

McLeod Lake Indian Band
Consolidated Financial Statements
March 31, 2022

McLeod Lake Indian Band

Contents

For the year ended March 31, 2022

Page

Management's Responsibility

Independent Auditor's Report

Consolidated Financial Statements

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations.....	2
Consolidated Statement of Accumulated Surplus.....	3
Consolidated Statement of Changes in Net Financial Assets.....	4
Consolidated Statement of Cash Flows.....	5

Notes to the Consolidated Financial Statements.....	6
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Schedules

Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	24
Schedule 2 - Consolidated Schedule of Expenses by Object.....	26
Schedule 3 - Schedule of Revenue and Expenses - Administration.....	27
Schedule 4 - Schedule of Revenue and Expenses - Business Enterprises.....	28
Schedule 5 - Schedule of Revenue and Expenses - Capital Projects.....	29
Schedule 6 - Schedule of Revenue and Expenses - Community Health.....	30
Schedule 7 - Schedule of Revenue and Expenses - Education.....	31
Schedule 8 - Schedule of Revenue and Expenses - Infrastructure.....	32
Schedule 9 - Schedule of Revenue and Expenses - Membership.....	33
Schedule 10 - Schedule of Revenue and Expenses - Natural Resources.....	34
Schedule 11 - Schedule of Revenue and Expenses - Social Development.....	35
Schedule 12 - Schedule of Revenue and Expenses - Social Housing.....	36



Management's Responsibility

To the Members of McLeod Lake Indian Band:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditor. Chief and Council are also responsible for recommending the appointment of the Band's external auditor.

MNP LLP is appointed by Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditor has full and free access to both Chief and Council and management to discuss their audit findings.

A blue ink signature, appearing to read "A. Singh", is written over a horizontal line.

Band Manager

July 28, 2022

To the Members of McLeod Lake Indian Band:

Opinion

We have audited the consolidated financial statements of McLeod Lake Indian Band (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Band as at March 31, 2022, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Band 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 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 Band'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 Band or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 these consolidated 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 Band'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 Band'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 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 auditor's report. However, future events or conditions may cause the Band 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 Band 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.

Prince George, British Columbia

July 28, 2022

MNP LLP

Chartered Professional Accountants

McLeod Lake Indian Band

Consolidated Statement of Financial Position

As at March 31, 2022

	2022	2021 Restated (Note 24)
Financial assets		
Cash (Note 3)	34,441,174	23,877,897
Accounts receivable and accruals (Note 4)	15,150,044	5,514,743
Guaranteed investment certificate	12,142	12,142
Restricted cash (Note 5)	174,266	288,197
Inventory for resale (Note 6)	92,210	85,795
Investment in Band business entities (Note 7)	47,395,786	33,747,669
Funds held in trust (Note 8)	47,973	48,047
Total financial assets	97,313,595	63,574,490
Liabilities		
Accounts payable and accruals (Note 9)	1,502,459	1,739,698
Deferred revenue (Note 10)	219,385	1,124,357
Debt (Note 11)	6,092,680	6,495,227
Advances from related Band entities (Note 12)	8,387,406	3,064,301
Total liabilities	16,201,930	12,423,583
Net financial assets	81,111,665	51,150,907
Contingent liabilities (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	22,359,880	21,680,746
Prepaid expenses and deposits	3,033,754	141,067
Purchased intangibles (Note 15)	747,126	1,091,954
Total non-financial assets	26,140,760	22,913,767
Accumulated surplus (Note 16)	107,252,425	74,064,674

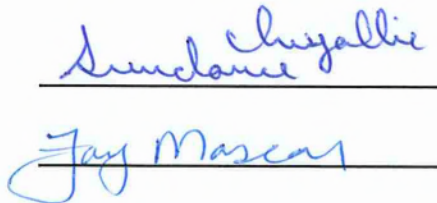
Approved on behalf of Chief and Council:

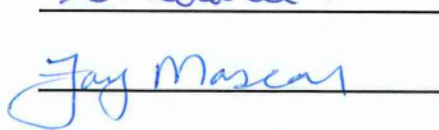




Chief

Councilor





Councilor

Councilor

McLeod Lake Indian Band

Consolidated Statement of Operations

For the year ended March 31, 2022

	<i>Schedules</i>	2022 Budget (Note 22)	2022	2021 Restated (Note 24)
Revenue				
Contract revenue		1,720,220	13,424,112	3,454,026
Sale of logs from settlement lands		-	11,483,594	10,018,913
Province of British Columbia		35,000	11,032,894	3,898,369
Earnings from investment in Band business entities (Note 7)		-	11,365,987	758,814
Trust revenue		-	8,544,681	9,774,440
Indigenous Services Canada (Note 17)		2,318,034	3,363,605	3,307,620
Sale of goods and services		-	1,547,686	1,043,777
First Nations Health Authority		754,588	1,478,458	1,169,319
Other revenue		10,000	1,148,327	2,703,710
Canada Mortgage and Housing Corporation		-	979,231	206,869
Debt forgiveness		-	827,877	11,972,365
Oil and Gas Commission		640,000	706,000	621,750
Donations		40,000	544,192	116,899
First Nations Education Steering Committee		3,500	306,382	69,522
Rental revenue		-	285,301	275,616
Government of Canada		-	199,500	-
Interest income		-	139,146	131,694
Housing rental revenue		-	141,696	142,858
Ministry of Children and Family Development		174,245	132,593	187,067
Prince George Nechako Aboriginal Employment & Training Association		205,000	100,051	203,162
Expense reimbursement		-	42,833	113,290
Canada Emergency Wage Subsidy		-	33,213	-
Forest products		-	13,199	190,750
Royalty income		-	7,025	20,058
Gain (loss) on sale of tangible capital assets		-	(16,840)	81,526
		5,900,587	67,830,743	50,462,414
Expenses				
Administration	3	3,581,323	3,258,710	2,775,375
Business Enterprises	4	115,528	4,336,998	4,214,140
Capital Projects	5	373,607	373,636	297,506
Community Health	6	847,417	1,101,455	1,640,479
Education	7	1,339,910	1,041,102	1,176,817
Infrastructure	8	664,995	1,506,208	1,163,571
Membership	9	2,884,159	5,462,787	5,246,196
Natural Resources	10	4,213,650	10,613,862	7,086,829
Social Development	11	1,136,288	901,904	729,744
Social Housing	12	-	10,877	6,500
		15,156,877	28,607,539	24,337,157
Surplus (deficit) before transfer		(9,256,290)	39,223,204	26,125,257
Transfer to trust (Note 12)		-	(6,035,453)	(1,808,810)
Annual surplus (deficit)		(9,256,290)	33,187,751	24,316,447

The accompanying notes are an integral part of these financial statements

McLeod Lake Indian Band
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2022

	2022	<i>2021 Restated (Note 24)</i>
Accumulated surplus, beginning of year, as previously stated	76,664,674	49,748,227
Correction of error (Note 24)	(2,600,000)	-
Accumulated surplus, beginning of year, as restated	74,064,674	49,748,227
Annual surplus	33,187,751	24,316,447
Accumulated surplus, end of year	107,252,425	74,064,674

McLeod Lake Indian Band
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021 Restated (Note 24)
Annual surplus	(9,256,290)	33,187,751	24,316,447
Purchases of tangible capital assets	-	(2,098,635)	(2,268,087)
Purchase of intangible assets	-	-	(1,250,000)
Amortization on tangible capital assets of tangible capital assets	-	1,254,165	1,115,345
Amortization on purchased intangibles	-	344,828	158,046
Proceeds of disposal of tangible capital assets	-	148,496	212,623
Use (accumulation) of prepaid expenses	-	(2,892,687)	(121,684)
Loss (gain) on disposal of tangible capital assets	-	16,840	(81,526)
	-	(3,226,993)	(2,235,283)
Increase (decrease) in net financial assets	(9,256,290)	29,960,758	22,081,164
Net financial assets, beginning of year	51,150,907	51,150,907	29,069,743
Net financial assets, end of year	41,894,617	81,111,665	51,150,907

The accompanying notes are an integral part of these financial statements

McLeod Lake Indian Band
Consolidated Statement of Cash Flows
For the year ended March 31, 2022

	2022	2021 <i>Restated (Note 24)</i>
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	33,187,751	24,316,447
Non-cash items		
Amortization on tangible capital assets	1,254,165	1,115,345
Amortization on purchased intangibles	344,828	158,046
Loss (gain) on disposal of tangible capital assets	16,840	(81,526)
Bad debt recovery	(35,498)	(114,167)
Forgiveness of debt between Band-owned entities (Note 7)	827,877	11,972,351
Forest products	(305)	-
Earnings from investment in Band business entities (Note 7)	(11,767,164)	(12,731,178)
Ottawa trust funds	74	(555)
	23,828,568	24,634,763
Changes in working capital accounts		
Accounts receivable and accruals	(9,635,301)	(3,712,478)
Restricted cash	113,931	24,599
Accounts payable and accruals	(237,240)	103,230
Inventory for resale	(6,415)	118,370
Deferred revenue	(904,972)	1,119,554
Prepaid expenses	(2,892,687)	(121,684)
	10,265,884	22,166,354
Financing activities		
Repayment of debt	(402,547)	(384,747)
Payment of capital lease	-	(232,802)
Net advances to (from) related entities	3,626,999	(19,807,723)
	3,224,452	(20,425,272)
Capital activities		
Purchases of tangible capital assets	(2,098,635)	(2,268,087)
Proceeds of disposal of tangible capital assets	148,496	212,623
Purchase of intangible assets	-	(1,250,000)
	(1,950,139)	(3,305,464)
Investing activities		
Distributions from Band business entities	2,774,180	3,300,000
Investment in Band business entities	(3,751,100)	-
	(976,920)	3,300,000
Increase in cash	10,563,277	1,735,618
Cash, beginning of year	23,877,897	22,142,279
Cash, end of year	34,441,174	23,877,897

The accompanying notes are an integral part of these financial statements

McLeod Lake Indian Band

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

1. Operations

The McLeod Lake Indian Band (the "Band") is located in the province of British Columbia, and provides various services to its members. McLeod Lake Indian Band includes the Band's members, government and all related entities that are accountable to the Band and are either owned or controlled by the Band.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Fund accounting

The Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary consolidated financial statements. All interfund balances have been eliminated.

The Band maintains the following funds:

- The Operating Fund, which reports on the general activities of the Band administration.
- The Ottawa Trust Fund, which reports on trust monies owned by the Band and held by third parties.
- The Canada Mortgage and Housing Corporations ("CMHC") Social Housing Fund, which reports the CMHC funded social housing operations of the Band.
- The Capital Fund reports on the tangible capital assets of the Band, less any related capital financing.
- The Enterprise Fund, which reports on activities of the Limited Partnerships and other incorporated entities controlled by the McLeod Lake Indian Band on a modified equity basis.

Reporting entities consolidated

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the Band reporting entity, except for Band business entities. Trusts administered on behalf of third parties by McLeod Lake Indian Band are excluded from the Band reporting entity.

The Band has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Social Housing Fund
- Tse'khene Community Development Corporation
- Tse'khene Food and Fuel Ltd.
- Duz Cho Forest Products Limited Partnership
- Duz Cho Forest Products Ltd.

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.

McLeod Lake Indian Band business enterprises, owned or controlled by the Band but not dependant on the Band for their continuing operations, are included in the consolidated financial statements using the modified equity method. Band business partnerships, jointly owned and controlled by the Band that are not dependent on the Band for their continuing operations, are included in the consolidated financial statements using the modified equity method.

2. Significant accounting policies *(Continued from previous page)*

Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Band. Thus, the Band's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Duz Cho Logging Ltd. (100% owned)
- Duz Cho Logging Limited Partnership (99.99% owned)
- Duz Cho Construction Ltd. (100% owned)
- Duz Cho Construction Limited Partnership (99.99% owned)
- Duz Cho Group of Companies Ltd. (100% owned)
- Duz Cho Group of Companies Limited Partnership (100% owned)
- Three Feathers Limited Partnership (33.3% owned)
- Three Feathers GP Ltd. (33.33% owned)
- McLeod Lake Mackenzie Community Forest Limited Partnership (50% owned)
- McLeod Lake Mackenzie Community Forest Corporation (50% owned)
- Tse'khene Development Limited Partnership (99.99% owned)
- Tse'khene GP Ltd. (100% owned)

Entities which are not controlled or jointly controlled is accounted for at cost. This includes:

- Mackenzie Fibre Management Corporation
- Shas Ti-Dlezeh Industrial Park Limited Partnership
- Shas Ti-Dlezeh Extraction Plant Limited Partnership
- MIXT Energy Exports Limited Partnership

Entity which is a corporation acting as a bare trust is accounted for at cost. This includes:

- Tse'khene Timber Ltd.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Funds held in Trust

Funds held in trust on behalf of Band members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on land or other Band tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Net financial assets

The Band's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the Band is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets and comprise a second indicator of consolidated financial position, accumulated surplus.

Asset classification

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

Cash

Cash includes balances with banks with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

Capital expenditures are any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery or equipment. The benefits last beyond one year and result in the acquisition of an asset or are an extension of the life of an asset. Tangible capital assets are initially recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

Assets under construction are not amortized until the asset is available for productive use.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the rates.

	Method	Rate
Buildings (includes Social Housing) and Paving	straight-line	10 - 20 years
Water Systems & Fire Protection	straight-line	10 years
Automotive and Mobile Equipment	straight-line	5 years
Office and Computer Equipment	straight-line	5 years
Manufacturing Equipment and Small Tools	straight-line	2 - 10 years

Purchased intangible assets

Purchased intangible assets are initially recorded at cost based on historical cost accounting records and are amortized over their expected useful life.

Purchased intangibles includes non-renewable timber rights. These timber rights have a finite life and are amortized over the useful life of the licence.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

i) Government Transfers

The Band 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 a liability. In such circumstances, the Band recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

ii) Band Capital and Revenue Trust Funds

The Band recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

iii) Investment Income

Investment income is recognized by the Band when the investment income is earned.

iv) Forestry Revenue

Revenue earned on timber sale licenses is recognized when wood fibre is delivered and the customer takes ownership and assumes the risk of loss, persuasive evidence of an arrangement exists, and collection is reasonably assured.

v) Other Revenue

Revenue earned from the sale of lumber, fuel, tobacco and confectionary items is recognized when the goods are delivered to the customer, persuasive evidence of an arrangement exists, and collection is reasonably assured.

Interest income, rental income, and other revenue are recognized when earned and/or when the service is provided and collection is reasonably assured.

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that the Band is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

Segments

The Band conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Band's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable 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.

Reforestation

The Band accounts for costs related to the reforestation of logged areas in the period such areas are logged. Costs represent the required contribution to the McLeod Lake Indian Band Silviculture Trust pursuant to the Band Forest Practices Code.

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Band is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

At each financial reporting date, the Band reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Band continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2022, no liability for contaminated site exists.

Financial instruments

The Band's financial instruments consist of cash, accounts receivable and accruals, guaranteed investment certificates, restricted cash, accounts payable and accruals, debt and advances from related Band entities.

The Band recognizes its financial instruments when the Band becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. They are subsequently recorded at cost less any impairment losses if other than temporary.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets are tested annually for impairment. Management considers if there is a significant adverse change in the expected amount or timing of cash flows from the financial asset in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value.

3. Cash

	2022	2021
Operations Fund	30,266,263	20,625,172
Social Housing Fund	1,327,610	969,362
Duz Cho Forest Products Limited Partnership	62,891	41,402
Tse'khene Community Development Corporation	2,511,777	2,128,479
Tse'khene Food & Fuel Ltd.	272,633	113,482
	34,441,174	23,877,897

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

4. Accounts receivable and accruals

	2022	2021
Trade and accrued receivables	2,336,150	3,453,145
Dividends receivable	2,774,181	1,100,000
Social Housing rent receivable	182,866	320,347
First Nation Health Authority	370,039	237,693
Province of British Columbia	9,377,417	465,000
Oil and Gas Commission	203,000	-
First Nation Education Steering Committee	10,000	38,290
Indigenous Services Canada	-	155,105
BC Hydro	52,500	30,500
Government remittances	8,903	201
	15,315,056	5,800,281
Less: Allowance for doubtful accounts	(165,012)	(285,538)
	15,150,044	5,514,743

5. Restricted cash

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited in the amount of \$10,000 (2021 - \$10,000) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, these reserves were under-funded by \$27,593 (2021 - adequately funded).

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), excess revenue over expenditures for the Post 1996 phases may be retained in an operating reserve. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At year end, the operating reserve was under-funded by \$60,161 (2021 - adequately funded).

Restricted cash is comprised of the following:

	2022	2021
Replacement reserve	180,874	153,281
Operating reserve	195,077	134,916
	375,951	288,197

6. Inventory for resale

	2022	2021
Access mats	13,020	13,020
Fuel	27,154	16,709
Tobacco	14,018	31,066
Food and supplies	13,018	-
Logs	25,000	25,000
	92,210	85,795

The cost of inventories recognized as an expense during the year was \$2,151,828 (2021 - \$1,151,491).

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

7. Investment in Band business entities

	<i>Balance, beginning of year</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contribution (distributions)</i>	<i>2022 Total investment</i>
Portfolio Investments:					
Mackenzie Fibre Management Corporation	400	-	-	-	400
Tse'khene Timber Ltd.	1	-	-	-	1
Shas Ti-Dlezeh Industrial Park Limited Partnership	-	-	-	125,000	125,000
Shas Ti-Dlezeh Extraction Plant Limited Partnership	-	-	-	125,000	125,000
MIXT Energy Exports Limited Partnership	-	-	-	1,500,000	1,500,000
	401	-	-	1,750,000	1,750,401
Wholly-owned Businesses:					
Duz Cho Logging Ltd.	(5,120)	-	(976)	-	(6,096)
Duz Cho Construction Ltd.	(3,626)	-	123	-	(3,503)
Duz Cho Group of Companies Ltd.	(5,033)	-	137	-	(4,896)
Tse'khene GP Ltd.	-	-	(944)	-	(944)
	(13,779)	-	(1,660)	-	(15,439)
First Nation Business Partnerships and Enterprises – Modified Equity:					
Duz Cho Logging Limited Partnership (99.99%)	7,158,481	(246,933)	230,457	1,972,692	9,114,697
Duz Cho Construction Limited Partnership (99.99%)	22,265,320	(41,333)	11,233,244	(2,246,873)	31,210,358
Duz Cho Group of Companies Limited Partnership (99.99%)	(156,620)	331	(92,795)	-	(249,084)
McLeod Lake Mackenzie Community Forest Limited Partnership (50%)	4,338,214	-	(65,911)	(500,000)	3,772,303
McLeod Lake Mackenzie Community Forest Corporation (50%)	45,967	-	4,691	-	50,658
Three Feathers Limited Partnership (33.3%)	111,229	(72,167)	2,834	-	41,896
Three Feathers GP Ltd. (33.3%)	(1,544)	-	(437)	-	(1,981)
Tse'khene Development Limited Partnership (99.99%)	-	1,665,413	55,564	1,000	1,721,977
	33,761,047	1,305,311	11,367,647	(773,181)	45,660,824
	33,747,669	1,305,311	11,365,987	976,819	47,395,786

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

9. Investment in Band business entities *(Continued from previous page)*

	<i>Balance, beginning of year</i>	<i>Loans / advances</i>	<i>Share of earnings (loss)</i>	<i>Contribution (distributions)</i>	<i>2021 Total investment - Restated (Note 24)</i>
Portfolio Investments:					
Mackenzie Fibre Management Corporation	400	-	-	-	400
Tse'khene Timber Ltd.	-	-	1	-	1
	400	-	1	-	401
Wholly-owned Businesses:					
Duz Cho Logging Ltd.	(3,698)	-	(1,422)	-	(5,120)
Duz Cho Construction Ltd.	(3,005)	-	(621)	-	(3,626)
Duz Cho Group of Companies Ltd.	(4,985)	-	(48)	-	(5,033)
	(11,688)	-	(2,091)	-	(13,779)
First Nation Business Partnerships and Enterprises – Modified Equity:					
Duz Cho Logging Limited Partnership (99.90%)	12,259,032	-	(4,500,551)	(600,000)	7,158,481
Duz Cho Construction Limited Partnership (99.90%)	20,478,533	-	3,786,787	(2,000,000)	22,265,320
Duz Cho Group of Companies Limited Partnership (99.99%)	(85,647)	(23,461)	(47,512)	-	(156,620)
McLeod Lake Mackenzie Community Forest Limited Partnership (50%)	3,376,424	-	1,361,790	(400,000)	4,338,214
McLeod Lake Mackenzie Community Forest Corporation (50%)	-	-	45,967	-	45,967
Three Feathers Limited Partnership (33.3%)	295,262	-	115,967	(300,000)	111,229
Three Feathers GP Ltd. (33.3%)	-	-	(1,544)	-	(1,544)
	36,323,604	(23,461)	760,904	(3,300,000)	33,761,047
	36,312,316	(23,461)	758,814	(3,300,000)	33,747,669

Continued on next page

Summary financial information for each Band business entity, accounted for using the modified equity method, for their respective year-ends is provided below.

Each of the Band's investees has a different year-end than March 31, 2022, as described below. The Band uses the investees' year-end financial statements to account for its investment in these investees. There have been no significant events or transactions in the interim period.

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

9. Investment in Band business entities *(Continued from previous page)*

The following entities are unaudited: Three Feathers Limited Partnership, Duz Cho Group of Companies Ltd., Duz Cho Logging Ltd., Duz Cho Construction Ltd. and Duz Cho Group of Companies Limited Partnership, Three Feathers General Partner Ltd., Tse'khene Development Limited Partnership, and Tse'khene General Partnership Ltd.

Duz Cho Forest Products Limited Partnership has been accounted for using the consolidation method as the Limited Partnership is not self-sustaining. Included in the Band's consolidated financial statements are revenue of \$841,076 (2021 - \$12,068,769), expenses of \$748,936 (2021 - \$1,495,157) and net earnings of \$92,140 (2021 - net earnings of \$10,573,612).

During the year, the Band acquired 99.99% ownership of Tse'khene Development Limited Partnership as the limited partner, whereas Tse'khene GP Ltd. owns 0.01% as the general partner. The Band has also acquired 100% ownership of Tse'khene GP Ltd. as the sole shareholder. Both entities are accounted for using modified equity method.

In additions, the Band also acquired 99.99% ownership of Shas Ti-Dlezech Industrial Park Limited Partnership, Shas Ti-Dlezech Extraction Plant Limited Partnership and MIXT Energy Exports Limited Partnership. The Band is the limited partner for these partnerships whereas an external party owns 0.01% of each partnership as the general partner. These partnerships are not controlled or influenced by the Band and accounted for using cost method. As at March 31, 2022, the accumulated contributions made by the band were \$1,750,000.

	<i>Duz Cho Logging Limited Partnership As at October 31, 2021</i>	<i>Duz Cho Construction Limited Partnership As at October 31, 2021</i>	<i>McLeod Lake Mackenzie Community Forest Limited Partnership As at December 31, 2021</i>	<i>Three Feathers Limited Partnership As at April 30, 2022 (Unaudited)</i>
Assets				
Cash	1,925,420	6,851,167	306,147	1,491,797
Accounts receivable	2,885,768	23,814,182	34,744	12,210
Inventory	347,604	1,365,265	-	-
Investments	119,532	-	8,879,475	-
Advances to related parties	14,895	450,539	-	4,538
Property, plant and equipment	9,132,005	15,314,936	149,948	-
Prepaid expenses	67,182	122,518	28,669	13,200
Intangible assets	803,582	12,938	-	-
Goodwill	-	331,450	-	-
Total assets	15,295,988	48,262,995	9,398,983	1,521,745
Liabilities				
Accounts payable and accruals	1,691,464	6,502,544	524,658	44,321
Deferred revenue	-	-	-	-
Advances from related parties	1,044,720	-	75,904	-
Long-term debt	915,869	2,824,258	-	-
Capital leases	5,284,186	5,433,987	-	-
Other long-term liabilities	-	-	1,253,814	1,351,470
Total liabilities	8,936,239	14,760,789	1,854,376	1,395,791
Partners' Capital	6,359,749	33,502,206	7,544,607	125,954
Total revenue	27,822,033	61,229,448	1,241,499	514,764
Total expenses	27,591,553	49,995,081	1,373,320	506,260
Comprehensive income (loss)	230,480	11,234,367	(131,821)	8,504

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

9. **Investment in Band business entities** *(Continued from previous page)*

	<i>Duz Cho Group of Companies Ltd. As at October 31, 2021 (Unaudited)</i>	<i>Duz Cho Logging Ltd. As at October 31, 2021 (Unaudited)</i>	<i>Duz Cho Construction Ltd. As at October 31, 2021 (Unaudited)</i>	<i>Duz Cho Group of Companies Limited Partnership As at October 31, 2021 (Unaudited)</i>
Assets				
Cash	-	-	-	47,446
Accounts receivable	-	-	-	2,032
Inventory	-	-	-	-
Investments	1,503	3,414,216	3,642	36,444,097
Advances to related parties	1	-	-	-
Property, plant and equipment	-	-	-	1,629
Prepaid expenses	-	-	-	27,363
Intangible assets	-	-	-	-
Goodwill	-	-	-	-
Total assets	1,504	3,414,216	3,642	36,522,567
Liabilities				
Accounts payable and accruals	6,400	1,000	1,000	57,277
Deferred revenue	-	-	-	-
Advances from related parties	-	3,419,212	6,145	151,483
Long-term debt	-	-	-	-
Capital leases	-	-	-	-
Other long-term liabilities	-	-	-	-
Total liabilities	6,400	3,420,212	7,145	208,760
Partners' Capital	(4,896)	(5,996)	(3,503)	36,313,807
Total revenue	1,137	24	1,123	12,221,697
Total expenses	1,000	1,000	1,000	850,792
Comprehensive income (loss)	137	(976)	123	11,370,905

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

9. **Investment in Band business entities** *(Continued from previous page)*

	<i>Three Feathers General Partner Ltd. As at April 30, 2022 (Unaudited)</i>	<i>McLeod Lake Mackenzie Community Forest Corp. As at December 31, 2021</i>	<i>Tse'khene Development Limited Partnership As at December 31, 2021 (Unaudited)</i>	<i>Tse'khene General Partnership Ltd. As at March 31, 2022 (Unaudited)</i>
Assets				
Cash	-	61,306	-	100
Accounts receivable	-	-	-	-
Inventory	-	-	-	-
Investments	244	1	-	7
Advances to related parties	300	75,904	66,169	-
Property, plant and equipment	-	-	1,725,189	-
Prepaid expenses	-	3,246	-	-
Intangible assets	-	-	-	-
Goodwill	-	-	-	-
Total assets	544	140,457	1,791,358	107
Liabilities				
Accounts payable and accruals	1,650	20,041	2,999	1,000
Deferred revenue	-	18,900	-	-
Advances from related parties	4,538	-	1,731,788	1
Long-term debt	-	-	-	-
Capital leases	-	-	-	-
Other long-term liabilities	-	-	-	-
Total liabilities	6,188	38,941	1,734,787	1,001
Partners' Capital	(5,644)	101,516	56,571	(894)
Total revenue	1	216,000	65,168	6
Total expenses	1,313	206,618	9,598	1,000
Comprehensive income (loss)	(1,312)	9,382	55,570	(994)

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

8. Funds held in trust

Capital and revenue trust monies are transferred to the Band on the authorization of the Minister of Indigenous Services Canada, with the consent of the Band's Chief and Council.

	2022	2021
Capital Trust		
Balance, beginning and end of year	48,047	47,492
Revenue Trust		
Interest	913	916
Transferred out to cash	(987)	(361)
Balance, end of year	(74)	555
	47,973	48,047

Ottawa Trust Funds

The Ottawa 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 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*.

9. Accounts payable and accruals

	2022	2021
Accounts payable general	643,842	995,707
Accrued liabilities	271,775	155,622
Wages payable	342,168	329,916
Government remittances	223,672	236,218
Housing	10,400	10,481
Other	10,602	11,754
	1,502,459	1,739,698

Included in accrued liabilities are amounts payable resulting from a court settlement with Mackenzie Fibre Management Corporation ("MacFibre"). The Court ordered the Band to pay MacFibre a total of \$191,596 for the cost of legal fees incurred by MacFibre throughout their ongoing legal proceedings.

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

10. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
Canada Mortgage and Housing Corporation - Rapid Housing	1,119,592	-	901,036	218,556
Prepaid sales	4,765	79	4,015	829
	1,124,357	79	905,051	219,385

11. Debt

	2022	2021
BMO - demand loan repayable in monthly instalments of \$38,284 including interest at prime plus 4.6% per annum, maturing October 2038, secured by all properties of Duz Cho Forest Products Limited Partnership with a net realizable value of \$5,438,610 (2021 - \$5,590,793).	5,411,225	5,616,560
RBC - term loan repayable in monthly instalments of \$14,500 including interest at prime plus 5.6% per annum, maturing March 2025, secured by all properties of Duz Cho Forest Products Limited Partnership with a net realizable value of \$5,438,610 (2021 - \$5,590,793).	533,335	673,190
All Nations Trust Company - repayable in monthly instalments of \$1,754 including interest at 1.3% per annum, maturing April, 2027, secured by the guarantee of the Band and the Government of Canada.	103,500	123,071
All Nations Trust Company - repayable in monthly instalments of \$2,445 including interest at 2.5% per annum, maturing May, 2023, secured by the guarantee of the Band and the Government of Canada.	33,711	61,836
Ford Credit - loan payable in monthly instalments of \$859, including interest at 3.99% per annum, maturing November 2022, secured by a specific piece of equipment with a net realizable of \$29,000 (2021 - \$23,200)	10,909	20,570
	6,092,680	6,495,227

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2023	421,587
2024	407,279
2025	421,376
2026	331,021
2027	280,966
	1,862,229
Thereafter	4,230,451
Total	6,092,680

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

12. Debt *(Continued from previous page)*

The prime rate for both RBC and BMO is 2.70% (2021 - 2.45%).

Subsequent to year end, the Band paid off both outstanding All Nations Trust loans in full.

12. Advances from related Band entities

Advances from related Band entities are unsecured, non-interest bearing and due on demand. These entities are related by virtue of common control or joint control by the Band.

	2022	2021
McLeod Lake Indian Band Treaty 8 Trust	6,004,709	1,741,534
McLeod Lake Indian Band Land and Minerals Trust	368,150	265,100
McLeod Lake Indian Band Silviculture Trust	2,014,547	1,057,667
	8,387,406	3,064,301

The Band has entered into an agreement with the McLeod Lake Indian Band Silviculture Trust to perform reforestation activities on behalf of the Band. In the event actual future reforestation costs exceed the resources of the McLeod Lake Indian Band Silviculture Trust, the Band is contingently liable to fund the shortfall.

Under Section 2.8 of the Trust Agreement for McLeod Lake Indian Band Treaty 8 Trust, the Band is required to contribute the net income earned each year from the forest resources, mineral resources and right of way revenue to McLeod Lake Indian Band Treaty 8 Trust. The cumulative amount of net forestry revenue contributed by the Band for the current year is \$6,035,453 (2021 - \$1,808,810).

13. Contingent liabilities

- a) The financial results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results of their review.
- b) The Band is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2022 might be recovered.
- c) The Band is subject to legal proceedings, claims and litigations arising in the ordinary course of business. While the outcome of these matters is currently not determinable, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Band's financial statements.

14. Significant event

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Band's operations were not significantly impacted by COVID-19 during the year ended March 31, 2022. At this time, it is unknown the full extent of the impact the COVID-19 outbreak may have on the Band as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Band's business and financial condition.

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

15. Purchased intangibles

	2022	2021
Timber license - Tse'khene Community Development Corporation	1,250,000	1,250,000
Less: accumulated amortization	(502,874)	(158,046)
	747,126	1,091,954

Included in purchased intangible is a non-renewable forest license purchased by Tse'khene Community Development Corporation. This license grants Tse'khene Community Development Corporation the right to harvest 250,000 m3 of cut control volume as permitted under Section 3.1 of the Timber Purchase Agreement. The licence duration is from October 14, 2020 to the earlier of May 31, 2024 or when the volume commitments have been realized.

16. Accumulated surplus

Accumulated surplus consists of the following:

	2022	2021 <i>Restated (Note 24)</i>
Equity in Ottawa Trust funds	47,973	48,047
Equity in tangible capital assets	16,267,200	15,185,519
Investment in Band business entities (enterprise fund)	47,395,786	33,747,669
Replacement and operating reserve (social housing fund)	375,951	274,938
Surplus in operating fund	43,165,515	24,808,501
	107,252,425	74,064,674

17. Indigenous Services Canada ("ISC") funding reconciliation

	2022	2021
Direct Band Funding		
Revenue per confirmation	3,548,940	3,307,620
Less: amounts received on behalf of Tse'khene Community Development Corporation	(185,335)	-
	3,363,605	3,307,620

18. Trusts under administration

Treaty 8 Trust

The Band is the beneficiary of the McLeod Lake Indian Band Treaty 8 Trust which was established in April 2000 upon ratification of a land settlement agreement. The income from the Trust represented by the Trust Project and Development Account is to be allocated to the Band annually, and the Band must also loan an amount, determined by the Trust, to the Capital Account of the Trust each year. Under the terms of the agreement, net logging profits earned by the Band must be reverted to the Trust. The total fund balance at December 31, 2021 is \$144,736,667 (2020 - \$137,841,926).

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

18. Trusts under administration *(Continued from previous page)*

Land and Minerals Trust

The Band is the beneficiary of the McLeod Lake Indian Band Lands and Minerals Trust which was established in May 2011. The purpose of the Trust is to receive royalty and contract payments for the use of mineral and timber resources by third parties on the Band's traditional territories. The Trust property is to be used for the benefit of the Band and the persons who are members of the Band during the term of the Trust. The total fund balance at December 31, 2021 is \$9,291,347 (2020 - \$8,491,264).

Provincials Revenue Trust

The Band is the beneficiary of the McLeod Lake Indian Band Provincial Revenues Trust which was established in May 2011. The purpose of the Trust is to receive from the Province of British Columbia associated with mineral taxes by the Province from the Mount Milligan mine contract with the Band. The Trust property is to be used for the benefit of the Band and the persons who are members of the Band during the term of the Trust. The total fund balance at December 31, 2021 is \$5,566,050 (2020 - \$5,117,268).

Education Trust

The Band is the beneficiary of the McLeod Lake Indian Band (2017) Education Trust which was established in April 2017. The purpose of the Trust is to administer these funds for the long-term benefit of the membership of the Band. The total fund balance at December 31, 2021 is \$6,338,583 (2020 - \$6,284,505).

Silviculture Trust

The Band is the beneficiary of the McLeod Lake Silviculture Trust which was established in October 1, 2003. The purpose of the Trust is to administer the funds for the long-term benefit of the membership of the Band in accordance with the terms and conditions of the Trust Agreement. The terms and conditions of the Trust Agreement include that McLeod Lake Indian Band to provide or cause to be provided the Trustee on behalf of the Trust with funds to cover Silviculture costs of Band lands and the Trustee agrees to use the Trust property to fund the Silviculture expenses. The total fund balance at December 31, 2021 is \$4,485,881 (2020 - \$6,451,605).

19. Financial instruments

The Band as part of its operations carries a number of financial instruments. It is management's opinion that the Band is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk assumed by the creditor that the borrower will fail to fully honour its financial obligations. Financial instruments that potentially subject the Band to concentrations of credit risk consists principally of cash, accounts receivable and advances to related parties. The maximum credit risk exposure is \$15,150,044 (2021 - \$5,514,743). Management believes that the credit risk is low in regard to cash as balances are held with a chartered financial institution and low for accounts receivable and advances to related parties as management provides allowances for potentially uncollectible amounts.

Risk management

The Band does not have formal risk management policies in place.

Liquidity Risk

Liquidity risk is the risk that the Band will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Band enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Band's future net cash flows for the possibility of negative net cash flow.

The Band and its entities manage liquidity risk by maintaining liquid assets.

The current liabilities of the Band and its entities are expected to be settled and mature within one year of the year-end date.

19. Financial instruments *(Continued from previous page)*

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Band exposed to interest rate risk primarily due to the long-term debt as it is subject to floating rates.

The prime rate for both RBC and BMO at March 31, 2022 was 2.70% (2021 - 2.45%).

20. Segments

During the year, the Band had 10 reportable segments. These segments are differentiated by factors such as major activities, service lines, accountability, and control relationships. For management and reporting purposes, the revenue, expenses, surpluses (deficits) are organized by the following segments:

Administration:

This segment reflects funding and expenditures related to Band governance activities.

Business Enterprises:

This segment includes activities related to the growth of revenue producing projects with the Band.

Capital Projects:

This segment includes services relating to housing renovations and repairs.

Community Health:

This segment includes activities related to the provision of health services within the Band.

Education:

This segment includes revenue and expenditures relating to the elementary, secondary and post-secondary education of the members of the Band.

Infrastructure:

This segment relates to the operation and maintenance of the Band's community buildings and water facilities.

Membership:

This segment includes the revenue and expenses relating to youth, elders, employment training and distributions.

Natural Resources:

This segment relates to forestry, land management and consultation programs and services.

Social Development:

This segment includes the revenue and expenses relating to the social assistance of the members of the Band.

Social Housing:

This segment includes the revenue and expenses relating to the social housing of the members of the Band.

McLeod Lake Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

21. Pension plan

The Band has a defined contribution pension plan for certain employees. The employees contribute a minimum of 5% of their earnings which the Band matches. The pension expense is \$125,788 (2021 - \$115,582). There have been no significant changes to the pension plan in the current year.

22. Budget information

The disclosed budget information has been approved by the Chief and Council of the McLeod Lake Indian Band. The original budget was approved at the Chief and Council meeting held on March 26, 2021.

Budgets were not prepared for all segments and all departments in 2022. As such, the budget figures in the Consolidated Statement of Operations are not presented for the same scope of activities as the actual results.

23. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

24. Correction of an error

Subsequent to release of the financial statements for the year ended March 31, 2021 it was determined that the investment in Duz Cho Logging Limited Partnership and Duz Cho Construction Limited Partnership was over-reported by \$600,000 and \$2,000,000 respectively. Consequently, other revenue was over-reported by \$2,600,000. The effects on the accounts are as follows:

- Investment in Duz Cho Logging Limited Partnership decreased by \$600,000
- Investment in Duz Cho Construction Limited Partnership decreased by \$2,000,000
- Other revenue income decreased by \$2,600,000
- Accumulated surplus decreased by \$2,600,000

McLeod Lake Indian Band
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2022

	<i>Buildings (includes Social Housing) and Paving</i>	<i>Water Systems & Fire Protection</i>	<i>Automotive and Mobile Equipment</i>	<i>Office & Computer Equipment</i>	<i>Manufacturing Equipment & Small Tools</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	21,851,672	1,709,907	2,056,106	261,784	2,923,256	28,802,725
Acquisition of tangible capital assets	1,634,692	-	445,182	18,761	-	2,098,635
Disposal of tangible capital assets	-	-	(109,000)	-	(76,450)	(185,450)
Balance, end of year	23,486,364	1,709,907	2,392,288	280,545	2,846,806	30,715,910
Accumulated amortization						
Balance, beginning of year	6,453,149	807,091	926,372	215,431	-	8,402,043
Annual amortization	751,141	148,788	296,616	30,113	27,507	1,254,165
Accumulated amortization on disposals	-	-	(20,114)	-	-	(20,114)
Balance, end of year	7,204,290	955,879	1,202,874	245,544	27,507	9,636,094
Net book value of tangible capital assets	16,282,074	754,028	1,189,414	35,001	2,819,299	21,079,816
Net book value of tangible capital assets 2021	15,398,523	902,816	1,129,734	46,353	2,923,256	20,400,682

McLeod Lake Indian Band
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2022

	Subtotal	Land	2022	2021
Cost				
Balance, beginning of year	28,802,725	1,280,064	30,082,789	28,012,865
Acquisition of tangible capital assets	2,098,635	-	2,098,635	2,268,087
Disposal of tangible capital assets	(185,450)	-	(185,450)	(198,163)
Balance, end of year	30,715,910	1,280,064	31,995,974	30,082,789
Accumulated amortization				
Balance, beginning of year	8,402,043	-	8,402,043	7,353,764
Annual amortization	1,254,165	-	1,254,165	1,115,345
Accumulated amortization on disposals	(20,114)	-	(20,114)	(67,066)
Balance, end of year	9,636,094	-	9,636,094	8,402,043
Net book value of tangible capital assets	21,079,816	1,280,064	22,359,880	21,680,746
Net book value of tangible capital assets 2021	20,400,682	1,280,064	21,680,746	

McLeod Lake Indian Band
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021
Consolidated expenses by object			
Distributions to members	2,400,000	5,159,599	4,935,005
Professional fees	3,240,331	4,423,987	1,037,929
Contracted services	1,386,824	4,008,815	5,163,044
Salaries and benefits	3,997,112	3,980,497	3,956,806
Consulting	210,341	1,762,704	294,540
Logging and silviculture	-	1,275,495	1,079,627
Purchases of goods for resale	-	1,092,547	1,033,121
Honourarium	526,000	583,600	515,240
Materials and supplies	341,392	484,558	438,992
Repairs and maintenance	96,888	360,662	390,616
Education	668,000	341,751	500,983
Social assistance	409,500	332,518	426,768
Interest on debt	-	296,989	329,160
Advertising	13,500	248,226	39,731
Telephone	157,047	238,520	185,483
Living allowances	280,000	232,454	285,303
Emergency funding	10,000	212,769	765,175
Utilities	-	197,395	172,300
Insurance and taxes	92,363	193,638	564,082
Court settlement costs	-	191,596	-
Travel	220,099	182,488	98,286
Vehicle	135,206	167,946	176,950
Office supplies	99,766	144,006	127,119
Administration fees	69,615	131,369	5,923
Training	105,209	118,538	107,891
Rent	90,385	90,523	109,363
Meals	98,536	82,135	41,366
Technical support	63,500	79,830	69,059
Funeral	50,000	71,503	43,145
Dues and subscriptions	28,500	65,018	110,819
Accommodation	87,700	60,779	40,084
Youth activities	40,000	49,299	32,979
Meeting expenses	55,263	49,044	20,612
Workshops	65,500	42,384	80
Bank charges and interest	22,300	37,272	35,091
Conferences and gathering	83,500	28,254	29,333
Other expenses	12,500	25,336	15,928
Bad debt recovery	-	(35,498)	(114,167)
Amortization on tangible capital assets	-	1,254,165	1,115,345
Amortization on purchased intangibles	-	344,828	158,046
	15,156,877	28,607,539	24,337,157

McLeod Lake Indian Band
Administration
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021
Revenue			
Province of British Columbia	-	10,101,185	3,412,844
Contract revenue	398,220	3,630,675	1,955,685
Trust revenue	-	2,507,472	2,035,000
Indigenous Services Canada	319,131	410,177	323,384
Oil and Gas Commission	230,000	325,752	224,223
Interest income	-	136,166	130,231
Donations	-	55,355	12,084
Expense reimbursement	-	4,836	31,384
Other revenue	-	34,768	1,441,233
Gain (loss) on sale of tangible capital assets	-	(16,840)	10,309
	947,351	17,189,546	9,576,377
Expenses			
Salaries and benefits	918,603	726,486	851,879
Professional fees	695,000	595,885	647,112
Honourarium	492,000	495,084	487,547
Consulting	135,000	479,559	82,785
Court settlement costs	-	191,596	-
Travel	98,500	94,188	51,430
Office supplies	55,000	91,189	72,168
Contracted services	699,220	85,861	176,965
Technical support	56,000	67,623	59,433
Repairs and maintenance	23,500	57,045	20,323
Administration fees	50,000	46,263	2,486
Telephone	30,000	37,928	33,387
Social assistance	-	32,767	54,259
Insurance and taxes	34,000	31,581	51,892
Meals	44,000	27,950	22,367
Advertising	10,000	26,288	6,193
Bank charges and interest	22,000	23,153	24,715
Accommodation	41,000	22,676	19,148
Training	22,000	22,199	13,715
Vehicle	31,500	20,636	23,978
Dues and subscriptions	27,000	16,591	23,512
Meeting expenses	41,000	11,517	12,118
Materials and supplies	15,000	49,509	20,185
Rent	12,000	8,782	13,126
Conferences and gathering	6,000	1,575	2,470
Interest on debt	-	1,511	-
Workshops	13,000	150	-
Living allowances	-	-	2,182
Other expenses	10,000	-	-
Emergency funding recovery	-	(6,882)	-
	3,581,323	3,258,710	2,775,375
Annual surplus (deficit)	(2,633,972)	13,930,836	6,801,002

McLeod Lake Indian Band
Business Enterprises
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021 (Restated) (Note 24)
Revenue			
Earnings from investment in band business entities (Note 7)	-	11,365,987	758,814
Contract revenue	-	6,250,000	-
Sale of goods and services	-	1,547,686	1,043,777
Other revenue	-	1,071,529	1,251,265
Debt forgiveness	-	827,877	11,972,365
Rental revenue	-	285,301	275,616
Trust revenue	-	53,838	1,007,429
Indigenous Services Canada	61,690	36,690	122,331
Canada Emergency Wage Subsidy	-	33,213	-
Forest products	-	13,199	190,750
Royalty income	-	7,025	20,058
Expense reimbursement	-	1,746	-
Gain on sale of tangible capital assets	-	-	71,217
	61,690	21,494,091	16,713,622
Expenses			
Purchases of goods for resale	-	1,092,547	1,033,121
Salaries and benefits	69,578	593,176	829,613
Contracted services	2,500	523,108	417,283
Interest on debt	-	292,839	325,546
Repairs and maintenance	5,000	205,960	253,513
Utilities	-	197,395	165,378
Professional fees (recovery)	-	122,561	(14,112)
Insurance and taxes	-	85,589	430,385
Consulting	-	85,282	28,033
Materials and supplies	25,000	126,410	75,937
Administration fees	-	71,790	-
Telephone	3,200	48,860	46,999
Bad debt	-	39,152	-
Training	3,000	30,615	547
Advertising	500	28,651	12,725
Vehicle	1,000	16,855	48,179
Bank charges and interest	-	13,855	10,040
Travel	1,000	13,533	7,235
Office supplies	250	11,311	12,872
Other expenses	2,000	10,836	15,917
Honourarium	-	10,608	6,358
Rent	-	5,634	5,839
Accommodation	1,000	2,436	-
Technical support	-	1,871	2,227
Meals	500	909	514
Emergency funding	-	595	2,826
Dues and subscriptions	-	521	97
Meeting expenses	1,000	-	67
Logging and silviculture	-	-	16,307
Amortization on tangible capital assets	-	359,271	322,648
Amortization on purchased intangibles	-	344,828	158,046
	115,528	4,336,998	4,214,140
Annual surplus (deficit)	(53,838)	17,157,093	12,499,482

McLeod Lake Indian Band
Capital Projects
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021
Revenue			
Trust revenue	-	408,719	275,000
Indigenous Services Canada	89,888	126,547	93,683
	89,888	535,266	368,683
Expenses			
Salaries and benefits	137,857	239,183	190,416
Materials and supplies	30,000	50,290	30,571
Contracted services	80,000	27,340	6,064
Social assistance	85,000	15,126	38,978
Telephone	10,000	12,847	5,786
Vehicle	12,000	8,579	11,323
Professional fees	1,000	6,681	790
Repairs and maintenance	6,000	5,397	7,794
Insurance and taxes	250	2,500	-
Accommodation	-	1,500	-
Office supplies	2,000	1,071	2,571
Honourarium	2,000	995	1,963
Meeting expenses	1,000	620	593
Rent	500	607	560
Technical support	500	519	50
Travel	-	212	6
Dues and subscriptions	-	125	-
Meals	500	44	41
Training	5,000	-	-
	373,607	373,636	297,506
Annual surplus (deficit)	(283,719)	161,630	71,177

McLeod Lake Indian Band
Community Health
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021
Revenue			
First Nations Health Authority	754,588	1,478,458	1,169,319
Earnings from investment in Nation partnerships	-	162,544	602,426
Province of British Columbia	-	146,805	-
Donations	-	80,302	32,500
Expense reimbursement	-	22,000	-
Other revenue	-	1,000	-
Trust revenue	-	-	1,552,791
Contract revenue	100,000	-	106,000
	854,588	1,891,109	3,463,036
Expenses			
Salaries and benefits	571,602	550,764	524,659
Emergency funding	10,000	219,056	762,152
Youth activities	40,000	49,299	32,979
Workshops	-	35,808	-
Travel	50,000	32,633	24,992
Materials and supplies	10,000	32,290	57,478
Vehicle	15,000	27,359	19,110
Advertising	1,000	25,059	1,669
Contracted services	70,500	22,394	82,849
Telephone	12,000	19,547	13,278
Repairs and maintenance	10,000	16,013	10,021
Training	15,000	15,577	51,015
Office supplies	8,500	13,755	12,285
Other expenses	500	13,740	11
Accommodation	1,000	12,296	5,215
Rent	9,000	9,250	27,700
Meals	2,000	2,426	1,807
Meeting expenses	-	1,576	-
Dues and subscriptions	500	886	507
Technical support	1,000	856	923
Education	-	734	3,090
Bank charges and interest	200	137	79
Administration fees	19,615	-	-
Conferences and gathering	-	-	314
Living allowances	-	-	7,150
Professional fees	-	-	1,196
	847,417	1,101,455	1,640,479
Annual surplus	7,171	789,654	1,822,557

McLeod Lake Indian Band
Education
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021
Revenue			
Indigenous Services Canada	530,000	568,705	572,188
Trust revenue	-	503,334	513,720
First Nations Education Steering Committee	3,500	306,382	69,522
Oil and Gas Commission	150,000	231,018	158,766
Contract revenue	117,500	93,731	163,643
Donations	40,000	14,997	54,702
Expense reimbursement	-	818	-
Other revenue	-	690	-
Prince George Nechako Aboriginal Employment & Training Association	110,000	-	109,459
	951,000	1,719,675	1,642,000
Expenses			
Education	655,000	340,771	497,893
Living allowances	280,000	232,454	275,971
Salaries and benefits	212,310	213,258	205,292
Contracted services	41,500	98,005	3,114
Materials and supplies	58,000	40,837	141,581
Advertising	-	36,600	-
Training	4,500	30,023	15,477
Travel	8,500	14,936	6,031
Meals	13,000	8,534	5,549
Telephone	8,500	6,635	7,883
Conferences and gathering	-	6,000	-
Workshops	22,500	4,700	40
Vehicle	11,000	2,554	2,931
Office supplies	8,250	2,377	8,927
Accommodation	7,500	1,103	2,194
Technical support	2,000	640	708
Rent	1,000	550	1,318
Dues and subscriptions	500	522	298
Social assistance	-	398	-
Meeting expenses	-	176	-
Bank charges and interest	100	29	79
Interest on debt	-	-	8
Repairs and maintenance	-	-	20
Insurance and taxes	2,750	-	265
Honourarium	3,000	-	1,238
	1,339,910	1,041,102	1,176,817
Annual surplus (deficit)	(388,910)	678,573	465,183

McLeod Lake Indian Band
Infrastructure
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021
Revenue			
Trust revenue	-	872,074	805,000
Indigenous Services Canada	219,474	472,494	257,248
Donations	-	300,000	-
Other revenue	10,000	12,150	9,562
Contract revenue	50,000	328	58,402
Expense reimbursement	-	-	89,200
	279,474	1,657,046	1,219,412
Expenses			
Amortization on tangible capital assets	-	865,255	763,058
Salaries and benefits	378,495	327,116	207,925
Contracted services	85,000	81,190	10,631
Repairs and maintenance	23,000	60,755	32,840
Materials and supplies	57,000	52,572	43,673
Telephone	56,000	52,590	52,864
Insurance and taxes	28,000	20,700	25,050
Vehicle	16,500	20,601	10,863
Professional fees	500	8,668	3,916
Consulting	-	5,873	-
Office supplies	4,500	3,502	3,268
Travel	3,000	3,101	50
Technical support	500	955	313
Meals	500	909	111
Other expenses	-	762	-
Rent	500	680	560
Meeting expenses	1,000	459	-
Dues and subscriptions	500	379	199
Accommodation	2,000	141	-
Training	6,000	-	7,681
Interest on debt	-	-	31
Advertising	1,000	-	474
Honourarium	1,000	-	-
Bank charges and interest	-	-	64
	664,995	1,506,208	1,163,571
Annual surplus (deficit)	(385,521)	150,838	55,841

McLeod Lake Indian Band
Membership
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021
Revenue			
Trust revenue	-	484,159	348,000
Indigenous Services Canada	4,568	24,174	4,490
AGA Donations	-	4,738	17,614
Expense reimbursement	-	2,087	-
	4,568	515,158	370,104
Expenses			
Distributions to members	2,400,000	5,159,599	4,935,005
Social assistance	200,000	192,000	190,000
Funeral	50,000	71,503	43,145
Salaries and benefits	30,159	34,478	31,955
Contracted services	130,000	2,615	40,787
Telephone	2,000	1,323	1,482
Materials and supplies	1,000	762	907
Advertising	1,000	279	200
Office supplies	-	228	-
Accommodation	5,000	-	738
Conferences and gathering	60,000	-	1,752
Meals	5,000	-	225
	2,884,159	5,462,787	5,246,196
Annual deficit	(2,879,591)	(4,947,629)	(4,876,092)

McLeod Lake Indian Band
Natural Resources
Schedule 10 - Schedule of Revenue and Expenses
For the year ended March 31, 2022

	<i>2022 Budget (Note 22)</i>	<i>2022</i>	<i>2021</i>
Revenue			
Sale of logs from settlement lands	-	11,483,594	10,018,913
Contract revenue	1,054,500	3,432,879	1,128,161
Trust revenue	-	3,244,225	3,237,500
Province of British Columbia	-	755,454	454,431
Indigenous Services Canada	277,000	321,816	392,956
Government of Canada	-	199,500	-
Oil and Gas Commission	260,000	149,230	238,760
Donations	-	88,800	-
Prince George Nechako Aboriginal Employment & Training Association	80,000	67,577	59,035
Other revenue	-	27,413	-
Expense reimbursement (recovery)	-	11,346	(11,802)
	1,671,500	19,781,834	15,517,954
Expenses			
Professional fees	2,543,831	3,690,126	399,028
Contracted services	112,104	3,128,133	4,360,223
Logging and silviculture	-	1,275,495	1,063,320
Consulting	75,341	1,177,103	173,223
Salaries and benefits	1,096,202	753,390	713,479
Materials and supplies	45,129	105,183	30,163
Honourarium	18,000	72,861	18,134
Vehicle	43,206	71,361	59,871
Rent	67,385	65,020	60,260
Dues and subscriptions	-	45,996	86,206
Meals	25,036	39,341	7,566
Telephone	22,847	37,309	15,019
Meeting expenses	11,263	23,808	7,834
Accommodation	25,200	20,017	12,418
Office supplies	14,766	19,606	8,961
Travel	24,380	19,252	5,301
Insurance and taxes	25,363	17,254	22,121
Training	19,709	16,080	17,878
Repairs and maintenance	28,388	15,492	20,523
Administration fees	-	10,431	-
Advertising	-	5,651	819
Technical support	2,500	4,883	4,424
Education	13,000	51	-
Interest on debt	-	19	18
Workshops	-	-	40
	4,213,650	10,613,862	7,086,829
Surplus (deficit) before transfer	(2,542,150)	9,167,972	8,431,125
Transfer to trust (Note 12)	-	(6,035,453)	(1,808,810)
Annual surplus (deficit)	(2,542,150)	3,132,519	6,622,315

McLeod Lake Indian Band
Social Development
Schedule 11 - Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021
Revenue			
Indigenous Services Canada	816,283	1,240,457	938,914
Ministry of Children and Family Development	174,245	132,593	187,067
Prince George Nechako Aboriginal Employment & Training Association	15,000	32,474	34,668
Province of British Columbia	35,000	29,450	31,093
Contract revenue	-	16,500	42,137
Other revenue	-	778	1,650
Expense reimbursement	-	-	4,508
	1,040,528	1,452,252	1,240,037
Expenses			
Salaries and benefits	582,306	542,647	401,589
Advertising	-	125,698	17,651
Social assistance	124,500	92,226	143,531
Contracted services	166,000	40,170	65,128
Materials and supplies	100,263	24,780	38,498
Conferences and gathering	17,500	20,679	24,797
Telephone	12,500	17,552	15,707
Meeting expenses	-	10,889	-
Travel	34,719	4,633	3,240
Consulting	-	4,387	-
Honourarium	10,000	4,052	-
Training	30,000	4,044	1,577
Technical support	1,000	2,483	983
Insurance and taxes	2,000	2,084	2,093
Meals	8,000	2,016	3,187
Workshops	30,000	1,726	-
Office supplies	6,500	967	6,067
Accommodation	5,000	610	371
Education	-	195	-
Professional fees	-	66	-
Vehicle	5,000	-	695
Emergency funding	-	-	197
Repairs and maintenance	1,000	-	4,433
	1,136,288	901,904	729,744
Annual surplus (deficit)	(95,760)	550,348	510,293

McLeod Lake Indian Band
Social Housing
Schedule 12 - Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 22)	2022	2021
Revenue			
Canada Mortgage and Housing Corporation	-	979,231	206,869
Trust revenue	-	470,860	-
Housing rental revenue	-	141,696	142,858
Interest income	-	2,980	1,463
	-	1,594,767	351,190
Expenses			
Insurance and taxes	-	33,931	32,277
Consulting	-	10,500	10,500
Telephone	-	3,930	-
Administration fees	-	2,886	3,437
Interest on debt	-	2,620	3,556
Materials and supplies	-	1,924	-
Bank charges and interest	-	98	108
Repairs and maintenance	-	-	41,150
Bad debt recovery	-	(74,651)	(114,167)
Amortization on tangible capital assets	-	29,639	29,639
	-	10,877	6,500
Annual Surplus	-	1,583,890	344,690