

Consolidated Financial Statements of

# **PROPHET RIVER FIRST NATION**

And Independent Auditors' Report thereon

Year ended March 31, 2020

# PROPHET RIVER FIRST NATION

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## PROPHET RIVER FIRST NATION

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Prophet River First Nation (the "First Nation") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The First Nation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Chief and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the First Nation. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the First Nation's consolidated financial statements.

  
Chief

  
First Nation Director of Finance



KPMG LLP  
177 Victoria Street, Suite 400  
Prince George BC V2L 5R8  
Canada  
Tel (250) 563-7151  
Fax (250) 563-5693

## INDEPENDENT AUDITORS' REPORT

To the Members of Prophet River First Nation

### ***Opinion***

We have audited the consolidated financial statements of Prophet River First Nation (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net (debt) financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2020 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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



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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Prince George, Canada

December 6, 2021

# PROPHET RIVER FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
<b>Financial Assets:</b>		
Cash	\$ 3,269,364	\$ 610,684
Restricted cash (note 2)	135,577	121,495
Accounts receivable (note 3)	2,726,105	1,735,864
	<u>6,131,046</u>	<u>2,468,043</u>
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities (note 4)	1,559,767	860,568
Deferred revenue (note 5)	2,797,095	734,436
Investment in business entities (note 6)	1,319,964	747,325
Capital lease obligations	-	3,081,063
Loans payable (note 7)	77,490	103,807
Treaty land entitlement debt (note 8)	95,020	95,020
	<u>5,849,336</u>	<u>5,622,219</u>
Net financial assets (debt)	281,710	(3,154,176)
<b>Non-Financial Assets:</b>		
Prepaid expenses	26,151	19,201
Tangible capital assets (note 9)	18,003,205	21,655,451
	<u>18,029,356</u>	<u>21,674,652</u>
Commitments and contingencies (note 15)		
Subsequent events (note 16)		
Accumulated surplus (note 10)	<u>\$ 18,311,066</u>	<u>\$ 18,520,476</u>

See accompanying notes to consolidated financial statements.

On behalf of Council:

 Chief  
 Councilor  
 Councilor

# PROPHET RIVER FIRST NATION

## Consolidated Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget (Note 1(g))	2020 Actual	2019 Actual
Revenue (Schedule 1)	\$ 4,464,761	\$ 16,990,910	\$ 16,984,578
Expenses (Schedule 2):			
1050320 BC Ltd	-	68,416	85,737
Agricultural Benefit Claims	-	171,543	345,981
BC Gaming	-	119,166	-
BC Oil & Gas Commission	-	165,683	148,001
Band funds	33,962	260,845	460,901
Band housing	25,000	233,706	292,265
Band support	2,607,126	314,675	543,018
Capital	-	2,583	-
Children and family development	247,100	160,736	87,147
Commercial operations	-	103,248	50,052
Community economic development	-	769,061	179,014
Education	338,974	926,693	762,932
Environmental monitoring	-	238,429	-
FNESC education	-	81,490	46,903
Fuel management	-	276,560	158,856
Health flexible programs	20,000	467,288	402,167
Health patient travel	95,717	142,022	145,507
Health set funding	-	153,963	119,261
Housing renovations	-	-	526
MOU program	356,714	959,977	1,032,311
Negotiated agreements	368,842	12,882	6,910
Operations and maintenance	196,199	483,258	372,410
Professional and institutional development program	236,884	75,261	56,729
Prophet River First Nation Trust contribution	-	5,635,310	9,916,575
Prophet River First Nation Trust program	76,980	1,918,544	1,849,177
Prophet River Holdings Ltd.	-	5,289	7,024
Site C negotiation	-	157,979	13,397
Social development	23,838	72,557	78,139
Social housing	-	38,946	70,343
	4,627,336	14,016,110	17,231,283
(Deficiency) excess of revenues over expenses before the undernoted items	(162,575)	2,974,800	(246,705)
Other expenses:			
Amortization	-	(1,466,679)	(1,191,435)
Loss on disposal of tangible capital assets (note 9)	-	(302,296)	-
Loss from equity accounted investees (note 6)	-	(572,640)	(1,439,186)
Write-down of intercompany investments	-	(842,595)	(952,214)
	-	(3,184,210)	(3,582,835)
Annual deficit	(162,575)	(209,410)	(3,829,540)
Accumulated surplus, beginning of year	18,520,476	18,520,476	22,350,016
Accumulated surplus, end of year	\$ 18,357,901	\$ 18,311,066	\$ 18,520,476

See accompanying notes to consolidated financial statements.



# PROPHET RIVER FIRST NATION

## Consolidated Statement of Changes in Net (Debt) Financial Assets

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget (Note 1(g))	Total 2020	Total 2019
Annual deficit	\$ (162,575)	\$ (209,410)	\$ (3,829,540)
Tangible capital assets:			
Acquisition of tangible capital assets	-	(531,685)	(4,111,081)
Amortization of tangible capital assets	-	1,466,679	1,191,435
Loss on sale of tangible capital assets	-	302,296	-
Proceeds on sale of tangible capital assets	-	2,414,956	-
Change in prepaid expenses	-	(6,950)	17,641
(Increase) decrease in net debt	(162,575)	3,435,886	(6,731,545)
Net (debt) financial assets, beginning of year	(3,154,176)	(3,154,176)	3,577,369
Net (debt) financial assets, end of year	\$ (3,316,751)	\$ 281,710	\$ (3,154,176)

See accompanying notes to consolidated financial statements.

# PROPHET RIVER FIRST NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Annual deficit	\$ (209,410)	\$ (3,829,540)
Items not involving cash:		
Amortization	1,466,679	1,191,435
Loss on investments in business entities	572,640	1,439,186
Loss on disposal of tangible capital assets	302,296	-
	2,132,205	(1,198,919)
Changes in non-cash assets and liabilities:		
Accounts receivable	(990,241)	295,975
Accounts payable and accrued liabilities	699,198	162,067
Deferred revenue	2,062,659	631,505
Prepaid expenses	(6,950)	17,641
	3,896,871	(91,731)
Financing:		
Repayment of loans payable	(26,317)	(14,752)
Payment of capital lease obligations	(3,081,063)	(517,847)
Proceeds on capital lease obligations	-	3,598,987
Proceeds on loans payable	-	64,774
	(3,107,380)	3,131,162
Investing:		
Acquisition of tangible capital assets	(531,685)	(4,111,081)
Proceeds on sale of tangible capital assets	2,414,956	-
	1,883,271	(4,111,081)
Increase (decrease) in cash	2,672,762	(1,071,650)
Cash, beginning of year	732,179	1,803,829
Cash, end of year	\$ 3,404,941	\$ 732,179
Cash consists of:		
Restricted cash	\$ 135,577	\$ 121,495
Cash	3,269,364	610,684
	\$ 3,404,941	\$ 732,179

See accompanying notes to consolidated financial statements.

# PROPHET RIVER FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2020

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### **Nature of operations:**

Prophet River First Nation (the "First Nation") provides local government, education and social development services to its members and was established under the Indian Act (Canada).

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. Subsequent to March 31, 2020, the situation continues to be dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the First Nation is not known at this time. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the operating results and financial position of the First Nation in the future.

### **1. Basis of presentation and significant accounting policies:**

These consolidated financial statements include the assets, liabilities, and results of operations of the First Nation and all related entities and organizations subject to control by Chief and Council. No inclusion has been made of assets, liabilities, revenues or expenses of First Nations members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting and Auditing Board ("PSAB"). The First Nation's significant accounting policies are as follows:

#### **(a) Reporting entity and principles of consolidation:**

The First Nation's reporting entity includes the Prophet River First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

Two Other Government Organizations ("OGO"), which are controlled by the First Nation, are included in the financial statements using the consolidation method. Under the consolidation method, the assets, liabilities, revenues and expenses of the OGO's have been consolidated and 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.

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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

### (a) Reporting entity and principles of consolidation (continued):

Three Government Business Entities ("GBE"), and two Government Business Partnership ("GBP"), which are controlled or jointly controlled by the First Nation, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

The First Nation's OGO's, GBE's and GBP consist of the following:

#### OGO's:

- Prophet River Holdings Ltd. (100%) - March 31
- 1050320 BC Ltd. (100%) - March 31

#### GBE's:

- EBA Development GP Ltd. (33.33%) - March 31 (dissolved)
- Kihew-Sas GP Ltd. (20%) - March 31
- Dunne-E'Nee Desta GP Ltd. (100%) - December 31
- Tse K'Wa Heritage Society (33.33%) - March 31

#### GBP:

- Six Nations Ventures Limited Partnership (16.67%) - December 31
- Dunne-E'nee-Desta Limited Partnership (99.99%) - December 31

### (b) Revenue recognition:

Government transfers and grant revenue are recognized as the First Nation becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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

### (b) Revenue recognition (continued):

Other revenue, including rent and lease revenue, and provision of services are recognized in the period the services are provided and the related proceeds are received or receivable.

Other revenue, trust income and investment income are recognized in the period the proceeds are earned and received or receivable.

### (c) Non-financial assets:

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

### (d) Tangible capital assets:

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

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

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Asset	Rate
Machinery	20%
Building and housing	5%
Equipment	20% to 30%
Infrastructure	4%
Automotive equipment	30%
Furniture and fixtures	20%

When management determines 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 benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down.

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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

### (e) Use of estimates:

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 revenues and expenses during the period. Significant estimates include assumptions used in estimating valuation of investment in business entities, collectibility of accounts receivable and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

### (f) Budget data:

A formal budget was not approved by Chief and Council for the 2020 fiscal year, therefore, un-approved budget data has been presented.

### (g) Allocation of expenses:

The Chief and Council record a number of its expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program.

The Chief and Council allocate certain of its general support expenses by identifying the appropriate basis of allocating each expenses.

### (h) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (a) an environmental standard exists,
- (b) contamination exceeds the environmental standard,
- (c) the organization is directly responsibly or accepts responsibility for the liability,
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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

### (i) Segmented disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standards. The First Nations has determined the most appropriate basis for classifying segments is by department.

## 2. Restricted cash:

	2020	2019
Ottawa Trust accounts	\$ 18,354	\$ 17,838
Cash held for housing activities	117,223	103,657
	<u>\$ 135,577</u>	<u>\$ 121,495</u>

The Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. These funds are restricted in their use, of which the First Nation is generally permitted to use for a purpose that will promote the general progress and welfare of the First Nation and First Nation members. The management of the funds is primarily governed by the sections of the Indian Act.

## 3. Accounts receivable:

	2020	2019
Indigenous Services Canada	\$ 44,820	\$ 23,152
Memberships	2,890,409	2,885,329
Trade receivables	2,713,059	1,749,566
	<u>5,648,288</u>	<u>4,658,047</u>
Allowance for doubtful accounts	(2,922,183)	(2,922,183)
	<u>\$ 2,726,105</u>	<u>\$ 1,735,864</u>

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

## 4. Accounts payable and accrued liabilities:

	2020	2019
Trade payables	\$ 1,476,881	\$ 598,917
Payroll accruals	78,765	113,981
Holdbacks payable	-	143,137
Prophet River Holdings Ltd. payables	2,300	2,300
1050320 B.C. Ltd. payables	1,821	2,233
	<b>\$ 1,559,767</b>	<b>\$ 860,568</b>

The accounts payable of 1050320 B.C. Ltd. and Prophet River Holdings Ltd. are not legal liabilities to the First Nation but in accordance with PSAB, must be consolidated.

## 5. Deferred revenue:

	2020	2019
Indigenous Services Canada	\$ 2,477,501	\$ 322,542
Province of British Columbia	80,092	168,000
Ministry of Children and Family Development	-	59,746
Site C Negotiations	-	85,748
Treaty 8 - Tervita	179,092	-
Other revenue	60,410	98,400
	<b>\$ 2,797,095</b>	<b>\$ 734,436</b>



# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

## 6. Investment in business entities:

	Investments	Advances	2020	2019
Dunne-E'nee-Desta Limited Partnership	\$ (1,947,225)	\$ -	\$ (1,947,225)	\$ (1,494,594)
EBA Developments GP Ltd.	-	-	-	217,385
Kihew-Sas GP Ltd.	1	(1)	-	-
Six Nations Ventures Limited Partnership	455,379	-	455,379	529,884
Tse' K'Wa Heritage Society	171,882	-	171,882	-
	\$ (1,319,963)	\$ (1)	\$ (1,319,964)	\$ (747,325)

The First Nation's share of the gain (loss) in its equity accounted investees for the year was:

	2020
Dunne-E'nee-Desta Limited Partnership	\$ (452,631)
EBA Developments GP Ltd.	(217,385)
Kihew-Sas GP Ltd.	-
Six Nations Ventures Limited Partnership	(74,506)
Tse' K'Wa Heritage Society	171,882
	\$ (572,640)
	2020
	2019

### Dunne-E'nee-Desta Limited Partnership (99.99%)

Financial position:

Liabilities	\$ (1,947,318)	\$ (1,105,891)
Equity	1,947,318	1,105,891

Result of operation:

Expenses	(841,428)	(1,105,991)
Loss	(841,428)	(1,105,991)

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

## 6. Investment in business entities (continued):

	2020	2019
<b>EBA Developments GP Ltd. (33.33%) - dissolved in the year</b>		
Financial position:		
Assets	\$ -	\$ 653,782
Liabilities	-	(3,884)
Equity	-	(649,898)
Result of operation:		
Revenues	-	6,264
Expenses	(616,121)	(35,130)
Loss	(616,121)	(28,866)
<b>Kihew-Sas GP Ltd. (20%)</b>		
Financial position:		
Assets	\$ 50,756	\$ 50,506
Liabilities	(115,769)	(116,069)
Equity	65,013	65,563
Result of operation:		
Revenues	250	245
Expenses	-	(224)
Profit and comprehensive income	250	21
<b>Six Nations Ventures Limited Partnership (16.67%)</b>		
Financial position:		
Assets	\$ 2,726,826	\$ 3,380,604
Liabilities	(8,758)	(214,427)
Equity	(2,718,068)	(3,166,177)
Result of operation:		
Revenues	1,538,822	2,669,862
Expenses	(1,985,856)	(2,279,704)
Profit and comprehensive income	(447,034)	390,158

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

## 6. Investment in business entities (continued):

	2020	2019
<b>Tse' K'Wa Heritage Society (33.33%)</b>		
Financial position:		
Assets	\$ 627,010	\$ -
Liabilities	(500)	-
Equity	(626,510)	-
Result of operation:		
Revenues	544,651	-
Expenses	(29,005)	-
Profit and comprehensive income	515,646	-

For the fiscal year ended March 31, 2020 there were no material operations in Dunne-E'Nee Desta GP Ltd.

## 7. Loans payable:

	2020	2019
All Nations Trust Company		
Mortgage, secured by first mortgages over properties with a total net book value of nil, repayable in monthly installments of \$1,279 including interest at 1.44%, maturing in October of 2021.	\$ 24,011	\$ 39,033
Scotiabank vehicle loan, secured by an asset with a net book value of \$72,830, repayable in bi weekly instalments of \$604.61 including interest at 7.85%, maturing in March of 2024	53,479	64,774
	\$ 77,490	\$ 103,807

Scheduled principal repayments over the next 4 years are estimated as follows:

2021	\$ 27,046
2022	21,824
2023	14,523
2024	14,097
	\$ 77,490

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

## 8. Treaty land entitlement debt:

The First Nation is negotiating a Treaty Land Entitlement (TLE) claim with the Government of Canada. Indigenous Services Canada has made loans to assist the First Nation in funding these negotiations. Should a loan become due and payable while the claim is still in negotiation, the loan repayment date will be extended for five years or a period deemed appropriate to coincide with the anticipated claim settlement date.

- The TLE with a balance of \$95,020, was repayable on the earlier of March 31, 2018 or the date on which the claim is settled although subsequent to year end an extension has been requested on the due date which is currently being reviewed. The loan is interest free unless the First Nation defaults or the loan reaches maturity.

## 9. Tangible capital assets:

Cost	Balance at March 31, 2019	Additions	Disposals	Balance at March 31, 2020
Land	\$ 3,968,777	\$ -	\$ -	\$ 3,968,777
Building and housing	19,254,371	153,600	-	19,407,971
Equipment	940,441	-	-	940,441
Infrastructure	1,523,185	-	-	1,523,185
Automotive equipment	381,727	260,340	-	642,067
Furniture and fixtures	302,266	-	-	302,266
Construction in progress	43,165	117,745	-	160,910
Machinery	3,598,910	-	(3,598,910)	-
	<b>\$ 30,012,842</b>	<b>\$ 531,685</b>	<b>\$ (3,598,910)</b>	<b>\$ 26,945,617</b>

Accumulated amortization	Balance at March 31, 2019	Disposals	Amortization	Balance at March 31, 2020
Building and housing	\$ 6,408,379	\$ -	\$ 648,430	\$ 7,056,809
Equipment	416,187	-	107,910	524,097
Infrastructure	877,899	-	26,962	904,861
Automotive equipment	179,101	-	65,965	245,066
Furniture and fixtures	188,935	-	22,644	211,579
Machinery	286,890	(881,658)	594,768	-
	<b>\$ 8,357,391</b>	<b>\$ (881,658)</b>	<b>\$ 1,466,679</b>	<b>\$ 8,942,412</b>

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

## 9. Tangible capital assets (continued):

	Net book value March 31, 2019	Net book value March 31, 2020
Land	\$ 3,968,777	\$ 3,968,777
Building and housing	12,845,992	12,351,162
Equipment	524,254	416,344
Infrastructure	645,286	618,324
Automotive equipment	202,626	397,001
Furniture and fixtures	113,331	90,687
Construction in progress	43,165	160,910
Machinery	3,312,020	-
	<b>\$ 21,655,451</b>	<b>\$ 18,003,205</b>

Included in machinery were assets under capital lease with a net book value of \$2,717,252 which were sold in the year for \$2,414,956 resulting in a loss on sale of \$302,296. The capital lease obligation in the amount of \$3,081,063 was repaid in the year.

## 10. Accumulated surplus:

Surplus is as follows:

	2020	2019
Unrestricted equity in funds	\$ 1,568,198	\$ 651,997
CMHC replacement reserves (note 11)	94,752	88,429
Invested in tangible capital assets (note 12)	17,949,726	18,509,537
Equity in trust funds (note 13)	18,354	17,838
Deficit in enterprise funds	(1,319,964)	(747,325)
	<b>\$ 18,311,066</b>	<b>\$ 18,520,476</b>

The Enterprise Fund represents the First Nation's investments in business entities, including incorporated and unincorporated businesses, as well as investments in related entities (note 6).

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

## 11. CMHC replacement reserves:

Under the terms of the agreement with CMHC, the First Nation is required to make annual deposits equal to required contributions to a replacement reserve account. These funds, along with accumulated interest, are to be held in a separate bank account. The funds in this account may only be used as approved by CMHC. Withdrawals are credited to accumulated interest first and then principal.

	2020	2019
Balance, beginning of the year	\$ 88,429	\$ 83,591
Allocation for the year	4,838	4,838
Interest	1,485	-
Balance, end of the year	\$ 94,752	\$ 88,429

## 12. Invested in tangible capital assets:

Change in invested in tangible capital assets:

	2020	2019
Balance, beginning of year	\$ 18,509,537	\$ 18,735,805
Acquisition of tangible capital assets with unrestricted resources	531,685	447,320
Amortization of tangible capital assets	(1,466,679)	(1,191,435)
Disposition of tangible capital assets	(2,717,175)	-
Payment of capital lease obligations	3,081,063	517,847
Payment of long-term debt	11,295	-
Balance, end of year	\$ 17,949,726	\$ 18,509,537

## 13. Externally restricted surplus:

	Balance at March 31, 2019	Contributions	Interest	Approved transfers	Balance at March 31, 2020
Ottawa Trust					
Fund	\$ 17,838	\$ -	\$ 516	\$ -	\$ 18,354

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

## 14. Related party transactions

During the year, First Nation had the following transactions with T'saa-Dunne Limited Partnership, a partnership related by way of being owned by an entity the First Nation wholly owns. The transactions were conducted within the normal course of business and were valued at exchange value, which is the amount agreed to by the parties.

	2020	2019
Equipment rental revenue	\$ 934,240	\$ 1,102,120
Write-down of accounts receivable	(842,595)	(952,214)

The related party transaction of equipment rental revenue is included in other revenue on Schedule 1.

During the year, the First Nation wrote down the entire accounts receivable balance of T'saa-Dunne Limited Partnership \$1,794,809 (2019 - \$952,214) as collectibility is unknown at this time.

## 15. Commitments and contingencies:

Prophet River Holdings Ltd., a company consolidated into the First Nation owns a parcel of land that management suspects could be potentially contaminated. The parcel of land is currently not in use and has not been disturbed. As at March 31, 2020 management has no current plans to remediate the land that would cause an outflow of resources and therefore no liability has been recorded.

Under the terms of the operating agreement with CMHC any surpluses arising from any expenditures in excess of its operating agreement guidelines, may be repayable to CMHC.

The First Nation has entered into contribution agreements with various government agencies. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreement.

## 16. Subsequent events:

Subsequent to March 31, 2020, Prophet River First Nation invested in government business entities that acquired ownership of a ranch in the amount of \$5,100,000 and land for \$315,000.

## 17. Comparative amounts:

Certain 2019 comparative information have been reclassified, where applicable, to conform with the financial presentation adopted for the current year. These changes do not affect prior year deficit.

# PROPHET RIVER FIRST NATION

## Schedule 1 - Consolidated Revenue

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget (Note 1(g))	2020 Actual	2019 Actual
BC First Nations Gaming Revenue Sharing Limited Partnership	\$ -	\$ 302,202	\$ -
Canada Mortgage and Housing Corporation	15,465	4,676	4,676
Commercial operations	-	260,513	35,486
Donations	1,950	76,065	29,693
F.N.E.S.C.	55,115	81,502	53,639
First Nations Health Authority	428,764	685,791	568,736
Indigenous Services Canada	874,252	1,931,977	1,329,068
Industry income	115,952	141,202	3,306
N.E.N.A.S.	24,509	77,674	16,719
Negotiated agreements	963,838	-	-
New relationship trust grant	-	-	4,649
O.G.C. revenue	720,000	600,000	600,000
Oil and gas revenue	-	168,580	150,846
Own source revenue	81,872	2,493,754	1,333,814
Province of B.C.	83,499	160,556	71,439
Reimbursement revenue	3,181	67,679	42,819
Rental income	52,699	125,472	121,470
Treaty 8 Heritage Trust Revenue - EBA funds	310,000	1,184,050	300,000
Trust revenue	733,665	8,629,217	12,318,218
	\$ 4,464,761	\$ 16,990,910	\$ 16,984,578



# PROPHET RIVER FIRST NATION

## Schedule 2 - Consolidated Expenses by Object

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget (Note 1(g))	2020 Actual	2019 Actual
Bank charges and interest	\$ 4,617	\$ 14,917	\$ 9,860
Community and cultural events	146,300	134,878	178,087
Consulting and contracted services	551,287	956,441	836,057
Equipment rental	-	144,521	329,925
Honorariums	-	250,496	234,494
Insurance	136,635	150,856	100,057
Interest on capital leases	-	63,608	40,200
Materials and supplies	60,637	514,664	461,525
Medical expenses	115,717	328,243	306,953
Office	172,030	353,478	298,209
Professional fees	396,714	978,349	299,002
Program expenses	123,020	168,476	103,210
Prophet River First Nation Trust contribution	-	5,635,310	9,916,575
Repairs and maintenance	165,728	356,383	215,576
Salaries and benefits	1,423,863	1,986,936	2,250,118
Social assistance	21,608	2,774	15,963
Student expenses	221,197	442,772	409,005
Telephone and utilities	135,638	249,557	262,975
Training and tuition	347,732	457,378	517,291
Travel	604,613	826,073	446,201
	<b>\$ 4,627,336</b>	<b>\$ 14,016,110</b>	<b>\$ 17,231,283</b>