells, and therefore, the Government is legally required by the BC Groundwater Protection Regulation to perform decommissioning activities, such as filling the wells, upon retirement of these assets. The asset is amortized over this period using the straight-line amortization method. The Government recognized an asset retirement obligation of \$44,515 for the 7 wells, which was derived from an estimated undiscounted future remediation expenditure of \$57,653 for the 7 wells, expected to be incurred this year for 5 wells and in 17 years for 2 wells. The associated discount rate applied was 8.2%.

X-ray machine

The Government owns an x-ray machine within its dental equipment. The Government is legally required to decommission this asset according to the BC Hazardous Waste Regulation upon retirement of this machine. The asset is amortized over this period using the straight-line amortization method. The Government recognized an asset retirement obligation of \$1,029, which was derived from an estimated undiscounted future remediation expenditure of \$1,650, expected to be incurred in 7 years. The associated discount rate applied was 8.2%

13. Budget

The Government's budget for expenditures for the year ended March 31, 2025 is publicly available at www.huuayaht.org, and was passed by legislation on March 21, 2024 (Budget Act 2024). Budget information for expenditures in the consolidated financial statements reflects amounts set out in the annual Budget Act, and is presented in the format and using the descriptions as approved.

14. Accumulated surplus

	2025	2024
	\$	\$
Operating Fund	44,714,450	40,176,047
Investment in Enterprises Fund	34,259,042	35,712,068
Investment in Wealth Fund (Note 5)	17,239,366	15,874,792
Investment in Settlement Fund (Note 5)	6,488,597	1,517,280
Investment in Non-financial assets	44,536,145	40,390,633
	147,237,599	133,670,820

The Investment in Enterprises Fund is calculated as follows:

	2025	2024
	\$	\$
Investment in government businesses (Note 6)	17,616,023	18,883,099
Investment in Tsawak-qin Forestry LP (Note 5)	30,546,019	30,546,019
Amounts financed by long term debt	(13,903,000)	(13,717,050)
	34,259,042	35,712,068

The Investment in Non-financial assets is calculated as follows:

	2025	2024
	\$	\$
Non-financial assets	45,128,419	40,966,016
Amounts financed by long term debt	(592,274)	(575,383)
	44,536,145	40,390,633

15. Related party balances

	2025	2024
	\$	\$
Due from:		
HFN Forestry Limited Partnership	4,525	184,694
	4,525	184,694
Due to:		
HFN Forestry Consulting Services LP	46,050	4,050
HFN Hospitality Limited Partnership	5,194	—
HFN Gravel Limited Partnership	46,676	—
HFN Market Limited Partnership	6,635	—
	104,555	4,050

These amounts due from and due to related parties arose through the normal course of operations, and relate to entities that are business partnerships in which the Government has an investment. The amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

16. Government transfers

	2025	2024
	\$	\$
Federal		
FFA Block Funding	10,398,492	11,326,226
FFA Time Limited Funding	2,337,398	1,952,850
Child and Family Services	3,702,483	—
Other Flexible Funding	649,863	—
Four Pillars Society	203,013	—
Resource Revenue Funding	134,864	237,952
Post Secondary Student Support	19,436	49,712
Provincial		
Resource Revenue Funding	338,160	237,952
Provincial Daycare	136,584	106,868
Provincial Annual Funding	1,542,283	1,369,243
PST Revenue Sharing	10,789	42,007
Bamfield Road	4,446	—
Oomiiqsu Center	3,852,780	—
BC Gaming Revenue	1,140,375	—
Lands and Resource Management	728,402	—
	25,199,368	15,322,810

17. Grants and contributions

	2025	2024
	\$	\$
Housing society	1,412,000	—
Indigenous Coastal Waters Stewardship Society	1,000,000	—
Child Care Spaces	814,258	—
New Relationship Trust	713,515	—
Nuu-Chah-Nulth Tribal Council	543,717	172,031
Parks Canada	436,800	325,668
First Nations of the Maa Nulth Treaty Society	298,217	110,000
Aboriginal Head Start Association	297,101	—
Warrior Program	294,118	381,560
Salish Sea Initiative	260,608	394,117
First Nations Health Authority	231,100	—
Marine Safety Equipment	220,000	—
Vancouver Foundation	200,000	—
Child and Family Prevention - Canada	58,047	370,159
Other	1,504,052	1,296,698
	8,283,533	3,050,233

18. Contractual rights

The Government has an agreement, through HFN Forestry Consulting Services LP, to provide consulting services to TFLP in exchange for an annual fee of \$475,000 (\$475,000 in 2024) for an indefinite term.

19. Provincial infrastructure projects

The Government committed to upgrading a 76km stretch of the Bamfield Main road between the communities of Anacla and Bamfield and Port Alberni and marked the completion of the project in October 2023. While the Bamfield Main road is a crucial link for citizens of the Government living in the Huu-ay-aht village of Anacla, the Government does not retain ownership or control over the road. As a result, these improvements and the associated funding are recognized in the statement of operations as they are incurred.

The project had an approved capital budget of \$40.7 million, of which the Province of British Columbia committed to a maximum funding of \$35.7 million, however, the Government incurred unanticipated cost overruns and warranty requirements on the road, resulting in higher expenses than originally planned.

The Government has elected to present the revenue and expenses related to nonrecurring, one-time infrastructure projects separately from the operational activity of the Government. During the course of the project, the following cumulative revenues and expenses have been recognized:

	Total revenue \$	Total expenses \$
Fiscal year		
2021	864,771	987,960
2022	1,968,487	2,586,511
2023	23,013,625	27,255,934
2024	10,737,644	19,011,692
Total	36,584,527	49,842,097

20. Program expense details

Details of the program expenses contained in the Community Services and General Government categories on the consolidated statement of operations are as follows:

	2025 \$	2024 \$
<i>Community Services:</i>		
Health and Social Services	3,409,661	3,238,501
Warriors Program	577,511	243,332
Cultural Programs and Communication	326,303	477,540
Education	1,488,903	808,756
Mothers' Center	753,526	-
Childcare	898,010	668,507
	7,453,914	5,436,636
<i>General Government:</i>		
Governance	891,175	413,509
Government Laws & Regulations	1,411,578	1,513,710
Human Resources	678,087	570,096
Fishery Habitat Restoration	564,908	499,483
Other Programs	1,105,994	445,002
	4,651,742	3,441,800

21. Financial risk management

The Government is exposed to credit, liquidity, interest, and market price risk relating to its financial instruments. Qualitative analysis of the risks arising from the Government's financial instruments is provided by the type of risk below. There have been no changes to these risks from the prior year.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk primarily arises from the Government's cash, accounts receivable, portfolio investments and investments in government businesses. The risk exposure is limited to their carrying amounts at the date of the statement of financial position.

Cash, restricted cash, and designated cash are placed at a large national bank and as a result management's position is that credit risk relating to cash balances is not significant.

Accounts receivable primarily consists of amounts receivable from Canada, the Province, and other government agencies. To reduce the risk, the Government periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts.

(b) Liquidity risk

Liquidity risk is the risk that the Government will not be able to meet its financial obligations as they become due. It is the Government's intention to meet its financial obligations through the collection of current accounts receivable, use of cash on hand, and use of future funds to be received under existing fiscal finance agreements between the Government and the Government of Canada. Given the Government's available liquidity resources and the timing of the payments of its obligations, management assesses the Government's liquidity risk as low.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Government's cash balances earn interest at a variable rate, and changes in market interest rates will affect interest revenue. A 1% change in interest rates would change interest revenue by approximately \$490,000.

The Government is also exposed to interest rate risk on its long-term debt (Note 10). Although the interest rates on the term loan the vendor take-back financing are currently fixed there is a risk that these interest rates may change on maturity or renewal of these facilities. In addition, the BC Housing repayable loan bears interest at a variable rate. The Government does not use derivative financial instruments to mitigate this risk.

(d) Market price risk

The Government is exposed to market risk, which arises from the valuation of portfolio investments held by the Government for which market prices in the future are uncertain. The value of the portfolio investments may move up or down, sometimes rapidly, and without certainty. The Government manages market risk by allocating its assets across a number of different portfolio investment types with different investment styles and risk levels.

22. Comparative figures

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

23. Segment disclosure

The Government provides a wide range of services to its citizens, residents, and stakeholders. Distinguishable functional departments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows.

General government

This service area provides the structure of government and legislation for the Government as well as the administrative services needed to support the government operations at both the Port Alberni Government Office and in the Anacla Government Office. This includes the Executive council, People's Assembly, Committees of Council, Executive Director, administration and human resource services and treaty implementation.

Community services

This service area provides for health-related services, social services, childcare services and education services.

Economic development

This service area provides for the development of economic opportunities to the Government. This department also supports any major investment deals led by the Government.

Finance

The service area provides the financial services in both government offices and includes the daily procedures relating to all finance matters of the Government (accounts payable, accounts receivable, payroll and general journal entries), budgeting and financial planning, and reporting and financial statements.

Implementation

This service area is dedicated to implementing Treaty and supporting self-government.

Infrastructure

This service area is responsible for the management of public works and capital infrastructure including maintenance of capital infrastructure, provision of residential services in the Anacla community and operations of the House of the Nations and the multi-use building.

Land and natural resources

This service is responsible for the management of government lands and natural resources, including the management of fisheries, forest harvesting and other uses of the land base, identification and protection of cultural sites and acquisition and distribution of cultural food.

23. Segment disclosure (continued)

	General government \$	Community services \$	Economic development \$	Finance \$	Implementation \$	Infrastructure \$	Land and natural resources \$	2025 Total \$
Revenue:								
Government transfers	203,013	5,664,144	—	16,259,320	—	2,250,651	822,240	25,199,368
Grants and contributions	1,872,000	2,001,654	—	1,647,708	298,217	250,000	2,213,954	8,283,533
Investment income	—	203,605	13,695	2,675,038	—	—	—	2,892,338
Fees, charges and other revenue	18,472	184,037	191,074	—	—	681,099	48,370	1,123,052
Rental revenue	242,670	—	—	—	—	—	—	242,670
Taxation	—	—	—	50,539	—	—	—	50,539
Gain on sale of assets	—	—	—	25,577	—	—	—	25,577
Loss from government businesses	—	—	—	(1,267,076)	—	—	—	(1,267,076)
	2,336,155	8,053,440	204,769	19,391,106	298,217	3,181,750	3,084,564	36,550,001
Expenses:								
Administration	216,523	243,878	106,055	843,525	—	296,793	24,789	1,731,563
Salaries and wages	1,747,932	2,568,742	356,642	600,106	185	566,623	1,026,974	6,867,204
Travel	145,010	179,346	23,135	16,675	860	126	40,853	406,005
Materials and supplies	60,225	411,210	125	16,075	—	312,185	305,262	1,105,082
Professional and contractor fees	2,238,494	944,393	325,871	1,001,099	26,188	109,905	129,334	4,775,284
Interest	—	—	663,071	3,362	—	—	4,057	670,490
Other goods and services	243,558	3,106,345	10,583	167,104	928,000	1,030,661	346,052	5,832,303
Citizens distribution	—	—	—	889,500	—	—	—	889,500
Specific claims	—	—	—	100,145	—	—	—	100,145
Amortization	—	—	—	1,608,610	—	—	—	1,608,610
Housing	130,643	—	—	—	—	—	—	130,643
	4,782,385	7,453,914	1,485,482	5,246,201	955,233	2,316,293	1,877,321	24,116,829
Annual surplus (deficit)	(2,446,230)	599,526	(1,280,713)	14,144,905	(657,016)	865,457	1,207,243	12,433,172