

DOUGLAS INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2023

DOUGLAS INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS **March 31, 2023**

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DOUGLAS INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2023

The accompanying consolidated financial statements of Douglas Indian Band ("the First Nation") and all the information in this annual report for the year ended March 31, 2023 are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgment. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Douglas Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The Chief and Council review the First Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. (The Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.)

The consolidated financial statements have been audited by Reid Hurst Nagy Inc. in accordance with Canadian generally accepted auditing standards on behalf of their members. Reid Hurst Nagy Inc. has full access to Chief and Council. Reid Hurst Nagy Inc. have full and free access to the council for information purposes.



Chief

December 8, 2023

Date



Councilor

December 8, 2023

Date



Councilor

December 8, 2023

Date



Councilor

December 8, 2023

Date

Independent Auditors' Report

To the Members of
Douglas Indian Band

Qualified Opinion

We have audited the consolidated financial statements of Douglas Indian Band, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations, its remeasurement gains and losses, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Qualified Opinion

The First Nation has not accounted for some of the funded tangible capital assets including roads and bridges, buildings, water and other utility systems that were required to be capitalized in prior years. In this respect, the financial statements are not in accordance with Canadian public sector accounting standards. We were not able to determine the adjustments if any that might have been necessary to tangible capital assets and accumulated surplus, at the beginning and end of the year reported in the consolidated statement of financial position as at March 31, 2023; annual surplus reported in the consolidated statement of revenue, expense and accumulated surplus for the year ended March 31, 2023; annual surplus and amortization reported in the consolidated statement of cash flows for the year ended March 31, 2023; and amortization of tangible capital assets reported in the consolidated statement of change in net financial assets as at March 31, 2023.

The financial information for government business enterprises (GBEs) and government business partnerships (GBPs) are not available and have not been accounted for in the consolidated financial statements for the current and prior year. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the First Nation's investment in GBEs and GBPs and the First Nation's share of income (loss) from the GBEs & GBPs. Consequently, we were unable to determine the adjustments if any adjustments to due from government business enterprises, investment in government business enterprises, due to government business enterprises and liability from government business enterprises reported in the consolidated statement of financial position for the year ended March 31, 2023; net income (loss) from government business partnerships reported in the consolidated statement of revenue, expense and accumulated surplus for the year ended March 31, 2023, and advances to (from) government business enterprises reported in the consolidated statement of cash flows for the year ended March 31, 2023.

The basis for qualification discussed above is consistent with the qualified opinion issued on the Independent Auditor's Report dated December 9, 2022 for the March 31, 2022 consolidated financial statements.

The First Nation is also required to adopt PS 3280 Asset Retirement Obligations in the year. No information is available for a proper determination of current additions or prior year capital for the need to recognize legal obligations if any. As a result, we are unable to determine whether any adjustments are required to amortization expenses and annual surplus, tangible capital assets, asset retirement obligation and accumulated surplus for the years 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 Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- ♦ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

VANCOUVER, B.C.
DECEMBER 8, 2023

DOUGLAS INDIAN BAND



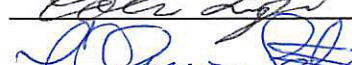

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 4,157,290	\$ 3,675,371
Accounts receivable (Note 3)	1,303,447	514,876
Due from government business enterprises (Note 5)	1,359,534	1,353,275
Portfolio investments (Note 6)	3,869,532	2,743,567
Investment in government business enterprises (Note 7)	129,921	129,921
Federal trust funds (Note 8)	74,446	65,745
	10,894,170	8,482,755
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	386,163	550,559
Demand loans (Note 10)	1,675,811	2,342,644
Deferred revenue (Note 11)	3,249,203	1,513,645
Due to government business enterprise (Note 12)	186,581	186,581
Liability from government business enterprises (Note 13)	183,925	183,925
Long-term debt (Note 14)	349,948	155,645
Capital lease obligation (Note 15)	588,442	36,185
CMHC Mortgages (Note 16)	2,118,695	2,238,563
Replacement reserve (Note 17)	298,814	218,839
	9,037,582	7,426,586
NET FINANCIAL ASSETS	1,856,588	1,056,169
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 18)	15,764,479	15,456,571
Prepaid expenses	21,043	52,035
	15,785,522	15,508,606
ACCUMULATED SURPLUS	\$ 17,642,110	\$ 16,564,775

ACCUMULATED SURPLUS CONSISTS OF

Accumulated operating surplus	17,177,351	16,564,775
Accumulated remeasurement gains at end of year	464,759	-
ACCUMULATED SURPLUS	17,642,110	16,564,775

APPROVED ON BEHALF OF THE DOUGLAS INDIAN BAND

 , Chief
 , Councilor
 , Councilor
 , Councilor

DOUGLAS INDIAN BAND

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the year ended March 31

2023

2022

ACCUMULATED REMEASUREMENT GAINS AT BEGINNING OF YEAR

\$ - \$ -

Unrealized gains (losses) attributable to:
Portfolio Investments (Note 6)

464,759 -

NET REMEASUREMENT GAINS

464,759 -

ACCUMULATED REMEASUREMENT GAINS AT END OF YEAR

\$ 464,759 \$ -

DOUGLAS INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31

	2023 Budget	2023 Actual	2022 Actual
ANNUAL SURPLUS	\$ 476,258	\$ 1,077,335	\$ 3,962,923
Acquisition of tangible capital assets	-	(1,026,500)	(3,836,904)
Amortization of tangible capital assets	-	718,592	509,475
	-	(307,908)	(3,327,429)
Acquisition of prepaid assets	30,992	83,027	(52,035)
Use of prepaid assets	-	(52,035)	17,579
	30,992	30,992	(34,456)
INCREASE IN NET FINANCIAL ASSETS	507,250	800,419	601,038
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	1,056,169	455,131
NET FINANCIAL ASSETS AT END OF YEAR	\$ 821,903	\$ 1,856,588	\$ 1,056,169

DOUGLAS INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31

	2023 Budget	2023 Actual	2022 Actual
REVENUE			
Indigenous Services Canada	\$ 1,548,117	\$ 3,424,577	\$ 2,666,632
Indigenous Services Canada - Recovery	-	-	(37,109)
Province of BC	77,515	206,331	192,544
Harrison Hydro LP	938,877	585,183	784,677
BCFN Gaming revenue	216,960	770,869	325,179
Rental	180,068	158,901	165,179
First Nations Education Steering Committee	55,788	145,464	134,939
Canada Mortgage and Housing Corporation	315,691	202,385	133,135
Department of Natural Resources	-	-	18,000
Investment income	100,000	144,968	279,831
Funding from First Nation organizations	59,508	106,582	108,608
First Nations Health Authority	173,674	250,113	1,422,593
Other	583,752	1,117,990	780,330
Deferred revenue, beginning of year	1,784,892	1,513,646	2,625,879
Deferred revenue, end of year	-	(3,249,203)	(1,513,646)
	6,034,842	5,377,806	8,086,771
EXPENSES			
Band Government	1,265,156	1,505,931	1,402,713
Community Infrastructure	2,173,149	308,117	269,278
Health	327,582	368,078	333,905
Education	776,560	716,607	670,545
Social Development	219,062	202,316	212,486
Economic Development	512,432	659,006	493,219
Housing	284,643	384,177	289,893
Business Enterprises Fund	-	4,802	50,000
Internally Restricted Capital Bylaw Fund	-	26,146	26,232
Capital Fund	-	590,050	375,577
	5,558,584	4,765,230	4,123,848
ANNUAL SURPLUS BEFORE OTHER	476,258	612,576	3,962,923
OTHER			
Unrealized gain (loss)	-	464,759	-
ANNUAL SURPLUS	476,258	1,077,335	3,962,923
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	16,564,775	12,601,852
ACCUMULATED SURPLUS AT END OF YEAR	\$ 476,258	\$ 17,642,110	\$ 16,564,775

DOUGLAS INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2023	2023	2022
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 1,077,335	\$ 3,962,923
Unrealized (gain) loss	(464,759)	-
Amortization	718,592	509,475
Gain on disposition of tangible capital assets	(38,990)	-
	1,292,178	4,472,398
Change in non-cash operating working capital		
Accounts receivable	(788,571)	751,267
Prepaid expenses	30,992	(34,456)
Accounts payable and accrued liabilities	(164,397)	(569,992)
Deferred revenue	1,735,558	(1,112,233)
Federal trust funds	(8,701)	(2,020)
Replacement reserve	79,975	23,777
	2,177,034	3,528,741
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,093,952)	(3,836,906)
Proceed from disposition of tangible capital assets	106,446	-
	(987,506)	(3,836,906)
FINANCING ACTIVITIES		
Principal repayment on long-term debt	(58,172)	(24,959)
Proceed from long-term debt	246,481	80,952
Principal repayment on CMHC mortgage	(119,868)	(118,044)
Proceed from capital lease obligation	62,209	-
Repayment of capital lease obligation	(67,332)	(13,439)
Principal repayment on demand loan	(103,461)	(55,766)
Proceed from demand loan	-	836,169
Advances to (from) government business enterprises	(6,259)	(63,002)
	(46,402)	641,911
INVESTING ACTIVITIES		
Increase in portfolio Investments	(661,207)	(95,020)
INCREASE IN CASH AND CASH EQUIVALENTS	481,919	238,726
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,675,371	3,436,645
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,157,290	\$ 3,675,371

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

(a) Reporting Entity

The First Nation reporting entity includes the Douglas Indian Band government and all related entities that are controlled by the First Nation.

(b) Principles of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises and government business partnerships, which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The First Nation records its investments in government business enterprises (GBE) and government business partnerships (GBP) on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nation and inter-entity transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or losses 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.

Entities accounted for on a modified equity basis include:

1. TTQ Economic Development Corporation - 100% interest
2. Takem Ti Qwelsa7 Eco-Resource Corporation - 100% interest
3. Xa'xtsa Gas Station Ltd. - 100% interest
4. 1020376 B.C. Ltd - 33.33% interest
5. Tsetspa7 Forestry Limited Partnership - 16.67%
6. Tsetspa7 Loakam (Logging) Ltd.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(d) Portfolio Investments

Portfolio investments consist of equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Remeasurement gains and losses until the financial instrument is derecognized.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Trust Funds

Trust funds held by Federal Government:

The trust funds 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

(f) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

(g) Revenue Recognition

Government Transfers:

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

Trust Funds:

The First Nation recognizes revenues of a Trust Fund at the time funds are contributed from the accounts held by the trust. Investment and interest revenue is recognized when earned.

Housing Rental Income:

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

Own Source Revenue:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being provided is deferred and recognized when the fee is earned or service provided.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital assets and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Amortization is provided on the following basis over the estimated useful life of the tangible capital assets as follows:

Building and infrastructure	4 % Declining balance
Office equipment	20% Declining balance
Machinery and equipment	20% Declining balance
Trailer	20% Declining balance
Truck	20% Declining balance
Telephone poles	5% Declining balance
Asset under capital lease	4%, 20% Declining balance
Gas Bar	15 years Straight line
Childcare Centre	4% Declining balance

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

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

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. Assets under construction are not amortized until the asset is available to be put into service.

No amortization will be taken for construction in progress until the project is completed and the tangible capital asset is in service.

(i) Deferred Revenue

Under the terms of the contribution agreement between the First Nation, ISC and certain other agencies, the First Nation may be liable to repay any contributed funds either not expended or not expended in accordance with the agreement. On the other hand, any deficit, supported by claims eligible for reimbursement under the terms and conditions of the funding agreements, may be reimbursed by the contributor subject to the program's terms and conditions. The First Nation has recorded all known unexpended contribution funds as deferred revenue and/or accounts payable.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible assets, prepaid expenses and inventory of supplies.

(k) Measurement Uncertainty

In preparing the consolidated financial statements for the First Nation's, management is required 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 period. Items requiring the use of significant estimates include allowance for doubtful accounts, accruals and useful lives of tangible capital assets. Actual results could differ from these estimates.

(l) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

(m) Liability for Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) Douglas Indian Band is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2022 and 2023, no liability for contaminated sites has been recorded.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(n) Asset Retirement Obligations

Effective April 1, 2022, the First Nation adopted PS 3280, Asset Retirement Obligations. The Nation has elected to use the prospective method in transitioning to PS 3280. Comparative figures have not been restated.

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

Not enough information was available in the year to determine any obligations as of March 31, 2023.

(o) Financial Instruments

i) Measurement of financial instruments

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Remeasurement gains and losses until the financial instrument is derecognized.

Financial assets measured at amortized cost on a straight line basis include cash, accounts receivable, and due from related entities.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, deferred revenue, long-term debt, capital lease obligation and due to related entities.

ii) Impairment

For financial assets measured at cost or amortized cost, the First Nation determines whether there are indications of possible impairment. When there is an indication of impairment, and the First Nation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the Statement of Operation. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the Statement of Operation in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the carrying value of the item upon initial recognition.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised of the following:

	2023	2022
Externally restricted		
Operating reserve fund	\$ 651,590	\$ 585,734
Replacement reserve fund	144,286	140,732
	795,876	726,466
Unrestricted		
Operating funds	3,361,414	2,948,905
Total Cash and Cash Equivalents	\$ 4,157,290	\$ 3,675,371

Externally restricted - Operating Reserve:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the First Nation is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income-listed occupants over and above the maximum federal assistance. The fund may be replenished to its original limit from subsequent operating surpluses.

At the year end, the reserve was over funded by \$463,486 (2022: over funded by \$407,712).

Externally restricted - Replacement Reserve:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the replacement reserve.

At year end, the reserve was under funded by \$154,527 (2022: under funded by \$78,107).

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

3. ACCOUNTS RECEIVABLE

	2023	2022
Due from government organizations:		
GST Public Service Bodies Rebate	\$ 4,428	\$ 18,563
Canada Mortgage and Housing Corporation	80,095	11,095
Province of BC	-	40,545
Indigenous Services Canada	388,056	105,394
First Nations Health Authority	-	43,000
Ministry of Agriculture	14,000	14,000
	486,579	232,597
Due from members:		
Rent receivable	594,178	549,857
Due from others:		
BC FN Gaming Revenue Sharing LP	198,242	-
First Nations Education Steering Committee	32,663	22,048
Harrison Hydro	51,702	57,638
Big Silver	11,184	19,210
Other	92,799	15,010
SASET	24,203	-
Southern Stl'atl'imx Health Society	85,808	-
St'at'Imc (PC) 2011 Trust	319,737	156,624
Tretheway	17,833	22,844
	834,171	293,374
	1,914,928	1,075,828
Allowance for doubtful accounts	(611,481)	(560,952)
	\$ 1,303,447	\$ 514,876

4. LOANS RECEIVABLE

	2023	2022
Homeowner repayment - Lot 7:		
The loan receivable is interest free with a monthly installment of \$450 commencing December 2013 until it is paid in full.	\$ 60,931	\$ 60,931
Allowance for doubtful loan	(60,931)	(60,931)
	\$ -	\$ -

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

5. DUE FROM GOVERNMENT BUSINESS ENTERPRISES

	2023	2022
TTQ Economic Development Corporation	\$ 1,041,467	\$ 1,041,467
Xa'xtsa Gas Station Ltd.	318,067	311,808
	\$ 1,359,534	\$ 1,353,275

Advances due from government business enterprises are unsecured, non-interest bearing with no specific terms of repayment.

6. PORTFOLIO INVESTMENTS

The First Nation through the bylaw process established three internally restricted capital funds to ensure that the principal portions of qualifying Own Source Revenues (OSR) are held in perpetuity for future generations of the First Nation's members and that such funds be allocated in accordance with the bylaw as follows:

35% into the First Nation's Infrastructure Fund;
30% into the First Nation's Capital Fund; and
35% into the First Nation's Economic Development Fund.

The provisions of the bylaw include restrictions or limits on amounts to be withdrawn from the said funds, the rates of interest for approved term fund withdrawals, as well as fund investment criteria.

The primary purpose of the bylaw is to ensure the preservation of the said capital funds.

The cost and fair market value for each fund is outlined below:

	Infrastructure Fund	Capital Fund	Economic Development Fund	2023 Total	2022 Total
Investment at cost	\$ 654,732	\$ 1,690,438	\$ 1,059,603	\$ 3,404,773	\$ 2,743,567
Unrealized gain/(loss)	62,841	255,521	146,397	464,759	639,467
Market value	\$ 717,573	\$ 1,945,959	\$ 1,206,000	\$ 3,869,532	\$ 3,383,034

The portfolio investments consist of cash, money market fund, fixed income securities, Canadian, United States, and other non North American equities traded on an active market.

The First Nation adapted the new provisions of PS 3450 in the year. The portfolio investment have transitioned in the year from cost to fair market value. Prior years comparatives in the statement of financial position have not been restated and was recorded at cost.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The First Nation's investment in government business enterprises consist of the following:

	2023	2022
Takem Ti Qwelsa7 Eco-Resource Corporation - 100%	\$ 129,421	\$ 129,421
1020376 B.C. Ltd. - 33.33%	500	500
	\$ 129,921	\$ 129,921

The financial information for Takem Ti Qwelsa7 Eco-Resource Corporation and 1020376 B.C. Ltd. for the year ended March 31, 2023 is not available.

8. FEDERAL TRUST FUNDS

	2023 Revenue Funds	2023 Capital Funds	2023 Total	2022 Total
Balance, beginning of year	\$ 57,412	\$ 8,333	\$ 65,745	\$ 63,724
Distributions	779	-	779	787
Interest earnings	2,119	-	2,119	1,234
Timber dues	-	5,803	5,803	-
Balance, end of year	\$ 60,310	\$ 14,136	\$ 74,446	\$ 65,745

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Accounts payable and accrued liabilities	\$ 275,219	\$ 441,333
Wages payable	35,825	33,677
Government remittances	19,613	16,422
Vacation and overtime payable	47,739	43,474
Pension payable	7,767	15,653
	\$ 386,163	\$ 550,559

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary and the First Nation is required to match their contribution of 5%. The amount of the retirement benefit to be received by the employees will be the amount of the retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. During the year, the First Nation contributed \$37,347 (2022: \$35,828) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2023.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

10. DEMAND LOANS

	2023	2022
Bank of Montreal: The non-revolving demand loan is due on demand and bears interest at prime plus 0.75% with a monthly payment of \$2,252 including interest. The loan will be due in May 2034.	\$ 60,626	\$ 83,441
Bank of Montreal: The non-revolving demand loan is due on demand and bears interest at prime plus 0.75% with a monthly payment of \$4,346 including interest. The loan will be due in May 2034.	485,848	508,809
Bank of Montreal: The non-revolving demand loan is due on demand and bears interest at prime plus 0.75% with a fix monthly principal payment of \$7,993 and interest. The loan will be due in May 2034.	1,129,337	1,185,286
Royal Bank of Canada The non-revolving demand loan is due on demand and bears interest at prime plus 0.50%.. The loan was converted to a capital lease obligation in the year. See Note 15	-	565,108
	\$ 1,675,811	\$ 2,342,644

In management's opinion, the lender will not exercise the early repayment clause of the demand loan in the current period. Assuming early repayment of demand loans are not demanded, regular principal payments required on demand loans in each of the next years are as follows:

2024	135,831	
2025	138,908	
2026	127,563	
2027	116,733	
2028 and thereafter	1,156,776	
	1,675,811	
	2023	2022
Interest expense for the year on demand loans	102,018	71,330

In the year \$Nil (2022: \$41,708) of loan interest was capitalized in the addition of the Health and Admin building and the construction of the Green House.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

11. DEFERRED REVENUE

The following table represents changes in the deferred revenue balance attributable to each funding source:

	March 31, 2022	Revenue recognized, 2023	Funding received, 2023	March 31, 2023
Federal Government				
Indigenous Services Canada - FIXED Contribution	\$ 203,190	\$ (398,324)	\$ 675,818	\$ 480,684
Indigenous Services Canada - FLEX Contribution	494,029	(760,305)	1,407,342	1,141,066
Indigenous Services Canada - GRANT	662,247	(673,329)	1,120,189	1,109,107
First nation Health Authority	-	(20,784)	250,113	229,329
	1,359,466	(1,852,742)	3,453,462	2,960,186
Provincial Government				
Province of British Columbia	19,320	-	60,000	79,320
Other				
First Nations Education Steering Committee	134,859	(107,995)	135,722	162,586
Other	-	(42,800)	89,911	47,111
	134,859	(150,795)	225,633	209,697
	\$ 1,513,645	\$ (2,003,537)	\$ 3,739,095	\$ 3,249,203

12. DUE TO GOVERNMENT BUSINESS ENTERPRISE

	2023	2022
Takem Ti Qwelsa7 Eco-Resource Corporation	\$ 186,581	\$ 186,581

Advances due to the government business enterprise are unsecured, non-interest bearing with no specific terms of repayment.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

13. LIABILITY FROM GOVERNMENT BUSINESS ENTERPRISES

The following represents the accumulated deficit from the investment in government business enterprises:

	2023	2022
TTQ Economic Development Corporation - 100%	\$ 110,437	\$ 110,437
Xa'xtsa Gas Station Ltd. - 100%	73,488	73,488
	\$ 183,925	\$ 183,925

14. LONG-TERM DEBT

	2023	2022
Coastal Ford Sales Limited: The loan is repayable in monthly installments of \$1,385, including interest at 6.99% per annum. The loan matures on February 2024.	\$ 14,683	\$ 29,690
Coastal Ford Sales Limited: The loan is repayable in monthly installments of \$1,211, including interest at 6.99% per annum. The loan matures on August 2025.	33,256	45,003
Toyota Financial Services: The loan is repayable in monthly installments of \$1,809, including interest at 3.49% per annum. The loan matures on January 2025.	58,495	80,952
Toyota Financial Services: The loan is repayable in monthly installments of \$1,783, including interest at 4.79% per annum. The loan matures on Oct 2025.	51,904	-
Scotia: The loan is repayable in monthly installments of \$1,256, including interest at 9.69% per annum. The loan matures on April 2028.	59,534	-
Scotia: The loan is repayable in monthly installments of \$1,272, including interest at 4.99% per annum. The loan matures on March 2030.	90,054	-
Downtown Centre Motors Ltd.: The loan is repayable in monthly installments of \$605, including interest at 7.99% per annum. The loan matures on September 2025.	16,413	-
Promissory Notes - Indigenous Specific Claims: The promissory note is interest free. Note matures on March 2027	25,609	-
	\$ 349,948	\$ 155,645

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

14. LONG-TERM DEBT, continued

Principal portion of long-term debt due within the next five years and thereafter:

2024	\$	92,698	
2025		83,387	
2026		64,685	
2027		51,876	
2028 and thereafter		57,302	
	\$	349,948	
		2023	2022
Interest expense for the year on long-term debt	\$	8,636	\$ 6,176

15. CAPITAL LEASE OBLIGATION

		2023	2022
Toyota Sequoia Truck Lease - repayable at \$1,246 monthly payments bearing interest of 3.49% annually. The loan matured in the year	\$	-	\$ 36,185
Toyota 4Runner Truck Lease - repayable at \$1,148 monthly payments bearing interest of 6.99% annually. The loan will mature in July 2025 with the last payment representing the purchase option of \$30,632. It is secured by the underlining truck.		55,791	-
RBC Greenhouse equipment Lease - repayable at \$5,065 monthly payments bearing interest at RBC Prime rate + .05% annually. The loan will mature in April 2032 with the last payment representing the purchase option of \$214,741. It is secured by the underlining truck. The lease was recorded as a demand loan in prior years until it was converted to a capital lease in the year. See Note 10		532,651	-
	\$	588,442	\$ 36,185

Total interest paid in the year is \$39,310 (2022: \$1,518).

Principal portion of capital lease obligation due within the next five years:

2024	\$	36,614
2025		39,148
2026		64,775
2027		32,177
2028 and thereafter		415,728
	\$	588,442

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

16. CMHC MORTGAGES

	2023	2022
All Nations Trust Company - Phase 001: The mortgage is repayable in monthly installments of \$2,181, including interest at 0.76% per annum. The mortgage matures and renews on September 1, 2025 and is guaranteed by Indigenous Services Canada.	\$ 64,797	\$ 90,374
All Nations Trust Company - Phase 003: The mortgage is repayable in monthly installments of \$3,615, including interest at 1.91% per annum. The mortgage matures Jun 1, 2039 and renews on June 1, 2024, and is guaranteed by Indigenous Services Canada.	605,868	637,388
All Nations Trust Company - Phase 004: The mortgage is repayable in monthly installments of \$2,914, including interest at 0.79% per annum. The mortgage matures on January 1, 2041 with the next renewal date on January 1, 2026 and is guaranteed by Indigenous Services Canada.	581,582	611,837
All Nations Trust Company - Phase 005: The mortgage is repayable in monthly installments of \$4,542, including interest at 2.50% per annum. The mortgage matures on June 1, 2043. The loan was renewed subsequent to the year end on June 1, 2023, with the next renewal scheduled for Jun 1, 2028. The loan is guaranteed by Indigenous Services Canada.	866,448	898,964
	\$ 2,118,695	\$ 2,238,563

Principal portion of CMHC mortgages due within the next five years:

2024	\$ 121,548
2025	123,444
2026	112,270
2027	100,982
2028 and thereafter	1,660,451
	\$ 2,118,695

	2023	2022
Interest expense for the year on CMHC mortgages	\$ 39,004	\$ 40,830

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

17. REPLACEMENT RESERVE

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the housing units.

	2023	2022
Balance, beginning of year	\$ 218,839	\$ 195,062
Special contributions	69,000	-
Current year appropriations	27,440	27,440
Interest income	4,234	281
Current year expenditures	(20,699)	(3,944)
Balance, end of the year	\$ 298,814	\$ 218,839

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

18. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization					2023 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Band Housing	\$ 2,089,149	\$ -	\$ -	\$ 2,089,149	\$ 432,052	\$ 66,284	\$ -	\$ 498,336	\$ 1,590,813
CMHC social housing	4,423,674	-	-	4,423,674	1,210,123	128,542	-	1,338,665	3,085,009
Office equipment	281,987	75,769	-	357,756	136,929	34,621	-	171,550	186,206
Machinery and equipment	308,971	-	-	308,971	260,257	9,743	-	270,000	38,971
Construction in progress	1,195,977	628,522	(17,437)	1,807,062	-	-	-	-	1,807,062
Trailer	28,500	-	-	28,500	28,500	-	-	28,500	-
Truck	772,910	320,272	(118,992)	974,190	339,569	94,414	(87,541)	346,442	627,748
Telephone poles	5,469	-	-	5,469	4,180	64	-	4,244	1,225
Asset under capital lease	69,968	594,860	(69,968)	594,860	30,145	32,488	(33,964)	28,669	566,191
Gas Bar	491,222	-	-	491,222	261,985	32,748	-	294,733	196,489
Infrastructure	8,404,010	24,618	(532,650)	7,895,978	469,110	297,384	-	766,494	7,129,484
Childcare Centre	658,873	-	-	658,873	101,289	22,303	-	123,592	535,281
	\$ 18,730,710	\$ 1,644,041	\$ (739,047)	\$ 19,635,704	\$ 3,274,139	\$ 718,591	\$ (121,505)	\$ 3,871,225	\$ 15,764,479

	Cost			Accumulated amortization					2022 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Band Housing	\$ 2,089,149	\$ -	\$ -	\$ 2,089,149	\$ 418,669	\$ 13,383	\$ -	\$ 432,052	\$ 1,657,097
CMHC social housing	4,423,674	-	-	4,423,674	1,076,225	133,898	-	1,210,123	3,213,551
Office equipment	219,649	62,338	-	281,987	111,798	25,131	-	136,929	145,058
Machinery and equipment	286,261	22,710	-	308,971	249,170	11,087	-	260,257	48,714
Construction in progress	2,962,909	3,439,749	(5,206,681)	1,195,977	-	-	-	-	1,195,977
Trailer	28,500	-	-	28,500	28,500	-	-	28,500	-
Truck	592,787	180,123	-	772,910	261,809	77,760	-	339,569	433,341
Telephone poles	5,469	-	-	5,469	4,112	68	-	4,180	1,289
Asset under capital lease	69,968	-	-	69,968	20,189	9,956	-	30,145	39,823
Gas Bar	491,222	-	-	491,222	229,237	32,748	-	261,985	229,237
Infrastructure	3,065,344	5,338,666	-	8,404,010	286,898	182,212	-	469,110	7,934,900
Childcare Centre	658,873	-	-	658,873	78,056	23,233	-	101,289	557,584
	\$ 14,893,805	\$ 9,043,586	\$ (5,206,681)	\$ 18,730,710	\$ 2,764,663	\$ 509,476	\$ -	\$ 3,274,139	\$ 15,456,571

The construction in progress for current fiscal year represent construction of a Daycare centre. Projects are funded through Province of BC funding and debt from current and prior years.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

19. TRUST FUNDS HELD BY ST'AT'IMC (PC) 2011 TRUST

The St'at'imc Communities reached a settlement agreement with the Province of British Columbia and BC Hydro on May 10, 2011 to compensate for impacts to St'at'imc lands and people in respect of past, present and future hydro development in the St'at'imc territory. As a result, the St'at'imc (PC) 2011 Trust was established to receive the settlement funds and flows funds to the participating communities.

The First Nation is a beneficiary of these funds and have no control over the assets or liabilities of the trust. Accordingly, assets has been excluded in these consolidated financial statements.

20. INTERNALLY RESTRICTED CAPITAL BYLAW FUNDS

The capital bylaw funds were established on December 13, 2014 by the First Nation to ensure a portion of own source revenues are invested in long-term growth with the goal of developing a substantial financial reserve for the future benefit of the Douglas First Nation and its member. Three funds were established for the following purpose:

Infrastructure:

To invest in approved capital projects in accordance with the First Nation's Investment Policy Statement.

Capital Fund:

To invest in approved infrastructure projects in accordance with the First Nation's Investment Policy Statement.

Economic Development:

Money's held in this fund will be used for investment in share capital, secured mortgage loans, joint ventures, secured business loans, and other business ventures that the Council deems to be economically beneficial.

	Infrastructure Fund	Capital Fund	Economic Development Fund	2023	2022
Portfolio Investments at fair market value (Note 6)	\$ 717,573	\$ 1,945,959	\$ 1,206,000	\$ 3,869,532	\$ 2,743,567
Accounts Receivable	18,096	15,511	18,096	51,702	57,637
Loans Receivable - Internal	95,291	97,033	96,540	288,865	288,865
Underfunded amount	710,489	617,471	777,214	2,105,174	2,288,273
	\$ 1,541,449	\$ 2,675,974	\$ 2,097,850	\$ 6,315,273	\$ 5,378,342

During the year, no withdrawals were made from these funds.

21. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

22. EXPENSES BY OBJECT

For the year ended March 31	2023 Budget	2023	2022
Acquisition of tangible capital assets	\$ 1,501,177	\$ -	\$ -
Administration and governance	351,034	49,593	65,878
Advertising (reimbursement)	-	46,821	11,869
Amortization	-	718,592	509,475
Bad debts	27,449	50,529	48,515
Consulting	408,353	305,184	400,414
Donation	-	35,250	2,200
Economic and business development	-	-	372
Education	-	133,306	141,497
Equipment lease	5,000	-	-
Flowthrough to SSHS	-	-	77,400
Flowthrough to TTQ	-	-	117,000
Fuel and propane	29,357	4,997	2,452
Health	-	103,761	40,978
Honorariums	37,200	110,847	78,585
Infrastructure and programming	-	11,423	7,486
Insurance	122,065	124,103	79,813
Interest and bank charges	13,200	36,610	41,765
Interest on long-term debt	180,628	188,968	73,562
Materials and supplies	76,399	129,399	58,455
Members distribution	150,000	115,096	192,137
Office	515,106	83,542	58,359
Professional fees	130,000	208,879	216,166
Repairs and maintenance	95,553	251,939	143,689
Social and spiritual well being	-	860	1,036
Social assistance	155,237	190,606	220,280
Training	-	38,434	5,373
Travel and workshop	145,443	300,981	189,376
Utilities and telephone	178,855	164,273	168,700
Wages and benefits	1,436,528	1,361,237	1,171,016
	\$ 5,558,584	\$ 4,765,230	\$ 4,123,848

23. LEASE COMMITMENTS

The First Nation entered into a lease agreement for office space in Pemberton, and a Sublease agreement for office space in Mount Currie. Total commitment from lease and sublease for the First Nation is \$2,650 per month.

24. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2022 the First Nation entered into transactions with its government business enterprise TTQ Economic Development Corporation. The First Nation flowthroughed \$117,000 of funding in the year.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

25. ECONOMIC DEPENDENCE

The First Nation and controlled entities ("First Nation") are financially dependent on funding from government sources to operate programs and to complete capital projects. The First Nation's ability to operate certain programs depends on continuation of these source of funding.

Contributions from Indigenous Services Canada ("ISC") are under terms of Financial Transfer Agreements ("FTA") and are provided on a block funding basis. Generally, FTA funding is provided on a multi-year basis and any unexpected balance is not repayable.

These financial statements do not reflect adjustments in the carrying value of assets and liabilities, the reported revenue and expenses and the statement financial position classifications used that would be necessary if the going-concern assumption were not appropriate.

26. CONTINGENT LIABILITIES

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

In the normal course of its operations, the First Nation occasionally becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events 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 on the First Nation's financial statements.

As at March 31, 2023, the total ministerial housing loan guarantees provided to financial institutions for outstanding loans to the First Nation is \$2,121,936.

27. RESTATEMENT OF COMPARATIVE FIGURES

The comparative figures had been restated to reflect the inclusion of a truck acquired and financed in 2022 that was not originally accounted for.

As a result of the restatement, the following balances have been adjusted to reflect the restatement of comparative figures:

	2022 Originally Stated	Changes	2023 Restated Amounts
Tangible capital assets	\$ 15,375,619	\$ 80,952	\$ 15,456,571
Long-term debt	\$ 74,693	\$ 80,952	\$ 155,645

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

28. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. It is the opinion of management that the Nation is not exposed to currency risk, other price risk, and concentrations of risk.

Credit risk

The First Nation does have credit risk in notes and accounts receivable of \$1,283,595 (2022 - \$514,876). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by maintaining a list of outstanding contracts and performing regular reviews to ensure collection status. In the opinion of management the credit risk exposure to the First Nation is low and is not material.

Liquidity risk

The Nation does have a liquidity risk in long-term debt, promissory notes, capital lease obligations and accounts payable and accrued liabilities of \$386,162 (2022 - \$550,559). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and monitors cashflow on a monthly basis. In the opinion of management the liquidity risk exposure to the First Nation is low and is not material.

Interest rate risk

The First Nation is exposed to interest rate risk. Interest rate risk is the risk that the First Nation has interest rate exposure on its long-term debt and promissory note, which consist of both fixed and variable interest rates. Variable rates are based on the authority's prime lending rates. This exposure may have an effect on its earnings in future periods. The First Nation reduces its exposure to interest rate risk by regularly monitoring prime lending rates which have been relatively stable over the period presented. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the First Nation is low and is not material.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

29. SEGMENTED INFORMATION

As previously discussed in note 1 (I) the First Nation conducts its business through reportable segments as follows:

Band Government department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Community Infrastructure department manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Education department supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs. It also provides services for students at the elementary/secondary and post secondary level, including: instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Social Development department provides assistance to community members unable to provide for themselves and their dependants. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

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

Social Housing department is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Ottawa Trust Fund and Enterprise Fund transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements are disclosed in Note 2.

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

29. SEGMENTED INFORMATION, continued

	Band Government			Community Infrastructure				Health	
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ 285,126	\$ 353,718	\$ 505,106	\$ 251,121	\$ 476,901	\$ 361,369	\$ 40,000	\$ 819,859	\$ 229,174
BC FN Gaming revenue	216,960	770,869	325,179	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	182,529	-	-	-	-	-
First Nation Health Authority	-	-	-	-	-	1,080,966	173,674	250,113	341,627
Province of BC	-	-	-	-	-	-	-	60,000	30,000
Economic activities	-	-	-	-	-	4,003	59,508	106,582	50,505
Other revenue	269,572	63,699	48,835	1,784,892	-	1,503,691	55,000	(803,774)	(115,297)
Total revenue	771,658	1,188,286	879,120	2,218,542	476,901	2,950,029	328,182	432,780	536,009
Expenses									
Professional fees and subcontract	163,000	247,249	369,673	316,715	40,708	51,299	5,000	63,361	79,986
Wages and benefits	443,231	428,215	401,544	187,812	183,287	158,222	67,798	78,159	72,912
Repairs and maintenance	5,000	58,294	58,659	39,866	41,303	32,104	20,247	3,502	577
Training, travel and workshops	104,800	173,569	81,532	12,000	2,678	3,832	18,643	62,955	27,736
Members distribution	150,000	112,096	192,137	-	-	-	-	-	-
Administration fees and office	52,700	73,749	52,933	45,792	6,143	803	187,850	112	-
Utilities and telephone	32,255	16,467	32,204	16,600	5,161	5,349	-	1,393	2,765
Other expenses	314,170	396,292	214,030	1,554,364	28,837	17,669	28,044	158,596	149,928
Total expenses	1,265,156	1,505,931	1,402,712	2,173,149	308,117	269,278	327,582	368,078	333,904
Annual surplus (deficit)	\$ (493,498)	\$ (317,645)	\$ (523,592)	\$ 45,393	\$ 168,784	\$ 2,680,751	\$ 600	\$ 64,702	\$ 202,105

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

29. SEGMENTED INFORMATION, continued

	Education			Social Development			Economic Development		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ 736,913	\$ 1,078,291	\$ 924,924	\$ 219,062	\$ 333,403	\$ 326,007	\$ 15,895	\$ 17,405	\$ 320,052
Province of BC	-	-	19,484	-	-	-	77,515	146,331	112,515
Harrison Hydro LP	-	-	-	-	-	-	938,877	438,211	580,988
Economic activities	55,788	145,464	134,939	-	-	-	-	-	54,100
Investment	-	-	-	-	-	-	100,000	-	157,269
Other revenue	-	(322,865)	(278,245)	-	(100,261)	26,521	259,180	653,549	603,184
Total revenue	792,701	900,890	801,102	219,062	233,142	352,528	1,391,467	1,255,496	1,828,108
Expenses									
Professional fees and subcontract	28,000	25,677	82,309	-	-	-	21,638	135,166	34,514
Wages and benefits	524,978	448,813	319,651	-	28,922	34,924	212,709	193,824	183,764
Repairs and maintenance	8,000	7,029	12,565	-	-	-	-	13,554	9,136
Training, travel and workshops	10,000	31,944	72,747	-	2,672	215	-	26,863	3,313
Members distribution	-	-	-	-	-	-	-	3,000	-
Administration fees and office	124,905	1,688	2,290	63,825	1,849	2,330	14,011	-	-
Utilities and telephone	-	8,305	9,025	-	1,047	314	130,000	131,901	119,043
Other expenses	80,677	193,151	171,959	155,237	167,826	174,703	134,074	154,699	143,449
Total expenses	776,560	716,607	670,546	219,062	202,316	212,486	512,432	659,007	493,219
Annual surplus (deficit)	\$ 16,141	\$ 184,283	\$ 130,556	-	\$ 30,826	\$ 140,042	\$ 879,035	\$ 596,489	\$ 1,334,889

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

29. SEGMENTED INFORMATION, continued

	Housing			Housing Reserves			Business Enterprises Fund		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 345,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Canada Mortgage and Housing Corporation	133,162	202,385	133,135	-	-	-	-	-	-
Province of BC	-	-	-	-	-	-	-	-	30,545
Other revenue	180,068	(179,768)	190,437	-	15,676	1,108	-	-	50,000
Total revenue	313,230	367,617	323,572	-	15,676	1,108	-	-	80,545
Expenses									
Professional fees and subcontract	4,000	1,001	(1,200)	-	-	-	-	900	-
Wages and benefits	-	-	-	-	17	-	-	-	-
Repairs and maintenance	27,440	128,274	30,648	-	(17)	-	-	-	-
Training, travel and workshops	-	301	-	-	-	-	-	-	-
Amortization	-	128,542	133,898	-	-	-	-	-	-
Administration fees and office	26,023	-	-	-	-	-	-	-	-
Other expenses	227,180	126,059	126,547	-	-	-	-	3,902	50,000
Total expenses	284,643	384,177	289,893	-	-	-	-	4,802	50,000
Annual surplus (deficit)	\$ 28,587	\$ (16,560)	\$ 33,679	\$ -	\$ 15,676	\$ 1,108	\$ -	\$ (4,802)	\$ 30,545
	Ottawa Trust Funds			Internally Restricted Capital Bylaw Fund			Capital Fund		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Harrison Hydro LP	\$ -	\$ -	\$ -	\$ -	\$ 146,972	\$ 203,689	\$ -	\$ -	\$ -
Investment	-	-	-	-	144,968	122,562	-	-	-
Other revenue	-	8,702	2,020	-	206,377	6,377	-	-	-
Total revenue	-	8,702	2,020	-	498,317	332,628	-	-	-
Expenses									
Amortization	-	-	-	-	-	-	-	590,050	375,577
Other expenses	-	-	-	-	26,146	26,231	-	-	-
Total expenses	-	-	-	-	26,146	26,231	-	590,050	375,577
Other	-	8,702	2,020	-	472,171	306,397	-	(590,050)	(375,577)
Annual surplus (deficit)	\$ -	\$ 8,702	\$ 2,020	\$ -	\$ 936,930	\$ 306,397	\$ -	\$ (590,050)	\$ (375,577)

DOUGLAS INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

29. SEGMENTED INFORMATION, continued

	2023 Budget	Consolidated totals 2023 Actual	2022 Actual
Revenues			
Indigenous Services Canada	\$ 1,548,117	\$ 3,424,577	\$ 2,666,632
Indigenous Services Canada Reimbursement (Recovery)	216,960	770,869	325,179
Canada Mortgage and Housing Corporation	315,691	202,385	133,135
First Nation Health Authority	173,674	250,113	1,422,593
Province of BC	77,515	206,331	192,544
Harrison Hydro LP	938,877	585,183	784,677
Funding from First Nation Organizations	115,296	252,046	243,547
Net income (loss) from government business enterprises	100,000	144,968	279,831
Other revenue	2,548,712	(458,664)	2,038,633
Total revenue	6,034,842	5,377,806	8,086,771
Expenses			
Professional fees and subcontract	538,353	514,062	616,581
Wages and benefits	1,436,528	1,361,237	1,171,017
Repairs and maintenance	100,553	251,939	143,689
Training, travel and workshops	145,443	300,982	189,375
Members distribution	150,000	115,096	192,137
Amortization	-	718,592	509,475
Administration fees and office	515,106	83,541	58,356
Utilities and telephone	178,855	164,274	168,700
Other expenses	2,493,746	1,255,507	1,074,518
Total expenses	5,558,584	4,765,230	4,123,848
Other	476,258	612,576	3,962,923
	-	464,759	-
Annual surplus (deficit)	\$ 476,258	\$ 1,077,335	\$ 3,962,923