

Consolidated Financial Statements of

PROPHET RIVER FIRST NATION

An Independent Auditor's Report thereon

Year ended March 31, 2023

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.



Chief Administrative Officer



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

INDEPENDENT AUDITOR'S REPORT

To the Members of Prophet River First Nation

Qualified Opinion

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

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of operations and accumulated surplus 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, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our auditor's report, the accompanying financial statements as at and for the year ended March 31, 2023 of the Nation are prepared, in all material respects, in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In accordance with Canadian public sector accounting standards, the Nation was required to adopt a new accounting standard for asset retirement obligations, beginning April 1, 2022. The Nation did not adopt this standard.

We were not able to determine whether any adjustments might be necessary to:

- tangible capital assets reported in the consolidated statement of financial position as at March 31, 2023 and April 1, 2022
- asset retirement obligations reported in the consolidated statement of financial position as at March 31, 2023 and April 1, 2022
- amortization expense and annual surplus reported in the statement of operations for the year ended March 31, 2023
- accumulated surplus at the beginning and end of the year reported in the statement of net financial assets for the year ended March 31, 2023

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 auditors' report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Nation'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 Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion 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 black line is drawn underneath the signature.

Chartered Professional Accountants

Prince George, Canada

September 12, 2025

PROPHET RIVER FIRST NATION

Consolidated Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 18,243,022	\$ 4,373,661
Deposits	-	100,000
Ottawa Trust funds (note 2)	19,510	18,925
Accounts receivable (note 3)	13,169,180	3,019,167
Investment in government business entities (note 4)	716,681	690,974
	<u>32,148,393</u>	<u>8,202,727</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	4,098,947	3,629,058
Deferred revenue (note 6)	836,739	897,819
Loans payable (note 7)	818,188	895,498
	<u>5,753,874</u>	<u>5,422,375</u>
Net financial assets	26,394,519	2,780,352
Non-financial assets:		
Inventories held for use	24,627	28,418
Prepaid expenses	130,286	125,972
Tangible capital assets (note 8)	31,791,687	28,262,285
	<u>31,946,600</u>	<u>28,416,675</u>
Contingent liabilities (note 15)		
Accumulated surplus (note 9)	\$ 58,341,119	\$ 31,197,027

See accompanying notes to consolidated financial statements.

On behalf of Chief and Council:

Valerie Anally
Shaneé Tokoza

Ben O'Sullivan

PROPHET RIVER FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

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

	2023	2022
Revenue (note 14):		
BC First Nations Gaming Revenue Sharing Limited Partnership	\$ 323,047	\$ 184,818
Canada Mortgage and Housing Corporation	17,367	25,580
Commercial operations	304,738	518,044
First Nations Education Steering Committee	255,340	271,421
First Nations Health Authority	848,846	552,516
Indigenous Services Canada	2,972,215	3,398,041
Other (note 13)	19,231,880	2,083,534
Oil and gas revenue	699,000	639,240
Province of British Columbia	10,417,023	711,476
Treaty 8 Heritage Trust (note 17)	800,000	800,000
Prophet River First Nation Trust (note 17)	<u>12,525,731</u>	<u>10,952,307</u>
	48,395,187	20,136,977
Expenses (note 14):		
Administration	11,267,107	7,104,421
Capital	640,921	627,364
Community services	3,054,216	2,820,690
Economic development	3,069,843	1,977,359
Education	1,042,918	1,319,890
Health	703,689	594,122
Housing	305,331	351,970
Lands	864,138	672,486
Social services	<u>346,500</u>	<u>258,815</u>
	21,294,663	15,727,117
Earnings before the undernoted items	27,100,524	4,409,860
Other income:		
Income from equity accounted investees (note 4)	25,707	102,525
Gain on disposal of tangible capital assets	<u>17,861</u>	-
	43,568	102,525
Annual surplus	27,144,092	4,512,385
Accumulated surplus, beginning of year	31,197,027	26,684,642
Accumulated surplus, end of year	\$ 58,341,119	\$ 31,197,027

Budget (note 1(h))

See accompanying notes to consolidated financial statements.

PROPHET RIVER FIRST NATION

Consolidated Statement of Changes in Net Financial Assets

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

	2023	2022
Annual surplus	\$ 27,144,092	\$ 4,512,385
Acquisition of tangible capital assets	(4,869,352)	(5,138,995)
Amortization	1,319,344	1,104,990
Gain disposal of tangible capital assets	(17,861)	-
Proceeds on disposal of tangible capital assets	38,467	-
	<u>(3,529,402)</u>	<u>(4,034,005)</u>
Change in prepaid expenses	(4,314)	(55,685)
Change in inventories held for use	3,791	-
Increase in net financial assets	23,614,167	422,695
Net financial assets, beginning of year	2,780,352	2,357,657
Net financial assets, end of year	\$ 26,394,519	\$ 2,780,352

See accompanying notes to consolidated financial statements.

PROPHET RIVER FIRST NATION

Consolidated Statement of Cash Flows

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

	2023	2022
Cash and cash equivalents provided by (used in):		
Operations:		
Annual surplus	\$ 27,144,092	\$ 4,512,385
Items not involving cash:		
Amortization	1,319,344	1,104,990
Income from equity accounted investees	(25,707)	(102,525)
Gain on disposal of tangible capital assets	(17,861)	-
	<u>28,419,868</u>	<u>5,514,850</u>
Changes in non-cash operating working capital:		
Deposits	100,000	(100,000)
Prepaid expenses	(4,314)	(55,685)
Ottawa trust funds	(585)	(18,925)
Accounts receivable	(10,150,013)	(1,080,096)
Accounts payable and accrued liabilities	469,889	(1,866,613)
Inventories held for use	3,791	-
Deferred revenue	(61,080)	(148,237)
	<u>18,777,556</u>	<u>2,245,294</u>
Financing:		
Repayment of long-term debt	(77,310)	(24,894)
Proceeds from long-term debt	-	123,433
Repayment of treaty land entitlement debt	-	(95,020)
	<u>(77,310)</u>	<u>3,519</u>
Investing:		
Purchase of tangible capital assets	(4,869,352)	(5,138,995)
Proceeds on disposal of tangible capital assets	38,467	-
	<u>(4,830,885)</u>	<u>(5,138,995)</u>
Increase (decrease) in cash and cash equivalents	13,869,361	(2,890,182)
Cash and cash equivalents, beginning of year	4,373,661	7,263,843
Cash and cash equivalents, end of year	\$ 18,243,022	\$ 4,373,661

See accompanying notes to consolidated financial statements.

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

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. 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's"), 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, 2023

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.

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are classified into two categories: fair value or cost.

Fair value category: The Nation manages and reports performance for groups of financial assets on a fair-value basis. Cash and cash equivalents and marketable securities, if any, are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and accumulated surplus and related balances reversed from the statement of remeasurement gains and losses.

Cost category: Amounts receivable are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

The Nation did not present a statement of remeasurement gains and losses in the current year as there was no impact to report.

(d) 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, 2023

1. Significant accounting policies (continued):

(e) 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.

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, 2023

1. Significant accounting policies (continued):

(f) 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.

(g) 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.

(h) Budget data:

A formal budget was not approved by Chief and Council for the 2023 fiscal year, therefore, no budget data has been presented.

(i) 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.

(j) 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, 2023

1. Significant accounting policies (continued):

(k) 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.

(l) Use of estimates:

The preparation of the financial statements 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, 2023

2. Ottawa Trust funds:

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:

	2023	2022
Indigenous Services Canada	\$ 1,185,016	\$ 172,830
Member advances	2,920,812	2,915,684
Trade receivables	690,313	2,535,098
Government sales tax	346,578	317,738
Province of British Columbia	8,213,619	-
Treaty 8 Heritage Trust	800,000	-
Prophet River First Nation Trust	1,829,205	-
First Nation Education Steering Committee	105,820	-
	16,091,363	5,941,350
Allowance for doubtful accounts	(2,922,183)	(2,922,183)
	\$ 13,169,180	\$ 3,019,167

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

4. Investments in government business entities:

	Investments	Advances	2023	2022
Kihew-Sas GP Ltd.	\$ 13,084	\$ (1)	\$ 13,083	\$ -
Six Nations Ventures Limited Partnership	335,520	-	335,520	322,896
Tse' K'Wa Heritage Society	368,078	-	368,078	368,078
	\$ 716,682	\$ (1)	\$ 716,681	\$ 690,974

The Nation's income (loss) from its equity accounted investees for the year was:

	2023	2022
Tse' K'Wa Heritage Society	\$ -	\$ 123,037
Kihew-Sas GP Ltd.	13,083	-
Six Nations Ventures Limited Partnership	12,624	(20,512)
	\$ 25,707	\$ 102,525

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

4. Investments in government business entities (continued):

	2023	2022
Kihew-Sas GP Ltd. (20%):		
Financial position:		
Assets	\$ 31,832	\$ 48,771
Liabilities	(34,217)	(116,569)
Equity	(2,385)	67,798
Results of operations:		
Revenues	92,650	-
Expenses	(27,236)	(1,124)
Gain (Loss)	65,413	(1,124)
Nation Portion	13,083	-
Six Nations Ventures Limited Partnership (16.67%):		
Financial position:		
Assets	\$ 2,081,119	\$ 1,974,006
Liabilities	(86,782)	(54,165)
Equity	1,994,337	(1,919,841)
Results of operation:		
Revenues	1,390,730	622,444
Expenses	(1,314,984)	(745,518)
Loss	75,746	(123,074)
Nation portion	12,624	(20,512)
Tse'K'Wa Heritage Society (33.33%)		
Financial position:		
Assets	\$ 1,391,627	\$ 1,316,702
Liabilities	(158,406)	(101,367)
Equity	(1,233,221)	(1,215,335)
Results of operation:		
Revenues	560,204	751,695
Expenses	(542,318)	(382,434)
Profit and comprehensive income	17,886	369,261
Nation portion	-	123,037

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, 2023

5. Accounts payable and accrued liabilities:

	2023	2022
Trade payables	\$ 1,136,357	\$ 1,047,793
Accrued wages and payroll deductions payable	170,071	93,414
Holdbacks payable	244,581	92,121
Distribution to members	1,942,306	1,992,306
Prophet River Holdings Ltd. payables	5,400	2,700
1050320 B.C. Ltd. payables	12,012	9,312
1249314 BC Ltd. payables	302,825	198,051
1307507 B.C. Ltd. payables	4,800	2,300
T'se-Taa GP Ltd. payables	4,500	2,000
Dunne-E'nee-Desta GP Ltd.	14,000	12,200
Dunne-E'nee-Desta Limited Partnership	262,095	176,861
	\$ 4,098,947	\$ 3,629,058

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 Canadian public sector accounting standards, must be consolidated.

Distribution to members payable at March 31, 2023 relates 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 2023, the Nation has paid out \$50,000 to the members with regard to this settlement.

6. Deferred revenue:

	2022	Revenue received	Revenue recognized	2023
First Nations Health Authority	\$ 454,557	\$ 6,346	\$ (90,985)	\$ 369,918
First Nations Education				
Steering Committee	214,170	17,874	(24,315)	207,729
Province of British Columbia	-	60,000	(30,000)	30,000
Treaty 8 - Tervita	179,092	-	-	179,092
Other	50,000	50,000	(50,000)	50,000
	\$ 897,819	\$ 134,220	\$ (195,300)	\$ 836,739

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

7. Loans payable:

	2023	2022
Scotiabank vehicle loan, repaid in the year.	\$ -	\$ 28,546
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.	71,635	120,399
Tsaa-Dunne Limited Partnership: The Prophet River First Nation Trust - economic development loan including interest at 4%, repayable in monthly payments of \$24,927, due on demand.	746,553	746,553
	\$ 818,188	\$ 895,498

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

2024	\$ 787,887
2025	30,301
	\$ 818,188

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

8. Tangible capital assets:

	2023										
	Land	Buildings and housing	Equipment	Infrastructure	Automotive equipment	Furniture and fixtures	Construction in progress	Total			
Cost:											
Balance, beginning of year	\$ 7,790,998	\$ 19,407,971	\$ 2,727,901	\$ 6,108,243	\$ 803,569	\$ 316,365	\$ 2,076,542	\$ 39,231,589			
Additions	-	2,315,772	275,412	-	268,796	27,782	1,981,590		4,869,352		
Disposals	-	-	-	-	(74,697)	-	-		(74,697)		
Balance, end of year	7,790,998	21,723,743	3,003,313	6,108,243	997,668	344,147	4,058,132		44,026,244		
Accumulated amortization:											
Balance, beginning of year	-	8,259,376	1,041,456	955,392	465,407	247,672	-		10,969,303		
Amortization	-	600,353	363,966	207,069	131,925	16,031	-		1,319,344		
Disposals	-	-	-	-	(54,090)	-	-		(54,090)		
Balance, end of year	-	8,859,729	1,405,422	1,162,461	543,242	263,703	-		12,234,557		
Net book value, end of year	\$ 7,790,998	\$ 12,864,014	\$ 1,597,891	\$ 4,945,782	\$ 454,426	\$ 80,444	\$ 4,058,132	\$ 31,791,687			

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

8. Tangible capital assets (continued):

	2022								
	Land	Buildings and housing	Equipment	Infrastructure	Automotive equipment	Furniture and fixtures	Construction in progress	Total	
Cost:									
Balance, beginning of year	\$ 7,466,040	\$ 19,407,971	\$ 2,448,080	\$ 1,523,185	\$ 642,067	\$ 316,365	\$ 2,288,886	\$ 34,092,594	
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	2,727,901	6,108,243	803,569	316,365	2,076,542	39,231,589	
Accumulated amortization:									
Balance, beginning of year	-	7,673,492	664,415	930,675	364,166	231,566	-	9,864,314	
Amortization	-	585,884	377,042	24,717	101,241	16,106	-	1,104,990	
Balance, end of year	-	8,259,376	1,041,457	955,392	465,407	247,672	-	10,969,304	
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, 2023

9. Accumulated surplus:

	2023	2022
Unrestricted equity in funds	\$ 25,780,423	\$ 2,271,779
Housing reserves (note 10)	104,453	102,009
Invested in tangible capital assets (note 11)	31,720,052	28,113,340
Ottawa Trust funds (note 12)	19,510	18,925
Equity in enterprise funds	716,681	690,974
	\$ 58,341,119	\$ 31,197,027

10. Housing reserves:

These amounts are set aside in accumulated surplus for future housing replacement purposes. These funds, along with accumulated interest, are held in a separate bank account.

	2023	2022
Balance, beginning of the year	\$ 102,009	\$ 99,590
Allocation for the year	-	2,419
Interest	2,444	-
Balances, end of the year	\$ 104,453	\$ 102,009

11. Invested in tangible capital assets:

	2023	2022
Balance, beginning of year	\$ 28,113,340	\$ 24,186,781
Acquisition of tangible capital assets with unrestricted resources	4,869,352	5,138,995
Amortization of tangible capital assets	(1,319,344)	(1,104,990)
Gain on disposal of tangible capital assets	17,861	-
Proceeds on disposal of tangible capital assets	(38,467)	-
Payment of long-term debt	77,310	15,987
Proceeds of long-term debt	-	(123,433)
Balance, end of the year	\$ 31,720,052	\$ 28,113,340

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

12. Ottawa Trust funds:

	Balance at March 31, 2022	Contributions	Interest	Approved transfers	Balance at March 1, 2023
Ottawa Trust funds	\$ 18,925	\$ -	\$ 585	\$ -	\$ 19,510

13. Other revenue:

	2023	2022
1050230 BC Ltd.	\$ -	\$ 46,532
1249314 BC Ltd.	550,991	356,283
Donations	54,400	57,850
Interest	429,158	357
North East Native Advancing Society	46,237	27,286
Own source revenue	1,243,355	1,511,731
Reimbursements	152,216	500
Rent	77,633	82,995
Treaty 8 restoration fund	16,677,890	-
	\$ 19,231,880	\$ 2,083,534

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, 2023

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, 2023

14. Segmented information (continued):

	2023										
	Administration	Community services	Economic development	Education	Health	Social services	Capital	Housing	Lands	Total	
Revenue:											
BC First Nations Gaming Revenue											
Sharing Limited Partnership	\$ -	\$ -	\$ 323,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,047	
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	17,367	-	17,367	
Commercial operations	-	-	-	-	-	-	-	-	304,738	304,738	
First Nations Education Steering Committee	-	-	-	255,340	-	-	-	-	-	255,340	
First Nations Health Authority	-	-	-	-	848,846	-	-	-	-	848,846	
Indigenous Services Canada	642,142	-	55,339	839,431	-	878,956	413,789	142,558	-	2,972,215	
Other	54,708	-	3,544,979	58,670	57,037	-	6,000	80,212	15,430,274	19,231,880	
Oil and gas revenue	-	-	600,000	-	-	-	-	-	99,000	699,000	
Province of British Columbia	-	-	79,131	-	-	55,658	1,092,234	-	9,190,000	10,417,023	
Treaty 8 Heritage Trust	-	-	-	-	-	-	-	800,000	-	800,000	
Prophet River First Nation Trust	8,243,616	3,063,265	-	-	-	-	1,218,850	-	-	12,525,731	
Total revenue	8,940,466	3,063,265	4,602,496	1,153,441	905,883	934,614	2,730,873	1,040,137	25,024,012	48,395,187	

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

14. Segmented information (continued):

	2023										
	Administration	Community services	Economic development	Education	Health	Social services	Capital	Housing	Lands	Total	
Expenses:											
Amortization	1,021,565	-	297,779	-	-	-	-	-	-	1,319,344	
Consulting and contract	88,168	172,345	407,123	4,037	58,581	24,390	32,718	22,845	211,106	1,021,313	
Prophet River First Nation Trust contribution	8,243,616	-	-	-	-	-	-	-	-	8,243,616	
Honoraria	200,127	29,718	14,346	3,300	100	175	-	-	600	248,366	
Materials and supplies	239,265	638,185	333,148	44,074	52,836	44,290	78,094	42,276	9,642	1,481,810	
Office	93,317	18,154	227,071	114,972	29,384	-	30,278	58,802	138,861	710,839	
Professional fees	174,185	-	306,259	-	-	-	-	22,821	331,630	834,895	
Repairs and maintenance	24,177	113,219	98,255	8,082	8,943	-	76,878	27,495	-	357,049	
Rent	-	-	7,326	-	-	-	-	-	8,700	16,026	
Telephone and utilities	29,306	3,482	28,670	40,514	15,331	1,385	110,198	115,109	572	344,567	
Travel and accommodations	162,419	362,762	135,713	66,194	156,224	23,642	16,890	5,943	23,035	952,822	
Wages and benefits	839,278	606,271	745,433	492,148	314,646	145,213	292,850	10,040	138,942	3,584,821	
Workshops and training	90,126	135,325	36,373	49,233	56,987	33,642	122	-	-	401,808	
Other	61,558	974,755	432,347	220,364	10,657	73,763	2,893	-	1,050	1,777,387	
Total expenses	11,267,107	3,054,216	3,069,843	1,042,918	703,689	346,500	640,921	305,331	864,138	21,294,663	
Revenue over expenditures	(2,326,641)	9,049	1,532,653	110,523	202,194	588,114	2,089,952	734,806	24,159,874	27,100,524	
Other income	43,568	-	-	-	-	-	-	-	-	43,568	
Surplus (deficit)	\$ (2,370,209)	\$ 9,049	\$ 1,532,653	\$ 110,523	\$ 202,194	\$ 588,114	\$ 2,089,952	\$ 734,806	\$ 24,159,874	\$ 27,144,092	

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

14. Segmented information (continued):

	2022										
	Administration	Community services	Economic development	Education	Health	Social services	Capital	Housing	Lands	Total	
Revenue:											
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 Revenue - EBA funds	-	-	-	-	-	-	-	800,000	-	800,000	
Prophet River First Nation Trust	5,092,159	3,436,833	-	-	-	-	2,358,679	-	64,636	10,952,307	
Total revenue	5,693,943	3,436,833	2,447,691	1,672,198	595,219	382,446	3,988,000	1,111,527	809,120	20,136,977	

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

14. Segmented information (continued):

	2022										
	Administration	Community services	Economic development	Education	Health	Social services	Capital	Housing	Lands	Total	
Expenses:											
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	
	-	-	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	
Total expenses	7,104,421	2,820,690	1,977,359	1,319,890	594,122	258,815	627,364	351,970	672,486	15,727,117	
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	-	-	102,525	-	-	-	-	-	-	102,525	
Surplus (deficit)	\$ (1,410,478)	\$ 616,143	\$ 572,857	\$ 352,308	\$ 1,097	\$ 123,631	\$ 3,360,636	\$ 759,557	\$ 136,634	\$ 4,512,385	

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

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, 2023, management has no current plans to remediate the land that would cause an outflow of resources and therefore no liability has been recorded.

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, 2023, 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 2022.

(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. There has been no change to the Nation's interest rate risk exposure from 2022.

PROPHET RIVER FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

17. Trusts:

The Nation and other Treaty 8 First Nations entered into a trust agreement on February 28, 2008, to receive both equity and annual payments from the Province of British Columbia pursuant to the Economic Benefits Agreement. The Treaty 8 Heritage Trust ("Heritage Trust") was formed and is set to expire on December 31, 2027. In the current year, the Nation received \$800,000 (2022 - \$800,000) of distributions from the Heritage Trust. The Heritage Trust has not been consolidated with the financial statements of the Nation.

The Nation established a trust on May 1, 2008 pursuant to a settlement agreement entered into with Her Majesty the Queen ("Canada"). The Prophet River First Nation Trust ("Trust") was created to manage the settlement funds based on the terms of the Trust. In the current year, the Nation received \$12,525,731 (2022 - \$10,952,307) of distributions from the Trust. In addition, the Nation contributed \$8,243,616 (2022 - \$5,092,159) back to the Trust. The Trust has not been consolidated with the financial statements of the Nation.

18. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year annual surplus.