

Consolidated Financial Statements of

# **PROPHET RIVER FIRST NATION**

An Independent Auditor's Report thereon

Year ended March 31, 2022

# PROPHET RIVER FIRST NATION

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## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of Prophet River First Nation (the "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 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 Nation. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Nation's consolidated financial statements.

  
\_\_\_\_\_  
Valeree Asholy  
Chief

  
\_\_\_\_\_  
Director of Finance



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## INDEPENDENT AUDITOR'S 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, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net 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, 2022 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 **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 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 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' in a stylized, cursive font. A thin horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Prince George, Canada

July 29, 2024

# PROPHET RIVER FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets:</b>		
Cash	\$ 4,269,558	\$ 7,134,662
Deposits	100,000	-
Restricted cash (note 2)	123,028	129,181
Accounts receivable (note 3)	3,019,167	1,939,071
Investment in government business entities (note 4)	690,974	588,448
	<hr/> 8,202,727	<hr/> 9,791,362
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities (note 5)	3,629,058	5,495,670
Deferred revenue (note 6)	897,819	1,046,056
Loans payable (note 7)	895,498	796,959
Treaty land entitlement debt	-	95,020
	<hr/> 5,422,375	<hr/> 7,433,705
Net financial assets	2,780,352	2,357,657
<b>Non-financial assets:</b>		
Inventories	28,418	28,418
Prepaid expenses	125,972	70,287
Tangible capital assets (note 8)	28,262,285	24,228,280
	<hr/> 28,416,675	<hr/> 24,326,985
Contingent liabilities (note 15)		
<b>Accumulated surplus (note 9)</b>	<b>\$ 31,197,027</b>	<b>\$ 26,684,642</b>

See accompanying notes to consolidated financial statements.

On behalf of Chief and Council:

Valerie Ashely

Ben O'Sullivan

# PROPHET RIVER FIRST NATION

## Consolidated Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022 Budget (Note 1(g))	2022 Actual	2021 Actual
<b>Revenue (note 14):</b>			
BC First Nations Gaming Revenue Sharing Limited Partnership	\$ 232,974	\$ 184,818	\$ 323,955
Canada Mortgage and Housing Corporation	-	25,580	22,848
Commercial operations	575,952	518,044	522,115
First Nations Education Steering Committee	178,158	271,421	96,794
First Nations Health Authority	675,348	552,516	703,301
Indigenous Services Canada	1,795,376	3,398,041	3,634,026
Other (note 13)	722,169	2,083,534	6,147,772
Oil and gas revenue	600,000	639,240	664,898
Province of British Columbia	140,838	711,476	318,221
Treaty 8 Heritage Trust	-	800,000	-
Prophet River First Nation Trust	5,146,385	10,952,307	13,001,541
	10,067,200	20,136,977	25,435,471
<b>Expenses (note 14):</b>			
Administration	5,150,389	7,104,421	11,550,332
Capital	379,990	627,364	482,099
Community services	-	2,820,690	1,928,153
Economic development	623,539	1,977,359	2,620,556
Education	1,435,054	1,319,890	705,759
Health	837,374	594,122	273,789
Housing	202,719	351,970	441,375
Lands	2,146,080	672,486	626,215
Social services	265,806	258,815	97,835
	11,040,951	15,727,117	18,726,113
(Loss) earnings before the undernoted items	(973,751)	4,409,860	6,709,358
<b>Other income (expenses):</b>			
Equity (loss) from equity accounted investees	-	102,525	(38,812)
Loss on disposal of tangible capital assets	-	-	(91,780)
Gain on intercompany investments	-	-	1,794,810
	-	102,525	1,664,218
Annual (deficit) surplus	(973,751)	4,512,385	8,373,576
Accumulated surplus, beginning of year	26,684,642	26,684,642	18,311,066
<b>Accumulated surplus, end of year</b>	<b>\$ 25,710,891</b>	<b>\$ 31,197,027</b>	<b>\$ 26,684,642</b>

See accompanying notes to consolidated financial statements.

# PROPHET RIVER FIRST NATION

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2022, with comparative information for 2021

	2022 Budget (Note 1(g))	Total 2022	Total 2021
Annual surplus	\$ (973,751)	\$ 4,512,385	\$ 8,373,576
Acquisition of tangible capital assets	-	(5,138,995)	(7,458,481)
Amortization	-	1,104,990	1,021,376
Loss on sale of tangible capital assets	-	-	91,780
Proceeds on sale of tangible capital assets	-	-	120,250
	(973,751)	(4,034,005)	(6,225,075)
Change in prepaid expenses	-	(55,685)	(44,136)
Change in inventories	-	-	(28,418)
(Decrease) increase in net financial assets	(973,751)	422,695	2,075,947
Net financial assets, beginning of year	2,357,657	2,357,657	281,710
Net financial assets, end of year	\$ 1,383,906	\$ 2,780,352	\$ 2,357,657

See accompanying notes to consolidated financial statements.

# PROPHET RIVER FIRST NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Annual surplus	\$ 4,512,385	\$ 8,373,576
Items not involving cash:		
Amortization	1,104,990	1,021,376
(Income) loss from equity accounted investees	(102,525)	38,812
Loss on disposal of tangible capital assets	-	91,780
	<u>5,514,850</u>	<u>9,525,544</u>
<b>Changes in non-cash operating working capital:</b>		
Deposits	(100,000)	-
Prepaid expenses	(55,685)	(44,136)
Accounts receivable	(1,080,096)	787,034
Investment in government business entities	-	(1,947,224)
Accounts payable and accrued liabilities	(1,866,613)	3,935,903
Inventories	-	(28,418)
Deferred revenue	(148,237)	(1,751,039)
	<u>2,264,219</u>	<u>10,477,664</u>
<b>Financing:</b>		
Repayment of long-term debt	(24,894)	(27,084)
Proceeds of long-term debt as a result of consolidation	-	746,553
Proceeds of long-term debt	123,433	-
Repayment of Treaty land entitlement debt	(95,020)	-
	<u>3,519</u>	<u>719,469</u>
<b>Investing:</b>		
Purchase of tangible capital assets	(5,138,995)	(7,458,481)
Proceeds on sale of tangible capital assets	-	120,250
	<u>(5,138,995)</u>	<u>(7,338,231)</u>
(Decrease) increase in cash	(2,871,257)	3,858,902
Cash, beginning of year	7,263,843	3,404,941
<b>Cash, end of year</b>	<b>\$ 4,392,586</b>	<b>\$ 7,263,843</b>
<b>Cash consists of:</b>		
Cash	\$ 4,269,558	\$ 7,134,662
Restricted cash	123,028	129,181
	<u>\$ 4,392,586</u>	<u>\$ 7,263,843</u>

See accompanying notes to consolidated financial statements.

# PROPHET RIVER FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2022

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### **Nature of operations:**

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

#### **1. Significant accounting policies:**

These consolidated financial statements include the assets, liabilities, and results of operations of the Nation and all related entities and organizations subject to control by or responsibility of Chief and Council. No inclusion has been made of assets, liabilities, revenues or expenses of Nation 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 Board ("PSAB"). The Nation's significant accounting policies are as follows:

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

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

Nine Other Government Organizations ("OGO"), which are controlled by the 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.

Two Government Business Entities ("GBE"), and one Government Business Partnership ("GBP"), which are controlled or jointly controlled by the 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 Nation and inter-organizational transactions and balances are not eliminated. The Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

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

The 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
- 1249314 BC Ltd. (100%) - March 31
- 1307507 BC Ltd (100%) - March 31
- T'se-Taa GP Ltd. (100%) - March 31
- Dunne-E'nee-Desta GP Ltd. (100%) - December 31
- Dunne-E'nee-Desta Limited Partnership (99.99%) - December 31
- Tsaa-Dunne Limited Partnership (100%) - December 31
- Tsaa-Dunne GP Ltd. (100%) - December 31

GBE's:

- Kihew-Sas GP Ltd. (20%) - March 31
- Tse K'Wa Heritage Society (33.33%) - March 31

GBP:

- Six Nations Ventures Limited Partnership (16.67%) - December 31

### (b) Cash and cash equivalents:

Cash and cash equivalents consist of cash, bank overdrafts and investments in money market or other short-term instruments or investments with a maturity of less than 90 days from their date of acquisition which are readily convertible into a known amount of cash.

### (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.

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 1. Significant accounting policies (continued):

### (d) Tangible capital assets:

Tangible capital assets are stated 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.

Amortization is provided using the declining balance method and following annual rates:

Asset	Rate
Machinery	20%
Buildings and housing	5%
Equipment	20 to 30%
Automotive equipment	30%
Furniture and fixtures	20%
Infrastructure	4%
Construction in progress	5%

When management determines that a tangible capital asset no longer contributes to the Nation's ability to provide goods and services or that the value of the 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.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

# PROPHET RIVER FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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### 1. Significant accounting policies (continued):

#### (e) Revenue recognition:

Government transfers and grant revenue are recognized as the Nation becomes entitled to the funding under the terms of applicable funding agreements and 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 pursuant to agreements in which the specific project or program is not yet completed are reported as deferred revenue until the resources are used for the purpose or purposes specified.

Other revenue, including interest, rent and own source are recognized in the period the services are provided and the related proceeds are received or receivable.

#### (f) Funding recoveries and reimbursements:

Funding received from government sources in the form of conditional transfer payments are subject to recovery, by the Crown, of unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specific purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

#### (g) Budget data:

A formal budget was not approved by Chief and Council for the 2022 fiscal year, therefore, un-approved budget data has been presented.

#### (h) Allocation of expenses:

Management records 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.

Management allocates certain of its general support expenses by identifying the appropriate basis of allocating each expenses.

#### (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 Nations has determined the most appropriate basis for classifying segments is by department.

# PROPHET RIVER FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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### 1. Significant accounting policies (continued):

#### (j) 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 responsible 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.

#### (k) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying amounts of tangible capital assets; provisions for impairment of accounts receivable; and accrued liabilities. Actual results could differ from those estimates.

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 2. Restricted cash:

	2022	2021
Ottawa Trust accounts	\$ 18,925	\$ 18,568
Cash held for housing activities	104,103	110,613
	\$ 123,028	\$ 129,181

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 Nation is generally permitted to use for a purpose that will promote the general progress and welfare of the Nation and Nation members. The management of the funds is primarily governed by the sections of the Indian Act.

## 3. Accounts receivable:

	2022	2021
Indigenous Services Canada	\$ 172,830	\$ 23,152
Member advances	2,915,684	2,917,667
Trade receivables	2,535,098	1,617,899
Government sales tax	317,738	302,536
	5,941,350	4,861,254
Allowance for doubtful accounts	(2,922,183)	(2,922,183)
	\$ 3,019,167	\$ 1,939,071

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 4. Investments in government business entities:

	Investments	Advances	2022	2021
Kihew-Sas GP Ltd.	\$ 1	\$ (1)	-	-
Six Nations Ventures Limited Partnership	322,896	-	322,896	343,408
Tse' K'Wa Heritage Society	368,078	-	368,078	245,040
	<b>\$ 690,975</b>	<b>\$ (1)</b>	<b>\$ 690,974</b>	<b>\$ 588,448</b>

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

	2022
Six Nations Ventures Limited Partnership	\$ (20,512)
Tse' K'Wa Heritage Society	123,037
	<b>\$ 102,525</b>

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 4. Investments in government business entities (continued):

	2022	2021
<b>Kihew-Sas GP Ltd. (20%):</b>		
Financial position:		
Assets	\$ 48,771	\$ 49,895
Liabilities	(116,569)	(116,569)
Equity	67,798	66,674
Results of operations:		
Revenues	-	32
Expenses	(1,124)	(1,693)
Loss	(1,124)	(1,661)
<b>Six Nations Ventures Limited Partnership (16.67%):</b>		
Financial position:		
Assets	\$ 1,974,006	\$ 2,058,763
Liabilities	(54,165)	(14,698)
Equity	(1,919,841)	(2,044,065)
Results of operation:		
Revenues	622,444	1,856
Expenses	(745,518)	(373,682)
Loss	(123,074)	(371,826)
Nation portion	(20,512)	(111,971)
<b>Tse'K'Wa Heritage Society (33.33%)</b>		
Financial position:		
Assets	\$ 1,316,702	\$ 848,804
Liabilities	(101,367)	(2,729)
Equity	(1,215,335)	(846,075)
Results of operation:		
Revenues	751,695	269,883
Expenses	(382,434)	(50,319)
Profit and comprehensive income	369,261	219,564
Nation portion	123,037	73,159

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Shares and partnership units are held by the Nation, as represented by Chief and Council, on behalf of and for the benefit of the Profit River First Nation membership.

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

## 5. Accounts payable and accrued liabilities:

	2022	2021
Trade payables	\$ 1,047,793	\$ 986,111
Accrued wages and payroll deductions payable	93,414	86,419
Holdbacks payable	92,121	140,191
Distribution to members	1,992,306	3,909,825
Prophet River Holdings Ltd. payables	2,700	2,300
1050320 B.C. Ltd. payables	9,312	6,612
1249314 BC Ltd. payables	198,051	184,351
1307507 B.C. Ltd. payables	2,300	-
T'se-Taa GP Ltd. payables	2,000	1,500
Dunne-E'nee-Desta GP Ltd.	12,200	8,400
Dunne-E'nee-Desta Limited Partnership	176,861	169,961
	 \$ 3,629,058	 \$ 5,495,670

The accounts payable of 1050320 B.C. Ltd., 1249314 BC Ltd., 1307507 B.C. Ltd., Prophet River Holdings Ltd., T'se-Taa GP Ltd., Dunne-E'nee-Desta GP Ltd. and Dunne-E'nee-Desta Limited Partnership are not legal liabilities to the Nation but in accordance with PSAB, must be consolidated.

Distribution to members payable at March 31, 2022 relates to the Site C settlement which was received in fiscal year 2021 by the Nation and then designated to be paid out to the members. During the fiscal year 2022, the Nation has paid out \$1,917,519 to the members with regard to this settlement.

## 6. Deferred revenue:

	2022	2021
Indigenous Services Canada	\$ -	\$ 681,460
First Nations Health Authority	454,557	-
First Nations Education Steering Committee	214,170	-
Province of British Columbia	-	107,100
Treaty 8 - Tervita	179,092	179,092
Other	50,000	78,404
	 \$ 897,819	 \$ 1,046,056

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 7. Loans payable:

	2022	2021
All Nations Trust Company, mortgage, repaid in the year. \$ -	\$ 8,907	
Scotiabank vehicle loan, secured by an asset with a net book value of \$72,830, repayable in bi weekly instalments of \$605 including interest at 7.85%, maturing in March of 2024.	28,546	41,499
Meridian OneCap equipment loan, secured by an asset with a net book value of \$121,377, repayable in monthly instalments of \$3,854 including interest at 8.22%, maturing in February 2025.	120,399	-
Tsaa-Dunne Limited Partnership:		
The Prophet River First Nation Trust - economic development loan including interest at 4% per annum, repayable in monthly payments of \$24,927, due on demand.	746,553	746,553
	<hr/> \$ 895,498	<hr/> \$ 796,959

Provided the lenders do not demand repayment of the loans in full, principal repayments over the next three years are due as follows:

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2023	\$ 799,203
2024	55,313
2025	40,982
	<hr/> \$ 895,498

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 8. Tangible capital assets:

	2022										
	Land	Buildings and housing	Equipment	Infrastructure	Automotive equipment	Furniture and fixtures	Machinery	Construction in progress		Total	
<b>Cost:</b>											
Balance, beginning of year	\$ 7,466,040	\$ 19,407,971	\$ 2,439,642	\$ 1,523,185	\$ 642,067	\$ 316,365	\$ -	\$ 2,288,886	\$ 34,084,156		
Additions	324,958	-	279,821	-	161,502	-	-	4,372,714	5,138,995		
Transfers	-	-	-	4,585,058	-	-	-	(4,585,058)	-		
Balance, end of year	7,790,998	19,407,971	2,719,463	6,108,243	803,569	316,365	-	2,076,542	39,223,151		
<b>Accumulated amortization:</b>											
Balance, beginning of year	-	7,673,492	655,977	930,675	364,166	231,566	-	-	-	9,855,876	
Amortization	-	585,884	377,042	24,717	101,241	16,106	-	-	-	1,104,990	
Balance, end of year	-	8,259,376	1,033,019	955,392	465,407	247,672	-	-	-	10,960,866	
Net book value, end of year	\$ 7,790,998	\$ 11,148,595	\$ 1,686,444	\$ 5,152,851	\$ 338,162	\$ 68,693	\$ -	\$ 2,076,542	\$ 28,262,285		

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 8. Tangible capital assets (continued):

	2021										
	Land	Buildings and housing	Equipment	Infrastructure	Automotive equipment	Furniture and fixtures	Machinery	Construction in progress		Total	
<b>Cost:</b>											
Balance, beginning of year	\$ 3,968,777	\$ 19,407,971	\$ 940,441	\$ 1,523,185	\$ 642,067	\$ 302,266	\$ -	\$ 160,910	\$ 26,945,617		
Additions	3,497,263	-	1,819,143	-	-	14,099	-	2,127,976	7,458,481		
Disposals	-	-	(319,942)	-	-	-	-	-	(319,942)		
Balance, end of year	7,466,040	19,407,971	2,439,642	1,523,185	642,067	316,365	-	2,288,886	34,084,156		
<b>Accumulated amortization:</b>											
Balance, beginning of year	-	7,056,809	524,097	904,861	245,066	211,579	-	-	-	8,942,412	
Amortization	-	616,683	239,792	25,814	119,100	19,987	-	-	-	1,021,376	
Disposals	-	-	(107,912)	-	-	-	-	-	-	(107,912)	
Balance, end of year	-	7,673,492	655,977	930,675	364,166	231,566	-	-	-	9,855,876	
Net book value, end of year	\$ 7,466,040	\$ 11,734,479	\$ 1,783,665	\$ 592,510	\$ 277,901	\$ 84,799	\$ -	\$ 2,288,886	\$ 24,228,280		

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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**9. Accumulated surplus:**

	2022	2021
Unrestricted equity in funds	\$ 2,271,779	\$ 1,791,255
CMHC replacement reserves (note 10)	102,009	99,590
Invested in tangible capital assets (note 11)	28,113,340	24,186,781
Ottawa Trust Funds (note 12)	18,925	18,568
Equity in enterprise funds	690,974	588,448
	<b>\$ 31,197,027</b>	<b>\$ 26,684,642</b>

**10. CMHC replacement reserves:**

Under the terms of the agreement with CMHC, the 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.

	2022	2021
Balance, beginning of the year	\$ 99,590	\$ 94,752
Allocation for the year	2,419	4,838
Balances, end of the year	<b>\$ 102,009</b>	<b>\$ 99,590</b>

**11. Invested in tangible capital assets:**

Change in invested in tangible capital assets:

	2022	2021
Balance, beginning of year	\$ 24,186,781	\$ 17,949,726
Acquisition of tangible capital assets with unrestricted resources	5,138,995	7,458,481
Amortization of tangible capital assets	(1,104,990)	(1,021,376)
Disposition of tangible capital assets	-	(212,030)
Payment of long-term debt	15,987	11,980
Proceeds of long-term debt	(123,433)	-
Balance, end of the year	<b>\$ 28,113,340</b>	<b>\$ 24,186,781</b>

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 12. Ottawa Trust Fund:

	Balance at March 31, 2021	Contributions	Interest	Approved transfers	Balance at March 1, 2022
Ottawa Trust Fund	\$ 18,568	\$ -	\$ 357	\$ -	\$ 18,925

## 13. Other revenue:

	2022	2021
1050230 BC Ltd.	\$ 46,532	\$ 53,304
1249314 BC Ltd.	356,283	326,962
BC Hydro	-	104,340
Donations	57,850	29,775
Dunne-E'nee-Desta Limited Partnership	-	8,614
Interest	357	214
North East Native Advancing Society	27,286	14,091
Own source revenue	1,511,731	1,526,896
Reimbursements	500	6,174
Rent	82,995	77,402
Site C settlement	-	4,000,000
	\$ 2,083,534	\$ 6,147,772

## 14. Segmented information:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function and department. For each segment separately reported, the segment revenue and expenditure represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies in note 1. The segments and services provided are as follows:

Administration - provides governance initiatives and training through the activities of Chief and Council and administration of other activities relating to program delivery, membership and finance;

Community services - manages funding and costs associated with the maintenance and provision of community infrastructure, recreation facilities and related services;

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## **14. Segmented information (continued):**

Economic development - manages the development of economic opportunities from the land and natural resources for the Nation and its entities;

Education - provides elementary and secondary education instructional services and provides financial support to post secondary students as well provides training and work opportunities for Nation members to improve their job skills and participate effectively in the Labour market;

Health - provides a variety of health care programs, services and support to Nation members;

Housing - provides programs and services associated with the operation and maintenance of Nation owned housing occupied by Nation members;

Social services - provides programs and services for the social benefit and welfare of Nation members;

Lands – is responsible for the management of the land and resources within Prophet River First Nation territory through advocacy, negotiation, monitoring, documentation, and knowledge sharing;

Capital - provides the maintenance costs of various Nation owned buildings and infrastructure.

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 14. Segmented information (continued):

	2022										
	Administration	Community services	Economic development	Education	Health	Social services	Capital	Housing	Lands	Total	
<b>Revenue:</b>											
BC First Nations Gaming Revenue											
Sharing Limited Partnership	\$ -	\$ -	\$ 184,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,818	
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	25,580	-	25,580	
Commercial operations	-	-	-	-	-	-	-	-	518,044	518,044	
First Nations Education Steering Committee	-	-	-	271,421	-	-	-	-	-	271,421	
First Nations Health Authority	-	-	-	-	552,516	-	-	-	-	552,516	
Indigenous Services Canada	456,503	-	42,339	1,254,491	-	371,562	1,130,604	142,542	-	3,398,041	
Other	145,281	-	1,547,659	27,286	32,703	-	-	143,405	187,200	2,083,534	
Oil and gas revenue	-	-	600,000	-	-	-	-	-	39,240	639,240	
Province of British Columbia	-	-	72,875	119,000	10,000	10,884	498,717	-	-	711,476	
Treaty 8 Heritage Trust	-	-	-	-	-	-	-	800,000	-	800,000	
Prophet River First Nation Trust	5,092,159	3,436,833	-	-	-	-	2,358,679	-	64,636	10,952,307	
<b>Total revenue</b>	<b>5,693,943</b>	<b>3,436,833</b>	<b>2,447,691</b>	<b>1,672,198</b>	<b>595,219</b>	<b>382,446</b>	<b>3,988,000</b>	<b>1,111,527</b>	<b>809,120</b>	<b>20,136,977</b>	

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

## 14. Segmented information (continued):

	2022									
	Administration	Community services	Economic development	Education	Health	Social services	Capital	Housing	Lands	Total
<b>Expenses:</b>										
Administration fees (recovery)	359,786	(151,265)	45,873	28,681	(27,009)	(26,694)	933	117,602	-	347,907
Amortization	778,457	-	326,533	-	-	-	-	-	-	1,104,990
Consulting and contract	172,083	403,232	235,450	6,485	49,893	26,599	110,238	2,281	73,538	1,079,799
Prophet River First Nation Trust contribution	5,092,159	-	-	-	-	-	-	-	-	5,092,159
Honoraria	-	-	182,033	900	-	500	-	-	-	183,433
Materials and supplies	64,727	850,245	129,825	52,653	59,171	40,480	131,325	19,533	39,091	1,387,050
Office	4,705	46,205	82,087	129,717	30,282	-	31,982	79,007	11,944	415,929
Professional fees	200,893	-	380,519	80	-	-	-	5,000	120,015	706,507
Repairs and maintenance	2,697	220,154	62,923	4,058	19,010	-	96,279	29,748	395	435,264
Rent	-	-	(4,387)	-	-	-	2,195	325	21,118	19,251
Telephone and utilities	40,843	1,480	3,314	50,540	14,703	1,557	51,777	133,267	4,354	301,835
Travel and accommodations	58,858	122,095	20,905	50,915	112,241	30,776	14,360	3,298	84,933	498,381
Wages and benefits	191,651	299,543	416,912	456,844	298,341	120,760	186,244	(38,091)	266,864	2,199,068
Workshops and training	70,713	109,444	7,064	132,113	3,400	-	1,820	-	418	324,972
Other	66,849	919,557	88,308	406,904	34,090	64,837	211	-	49,816	1,630,572
<b>Total expenses</b>	<b>7,104,421</b>	<b>2,820,690</b>	<b>1,977,359</b>	<b>1,319,890</b>	<b>594,122</b>	<b>258,815</b>	<b>627,364</b>	<b>351,970</b>	<b>672,486</b>	<b>15,727,117</b>
Revenue over expenditures	(1,410,478)	616,143	470,332	352,308	1,097	123,631	3,360,636	759,557	136,634	4,409,860
Other income (expenses)	-	-	102,525	-	-	-	-	-	-	102,525
<b>Surplus (deficit)</b>	<b>\$ (1,410,478)</b>	<b>\$ 616,143</b>	<b>\$ 572,857</b>	<b>\$ 352,308</b>	<b>\$ 1,097</b>	<b>\$ 123,631</b>	<b>\$ 3,360,636</b>	<b>\$ 759,557</b>	<b>\$ 136,634</b>	<b>\$ 4,512,385</b>

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## 14. Segmented information (continued):

	2021										
	Administration	Community services	Economic development	Education	Health	Social services	Capital	Housing	Lands	Total	
<b>Revenue:</b>											
BC First Nations Gaming Revenue											
Sharing Limited Partnership	\$ -	\$ -	\$ 323,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,955	
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	22,848	-	22,848	
Commercial operations	-	-	-	-	-	-	-	-	522,115	522,115	
First Nations Education Steering Committee	-	-	-	96,794	-	-	-	-	-	96,794	
First Nations Health Authority	15,000	-	-	-	688,301	-	-	-	-	703,301	
Indigenous Services Canada	591,828	-	82,339	734,296	-	233,295	1,992,268	-	-	3,634,026	
Other	4,086,838	37,590	1,611,071	34,531	-	-	-	77,402	300,340	6,147,772	
Oil and gas revenue	-	-	650,000	-	-	-	-	-	14,898	664,898	
Province of British Columbia	-	-	152,092	10,000	-	136,839	19,290	-	-	318,221	
Prophet River First Nation Trust	10,189,794	2,599,373	212,374	-	-	-	-	-	-	13,001,541	
<b>Total revenue</b>	<b>14,883,460</b>	<b>2,636,963</b>	<b>3,031,831</b>	<b>875,621</b>	<b>688,301</b>	<b>370,134</b>	<b>2,011,558</b>	<b>100,250</b>	<b>837,353</b>	<b>25,435,471</b>	

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

## 14. Segmented information (continued):

	2021									
	Administration	Community services	Economic development	Education	Health	Social services	Capital	Housing	Lands	Total
<b>Expenses:</b>										
Administration fees (recovery)	765,473	(159,694)	(152,989)	44,890	(78,102)	(15,489)	14,508	195,500	-	614,097
Amortization	839,155	-	182,221	-	-	-	-	-	-	1,021,376
Consulting and contract	155,494	278,608	274,334	6,267	26,305	9,730	116,968	8,092	47,827	923,625
Prophet River First Nation Trust contribution	5,357,240	-	-	-	-	-	-	-	-	5,357,240
Honoraria	-	450	240,451	-	-	-	-	-	950	241,851
Materials and supplies	115,855	460,432	56,942	79,424	14,354	17,242	30,332	54,156	66,313	895,050
Office	175,454	14,187	192,413	93,197	24,696	-	18,990	62,857	111,030	692,824
Professional fees	277,829	32,371	354,330	-	-	-	-	11,251	28,550	704,331
Repairs and maintenance	21,531	389,483	77,897	9,167	44,159	-	27,537	34,701	-	604,475
Rent	-	-	619,693	-	-	-	3,900	-	16,025	639,618
Telephone and utilities	24,432	293	27,514	28,790	11,335	-	58,322	122,759	29,996	303,441
Travel and accommodations	67,172	79,212	106,589	42,648	39,303	2,944	25,443	4,332	25,152	392,795
Wages and benefits	3,733,246	382,232	578,830	227,508	190,286	82,873	186,099	(52,413)	299,686	5,628,347
Workshops and training	16,409	62,034	1,436	1,833	2,311	-	-	140	26	84,189
Other	1,042	388,545	60,895	172,035	(858)	535	-	-	660	622,854
<b>Total expenses</b>	<b>11,550,332</b>	<b>1,928,153</b>	<b>2,620,556</b>	<b>705,759</b>	<b>273,789</b>	<b>97,835</b>	<b>482,099</b>	<b>441,375</b>	<b>626,215</b>	<b>18,726,113</b>
<b>Revenue over expenditures</b>	<b>3,333,128</b>	<b>708,810</b>	<b>411,275</b>	<b>169,862</b>	<b>414,512</b>	<b>272,299</b>	<b>1,529,459</b>	<b>(341,125)</b>	<b>211,138</b>	<b>6,709,358</b>
<b>Other income (expenses)</b>	<b>-</b>	<b>-</b>	<b>1,755,998</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(91,780)</b>	<b>-</b>	<b>-</b>	<b>1,664,218</b>
<b>Surplus (deficit)</b>	<b>\$ 3,333,128</b>	<b>\$ 708,810</b>	<b>\$ 2,167,273</b>	<b>\$ 169,862</b>	<b>\$ 414,512</b>	<b>\$ 272,299</b>	<b>\$ 1,437,679</b>	<b>\$ (341,125)</b>	<b>\$ 211,138</b>	<b>\$ 8,373,576</b>

# PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2022

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## **15. Contingent liabilities:**

Prophet River Holdings Ltd., a company consolidated into the 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, 2022 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 Nation has entered into contribution agreements with various government agencies. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of operations, the Nation may become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future event occur or fail to occur. To the extent that the future event is likely to occur and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements. As at March 31, 2022, there are no claims outstanding.

## **16. Financial risks and concentration of risk:**

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant currency or credit risks unless otherwise noted.

### **(a) Liquidity risk:**

Liquidity risk is the risk that the Nation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Nation manages its liquidity risk by monitoring its operating requirements. There has been no change to the Nation's liquidity risk exposure from 2021.

### **(b) Interest rate risk:**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Financial assets and financial liabilities with variable interest rates expose the Nation to cash flow interest rate risk. The Nation is exposed to this risk through its interest on the long-term debt. During the year the Nation consolidated additional entities with debt resulting in an increased interest rate risk exposure from 2021.