

Iskut Band Council  
Consolidated Financial Statements  
For the year ended March 31, 2022

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## Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of Iskut Band Council are the responsibility of management and have been approved by the Chief and another Band Councillor on behalf of the Band Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible 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.

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

The external auditors, BDO Canada LLP, conducted an audit in accordance with Canadian generally accepted auditing standards, and expressed their qualified opinion on the consolidated financial statements dated TBD. The external auditors were given access to financial management of Iskut Band Council and met with Council when required.

Approved on behalf of Chief & Council

M. Quock  
Chief

   
Band Councillor

## Independent Auditor's Report

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To the Members of  
Iskut Band Council

### Qualified Opinion

We have audited the consolidated financial statements of Iskut Band Council (the "Band") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of operations, the consolidated statement of changes in net financial assets and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters 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 Group as at March 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

As described in Note 5, the Band indirectly controls The Kluachon Centre Store, Eagle River Guide Outfitters, Kluachon Guide Outfitters, and Zetu Construction, by virtue of its control of Iskut Band Development Corporation. The Kluachon Centre Store is a government organization and should be reported on a consolidated basis, however, the Group has recorded these entities using the modified equity method. This constitutes a departure from Canadian public sector accounting standards. In addition, because the Group does not have audited financial information for these entities, we were unable to determine the amount of the adjustments necessary to revenue, expenditures, and annual surplus (deficiency) of the Group for the years ended March 31, 2022 and 2021, assets and liabilities as at March 31, 2022 and 2021, and accumulated surplus as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the consolidated financial statements for the year ended March 31, 2021 was modified accordingly because of the effects of this departure from Canadian public sector accounting standards.

As described in Note 5, The Band has a 33.3% ownership in the Tahltan Nation Development Limited Partnership, Tahltan Nation Development Corporation, and Tahltan Legacy Corporation. The Band accounts for these interests using the modified equity method however we were unable to obtain sufficient, appropriate audit evidence to determine whether these interests are subject to shared control to be accounted for using the modified equity method and the Band does not have access to the related financial information. As a result of these limitations in scope, we were unable to conclude on the appropriate of the accounting treatment under Canadian public sector accounting standards, and we are unable to determine whether any adjustments may be necessary to long-term investments as at March 31, 2022 and 2021, revenue and annual surplus (deficiency) for the years ended March 31, 2022 and 2021, and accumulated surplus as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the consolidated financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this scope limitation.

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## Independent Auditor's Report (continued)

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As disclosed in Note 5, the Band holds a 33% interest in the Tahltan Heritage Trust. The Band accounts for this interest using the cost method as it considers the interest to be a portfolio investment. We were unable to obtain sufficient, appropriate audit evidence to determine whether the interest is a portfolio investment or a partnership subject to shared control and were not able to conclude on the appropriate accounting treatment under Canadian public sector accounting standards. In addition, the Group does not have audited financial information for these entities. As a result of this limitation in scope we were unable to determine whether adjustments may be necessary to long-term investments as at March 31, 2022 and 2021, revenue and annual surplus (deficiency) for the years ended March 31, 2022 and 2021, and accumulated surplus as at April 1, and March 31 for both the 2022 and 2021 years. Our audit opinion for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Group 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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## Independent Auditor's Report (continued)

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### 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 Group'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 Group'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 Group 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.



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## Independent Auditor's Report (continued)

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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.

*BDO Canada LLP*

Chartered Professional Accountants

Edmonton, Alberta  
January 31, 2023

**Iskut Band Council**  
**Consolidated Statement of Financial Position**

<b>March 31</b>	<b>2022</b>	<b>2021</b>
<b>Financial assets</b>		
Cash (Note 2)	\$ 4,649,694	\$ 913,091
Short-term investments (Note 2)	391,445	391,445
Accounts receivable (Note 3)	1,960,998	2,815,762
Long-term investments (Note 5)	16,573,761	10,447,166
Trust assets (Note 4)	208,448	202,792
	<b><u>23,784,346</u></b>	<b><u>14,770,256</u></b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	493,883	650,943
Long-term debt (Note 9)	2,250,930	2,235,896
Obligations under capital lease (Note 10)	265,226	348,000
	<b><u>3,010,039</u></b>	<b><u>3,234,839</u></b>
<b>Net financial assets</b>	<b><u>20,774,307</u></b>	<b><u>11,535,417</u></b>
<b>Non-financial assets</b>		
Prepaid expenses	79,032	61,621
Tangible capital assets (Note 6)	14,533,026	15,229,409
<b>Total non-financial assets</b>	<b><u>14,612,058</u></b>	<b><u>15,291,030</u></b>
<b>Accumulated surplus (Note 11)</b>	<b><u>\$ 35,386,365</u></b>	<b><u>\$ 26,826,447</u></b>

Approved on behalf of Chief & Council

M. Quock  
 Chief

W.L.

Councillor

**Iskut Band Council**  
**Consolidated Statement of Operations**

For the year ended March 31	2022	2021
Revenue (Note 18)		
Federal Government:		
Indigenous Services Canada (ISC)	\$ 4,932,087	\$ 4,483,034
Canada Mortgage and Housing Corporation (CMHC) (Note 14)	105,651	192,962
First Nations Health Authority	2,733,212	2,881,600
Provincial Government:		
First Nations Education Steering Committee (FNESC)	434,912	377,614
Province of British Columbia	280,404	272,469
Other		
BCFN Gaming Revenue Sharing Limited Partnership (BCFNGRS LP)	390,894	686,231
Equipment rental	78,886	14,280
Housing charges	250,035	266,665
Interest and investment income	1,253,305	414,438
Local operations	708,494	972,817
Miscellaneous health contracts	71,856	51,714
Contracts, rent, contributions and miscellaneous	<u>1,604,126</u>	<u>1,698,501</u>
	<u>12,843,862</u>	<u>12,312,325</u>
Expenditures (Note 17 and 18)		
Administration	1,666,412	1,768,428
Social services	853,906	859,985
Education	2,381,846	2,032,368
Fisheries	-	12,532
Community health	3,031,828	2,885,127
Housing	598,394	685,415
Public works	920,740	1,013,635
Enterprise fund	<u>1,110,260</u>	<u>1,192,500</u>
	<u>10,563,386</u>	<u>10,449,990</u>
Surplus of revenue before the undernoted	2,280,476	1,862,335
Income from investment in government business enterprises, partnership and Tahltan Heritage Trust (Note 5)	<u>6,279,442</u>	<u>2,949,758</u>
Surplus of revenue for the year	8,559,918	4,812,093
Accumulated surplus, beginning of year	<u>26,826,447</u>	<u>22,014,354</u>
Accumulated surplus, end of year	<u>\$ 35,386,365</u>	<u>\$ 26,826,447</u>

**Iskut Band Council**  
**Consolidated Statement of Change in Net Financial Assets**

<u>For the year ended March 31</u>	<u>2022</u>	<u>2021</u>
Surplus of revenue for the year	\$ 8,559,918	\$ 4,812,093
 Tangible capital assets:		
Purchase of tangible capital assets (Note 6)	(619,590)	(1,664,138)
Amortization of tangible capital assets (Note 6)	1,086,974	1,021,270
Loss on disposal of tangible capital assets	1,000	62,653
Proceeds on disposal of tangible capital assets	<u>228,000</u>	<u>200,485</u>
	9,256,302	4,432,363
 Increase in prepaid expenses	<u>(17,411)</u>	<u>(24,167)</u>
 Increase in net financial assets	9,238,891	4,408,196
 Net financial assets, beginning of year	<u>11,535,416</u>	<u>7,127,220</u>
 Net financial assets, end of year	<u>\$ 20,774,307</u>	<u>\$ 11,535,416</u>

**Iskut Band Council**  
**Consolidated Statement of Cash Flows**

<u>For the year ended March 31</u>	<u>2022</u>	<u>2021</u>
<b>Operating activities</b>		
Surplus of revenue for the year	\$ 8,559,918	\$ 4,812,093
Items not affecting cash:		
Amortization of tangible capital assets	1,086,974	1,021,270
Loss on disposal of tangible capital assets	1,000	62,653
Income from investment in Ottawa Trust Funds	(5,656)	(4,089)
Loss (income) from investment in government business enterprises, partnership and Tahltan Heritage Trust	(6,279,442)	(2,949,757)
<b>Changes in operating balances:</b>		
Decrease (increase) in accounts receivable	854,764	(1,405,485)
Increase in prepaid expenses	(17,411)	(24,167)
Increase (decrease) in accounts payable and accrued liabilities	<u>(157,060)</u>	<u>160,475</u>
	<u>4,043,087</u>	<u>1,672,993</u>
<b>Capital activities</b>		
Purchase of tangible capital assets	(619,590)	(1,664,138)
Proceeds on disposal of tangible capital assets	<u>228,000</u>	<u>200,485</u>
	<u>(391,590)</u>	<u>(1,463,653)</u>
<b>Investing activities</b>		
Net decrease in short-term investments	-	594,529
Advances to Iskut Band Development Corporation	(12,694)	(8,484)
Distributions received from partnerships	<u>165,541</u>	<u>-</u>
	<u>152,847</u>	<u>586,045</u>
<b>Financing activities</b>		
Proceeds from long-term debt	279,485	162,656
Repayment of long-term debt	(264,451)	(215,464)
Proceeds from obligations under capital lease	-	184,000
Repayment of obligations under capital lease	(82,775)	(59,780)
Repayment of line of credit	<u>-</u>	<u>(200,000)</u>
	<u>(67,741)</u>	<u>(128,588)</u>
Increase in cash for the year	3,736,603	666,797
Cash, beginning of year	<u>913,091</u>	<u>246,294</u>
Cash, end of year	<u>\$ 4,649,694</u>	<u>\$ 913,091</u>

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## Iskut Band Council Notes to Consolidated Financial Statements

March 31, 2022

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### 1. Summary of Significant Accounting Policies

**Nature of Business** Iskut Band Council (the "Band") provides services and support to its band members.

The Band is exempt from income tax under Section 87 of the Indian Act.

**Basis of Accounting** These consolidated financial statements (the "financial statements") have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

**Reporting Entity and Principles of Consolidation** The Band's reporting entity includes the Iskut Band Council operations and all related entities that are controlled by the Band, including Iskut Energy Limited Partnership. The financial statements include the following entities:

	<u>% ownership</u>
- Iskut Band Development Corporation	100%
- Tahltan Nation Development Limited Partnership	33.33%
- Tahltan Nation Development Corporation	33.33%
- Tahltan Legacy Corporation	33.33%

All controlled entities are fully consolidated on a line-by-line basis and inter-organizational balances and transactions are eliminated, except for the entities described above, which meet the definitions of government business enterprises and business partnerships. Entities that meet the definitions of government business enterprises and business partnerships are accounted for using the modified equity method. Under this method of accounting, only the Band's investment and the Band's portion of the enterprises' accumulated net income or loss and other changes in equity are recorded. Losses are recorded until the investment is reduced to \$nil. No adjustment is made for accounting policies of the business entities that are different from those of the Band and inter-organizational balances and transactions are not eliminated.

**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 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 capital assets and prepaid expenses.

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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1. Summary of Significant Accounting Policies (continued)

Cash	Cash includes cash on hand and balances with banks.														
Short-term Investments	Short-term investments include guaranteed investment certificates ("GIC's") maturing at various times during the next fiscal year. These investments are recorded at cost.														
Long-term Investments	Long-term investments are in business entities and limited partnerships controlled or subject to shared control by the Band.														
Leases	Leases that transfer substantially all of the benefits and risks associated with ownership, are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Band, and the obligation, including interest thereon, is expensed over the term of the lease.														
Use of Estimates	The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.														
Tangible Capital Assets	Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset, commencing once the asset is available for productive use as follows:  <table><tbody><tr><td>Automotive equipment</td><td>5 years</td></tr><tr><td>Band-owned housing</td><td>40 years</td></tr><tr><td>Buildings and improvements</td><td>25 years</td></tr><tr><td>Community equipment</td><td>5 years</td></tr><tr><td>Office equipment</td><td>5 years</td></tr><tr><td>Infrastructure</td><td>50 years</td></tr><tr><td>Assets under capital lease</td><td>Term of the lease</td></tr></tbody></table>	Automotive equipment	5 years	Band-owned housing	40 years	Buildings and improvements	25 years	Community equipment	5 years	Office equipment	5 years	Infrastructure	50 years	Assets under capital lease	Term of the lease
Automotive equipment	5 years														
Band-owned housing	40 years														
Buildings and improvements	25 years														
Community equipment	5 years														
Office equipment	5 years														
Infrastructure	50 years														
Assets under capital lease	Term of the lease														

Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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1. Summary of Significant Accounting Policies (continued)

Revenue Recognition	<p>Revenue in the operating activities is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under the funding agreements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.</p> <p>Revenue in the commercial enterprise activities is recognized when ownership of products is transferred to a third party or services are provided, and collection is reasonably assured.</p> <p>Revenue from rental and other income is recognized when services are provided, and collection is reasonably assured. When payments are received in advance of contracted services, the Band records this as deferred revenue.</p> <p>Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.</p>
Trust Assets	Trust assets represent amounts held by a third party on behalf of the Band. Trust assets are recorded at cost and any investment income is recognized when earned.
Fiscal Plan	Canadian public sector accounting standards requires that the Band's budget be presented in the financial statements. As the Band currently does not prepare a budget, no budgeted figures have been presented as otherwise required.

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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2. Cash and Short-term Investments

	2022	2021
Cash	\$ 4,649,694	\$ 913,091
Short-term investments	<u>391,445</u>	<u>391,445</u>
	<u><u>\$ 5,041,139</u></u>	<u><u>\$ 1,304,536</u></u>
Internally restricted reserves (Note 11)		
Health replacement reserve	\$ 50,191	\$ 50,191
Elders' replacement reserve	<u>41,061</u>	<u>40,986</u>
	<u><u>91,252</u></u>	<u><u>91,177</u></u>
Externally restricted reserves (Note 11)		
CMHC replacement reserve	329,867	329,867
CMHC operating reserve	<u>213,000</u>	<u>\$ 213,000</u>
	<u><u>542,867</u></u>	<u><u>542,867</u></u>
Total restricted reserves	634,119	634,044
Unrestricted	<u>4,407,020</u>	<u>670,492</u>
Total cash and short-term investments	<u><u>\$ 5,041,139</u></u>	<u><u>\$ 1,304,536</u></u>

Short-term investments consist of one year cashable GIC's at a rate of 0.10% per annum, maturing between June 2022 and September 2022.

CMHC Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the housing replacement reserve account is to be credited annually in an amount as specified by CMHC. 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. Withdrawals are credited to interest first and then principal.

The housing replacement reserve funds are held for the purpose of normal maintenance and repairs of the Band-owned housing currently under CMHC funding.

CMHC Operating Reserve

Under the terms of the agreement with CMHC, the housing operating reserve account is to be credited with any surplus amount in phase 8 to 15, based on minimum rent calculation.

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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3. Accounts Receivable

	2022	2021
Trade accounts receivable	\$ 980,033	\$ 1,219,307
Indigenous Services Canada	-	105,669
Canada Mortgage and Housing Corporation	8,804	94,304
Band member rent	1,174,741	1,073,601
GST	5,733	16,351
Tahltan Central Government	1,162,531	1,480,451
Tahltan Band Council	-	85,556
Miscellaneous	<u>24,428</u>	<u>16,640</u>
	3,356,270	4,091,879
Less: Allowance for doubtful accounts	<u>(1,395,272)</u>	<u>(1,276,117)</u>
Net accounts receivable	<u>\$ 1,960,998</u>	<u>\$ 2,815,762</u>

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4. Trust Assets

	March 31, 2021	Interest Earned	March 31, 2022
Ottawa Trust Funds			
Revenue	\$ 202,776	\$ 5,656	\$ 208,432
Capital	<u>16</u>	<u>-</u>	<u>16</u>
	<u>\$ 202,792</u>	<u>\$ 5,656</u>	<u>\$ 208,448</u>

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The Ottawa 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. The revenue and capital trust funds are accessible by the Band for specified purposes.

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## Iskut Band Council Notes to Consolidated Financial Statements

March 31, 2022

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### 5. Long-term Investments

#### Iskut Band Development Corporation ("IBDC")

IBDC is a wholly-owned entity, which includes four operating divisions. The Kluachon Centre Store (operating a cafe and retail store selling groceries, gas, and general merchandise) is the only active division. The inactive divisions include: Eagle River Guide Outfitters, Kluachon Guide Outfitters, and Zetu Construction. IBDC is a government organization and is required to be reported on a consolidated basis. The Band considers this entity to be a government business enterprise and has accounted for its investment in IBDC using the modified equity method. The Band has not received updated information with respect to this investment for 2021 and 2022; therefore, no equity income has been reported and no summary financial information has been presented. Amounts advanced to IBDC bear no interest and have no fixed terms of repayment. Included in the investment balance for IBDC is land with a carrying value of \$149,095.

#### Tahltan Nation Development Corporation ("TNDC")

TNDC is a general partner that holds 0.01% of Tahltan Nation Development Limited Partnership. TNDC is a business partnership (BP) and the Band accounted for it using the modified equity method.

#### Tahltan Nation Development Limited Partnership ("TNDLP")

TNDLP has entered into a number of joint venture agreements providing a wide range of support and construction services to various industries and the government. TNDLP meets the definition of a BP and the Band accounted for it using the modified equity method.

#### Tahltan Heritage Trust (THT)

THT is comprised of monies received from resource developers that undertake commercial activities, primarily using natural resources in the Tahltan Nation's traditional territory, along with investments in marketable securities. The management of these funds are primarily governed by the Tahltan Nation leadership. The Band is not a beneficiary of THT and the Band's investment in THT is accounted for at cost.

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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5. Long-term Investments (continued)

Tahltan Legacy Corporation (TLC)

TLC owns 100% of the shares of 1045365 B.C. Ltd., previously a general partner that held a 0.01% interest in the Volcano Creek Limited Partnership (VCLP); TLC was also the limited partner and held a 99.99% interest in VCLP. VCLP owns a 2.7% investment in Volcano Creek Hydroelectric Facility of Coast Mountain Hydro Limited Partnership, a partnership which operates a run-of-river plant facilities initially constructed and developed by Altagas Ltd. in collaboration with BC Hydro. The ownership of VCLP was previously transferred to THT, and TLC as well as 1045365 B.C. Ltd. are no longer inactive.

The Band considers TLC a business partnership (BP) and is accounted for using the modified equity method.

B.C. First Nations (BCFN) Gaming Revenue Sharing Limited Partnership ("BCFNNGRS LP")

The Band has entered into the BCFN Gaming Revenue Sharing and Financial Agreement with the Province of British Columbia. The partnership is to provide a share of the Province's gaming revenue to First Nations in British Columbia.

	2022	2021
Iskut Band Development Corporation	\$ 1,590,341	\$ 1,577,647
Tahltan Nation Development Corporation	251	251
Tahltan Nation Development Limited Partnership	14,983,059	8,869,158
BCFN Gaming Revenue Sharing Limited Partnership	<u>110</u>	<u>110</u>
	<u><u>\$ 16,573,761</u></u>	<u><u>\$ 10,447,166</u></u>

Included in Iskut Band Development Corporation long-term investment is \$819,465 (2021 - \$804,771) accounts receivable from Iskut Band Development Corporation. The balance is unsecured, non-interest bearing and without terms of repayment.

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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5. Long-term Investments (continued)

The following table summarizes the unaudited condensed financial information for TNDLP:

	2021	2020
<b>Assets</b>		
Cash	\$11,067,874	\$14,325,540
Marketable securities	1,344,150	884,580
Accounts receivable	20,918,925	4,836,781
Inventory	305,782	289,182
Property and equipment	21,127,167	12,424,440
Other	5,205,466	4,423,264
	<b>\$59,969,364</b>	<b>\$37,183,787</b>
<b>Liabilities</b>		
Accounts payable and accruals	\$ 2,487,465	\$ 2,268,127
Governmental payables	293,394	76,248
Demand loan	2,121,325	2,368,713
Long-term debt	10,114,972	5,758,073
Promissory note payable	-	103,377
	15,017,156	10,574,538
<b>Surplus</b>	<b>44,952,208</b>	<b>26,609,249</b>
	<b>\$59,969,364</b>	<b>\$37,183,787</b>
<b>Revenue</b>	<b>\$50,159,874</b>	<b>\$27,736,407</b>
Direct expenses	(33,933,692)	(18,776,352)
General and administrative expenses	(3,780,733)	(3,395,816)
Other income	6,394,133	3,285,625
<b>Total net income</b>	<b>\$18,839,582</b>	<b>\$ 8,849,864</b>
<b>Band's share of income</b>	<b>\$ 6,279,442</b>	<b>\$ 2,949,758</b>

The 2022 financial results of TNDLP are not available, and the 2021 financial results have been presented based on the unaudited financial statements prepared by a public accountant.

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**Iskut Band Council**  
Notes to Consolidated Financial Statements

March 31, 2022

**6. Tangible Capital Assets**

2022

	Automotive Equipment	Band-Owned Housing	Buildings and Improvements	Community Equipment	Office Equipment	Office Infrastructure	Construction in Progress	Social Housing	Total
Cost, beginning of year	\$2,330,910	\$ 5,861,969	\$ 8,587,549	\$ 1,288,422	\$ 619,502	\$ 5,025,055	\$ 1,001,032	\$ 4,787,922	\$29,502,361
Additions	429,350	-	-	109,485	26,615	-	54,140	-	619,590
Disposals	(229,000)	-	-	(56,825)	(72,629)	-	-	-	(358,454)
Cost, end of year	2,531,260	5,861,969	8,587,549	1,341,082	573,488	5,025,055	1,055,172	4,787,922	29,763,497
Accumulated amortization, beginning of year	1,322,790	4,200,778	3,797,220	1,091,526	388,521	2,031,832	-	1,440,285	14,272,952
Amortization	277,441	142,329	319,849	63,371	64,819	100,503	-	118,662	1,086,974
Disposals	-	-	-	(56,827)	(72,628)	-	-	-	(129,455)
Accumulated amortization, end of year	1,600,231	4,343,107	4,117,069	1,098,070	380,712	2,132,335	-	1,558,947	15,230,471
Net book value, end of year	\$ 931,029	\$ 1,518,862	\$ 4,470,480	\$ 243,012	\$ 192,776	\$ 2,892,720	\$ 1,055,172	\$ 3,228,975	\$14,533,026

Included in automotive equipment is \$nil of tangible capital assets acquired during the year by way of capital lease. The leased tangible capital assets cost included in automotive equipment is \$552,383 (2021 - \$552,383) and the accumulated amortization is \$160,554 (2021 - \$50,077).

**Iskut Band Council**  
Notes to Consolidated Financial Statements

March 31, 2022

6. Tangible Capital Assets (continued)

	2021								
	Automotive Equipment	Band- Owned Housing	Buildings and Improvements	Community Equipment	Office Equipment	Infrastructure	Construction in Progress	Social Housing	Total
Cost, beginning of year	\$2,076,842	\$ 5,861,969	\$ 8,045,136	\$ 1,219,474	\$ 626,417	\$ 4,874,109	\$ 993,036	\$ 4,787,922	\$ 28,484,905
Additions	710,657	-	559,747	123,565	111,226	150,947	7,996	-	1,664,138
Disposals	(456,589)	-	(17,334)	(54,619)	(118,140)	-	-	-	(646,682)
Cost, end of year	<u>2,330,910</u>	<u>5,861,969</u>	<u>8,587,549</u>	<u>1,288,420</u>	<u>619,503</u>	<u>5,025,056</u>	<u>1,001,032</u>	<u>4,787,922</u>	<u>29,502,361</u>
Accumulated amortization, beginning of year	1,343,139	4,058,449	3,517,088	1,007,713	452,866	1,934,347	-	1,321,623	13,635,225
Amortization	173,110	142,329	297,459	138,431	53,795	97,485	-	118,662	1,021,271
Disposals	(193,459)	-	(17,327)	(54,618)	(118,140)	-	-	-	(383,544)
Accumulated amortization, end of year	<u>1,322,790</u>	<u>4,200,778</u>	<u>3,797,220</u>	<u>1,091,526</u>	<u>388,521</u>	<u>2,031,832</u>	<u>-</u>	<u>1,440,285</u>	<u>14,272,952</u>
Net book value, end of year	<u>\$1,008,120</u>	<u>\$ 1,661,191</u>	<u>\$ 4,790,329</u>	<u>\$ 196,894</u>	<u>\$ 230,982</u>	<u>\$ 2,993,224</u>	<u>\$ 1,001,032</u>	<u>\$ 3,347,637</u>	<u>\$ 15,229,409</u>

Included in automotive equipment is \$302,000 of tangible capital assets acquired during the year by way of capital lease.

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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7. Line of Credit

The bank overdraft and line of credit are due on demand. The line of credit, with a maximum limit of \$200,000, and the bank overdraft bear interest at the bank's prime rate plus 1.60% per annum, calculated and payable monthly. As at March 31, 2022, the line of credit had a balance of \$nil (2021 - \$nil).

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8. Pension Plan

The Band and certain of its employees contribute to the Iskut Band Pension Plan (the "Plan"). The Plan is a defined contribution plan. Pacific Employee Benefits administers the Plan through Sun Life Financial Group Retirement Services, including the payment of pension benefits on behalf of the employer and employees in accordance with the federal legislation.

During the year, the Band made contributions of \$120,153 (2021 - \$104,688) to the Plan on behalf of its employees.

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9. Long-term Debt

	2022	2021
Capital Loans		
RBC loan payable, with monthly payments of \$4,949 including interest at 4.50% per annum, secured by specific equipment with a carrying value of \$169,464, maturing September 2025	\$ 171,865	\$ 222,757
JCB loan payable, with monthly payments of \$1,202 including interest at 2.99% per annum, secured by specific equipment with a carrying value of \$109,485, maturing August 2027	71,019	-
Fining loan payable, with monthly payments of \$3,685 including interest at 3.95% per annum, secured by specific equipment with a carrying value of \$200,350, maturing July 2026	175,863	-
RBC loan payable, with biweekly payments of \$459 including interest at 0.00% per annum, secured by specific equipment with a carrying value of \$23,878, maturing August 2023	16,989	28,927
RBC loan payable, with monthly payments of \$698 including interest at 5.49% per annum, secured by specific equipment with a carrying value of \$26,524, maturing January 2024	14,580	21,940

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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9. Long-term Debt (continued)

	2022	2021
Capital Loans (continued)		
RBC loan payable, with monthly payments of \$1,378 including interest at 5.69% per annum, secured by specific equipment with a carrying value of \$58,998, maturing September 2025	52,350	65,492
RBC loan payable, with monthly payments of \$1,427 including interest at 5.69% per annum, secured by specific equipment with a carrying value of \$59,629, maturing September 2025	54,220	67,832
RBC loan payable, with monthly payments of \$890 including interest at 5.69% per annum, secured by specific equipment with a carrying value of \$57,100, maturing October 2025	34,531	42,964
	<hr/>	<hr/>
	591,417	449,912
Social Housing Mortgages		
CMHC mortgage payable, with monthly payments of \$6,907 including interest at 2.13% per annum, maturing September 2032	779,538	845,131
CMHC mortgage payable, with monthly payments of \$5,651 including interest at 0.76% per annum, maturing November 2035	879,975	940,853
	<hr/>	<hr/>
	1,659,513	1,785,984
	<hr/>	<hr/>
	<hr/>	<hr/>
	\$ 2,250,930	\$ 2,235,896

All Social Housing mortgages are secured by a ministerial guarantee from Indigenous Services Canada. Principal repayments on long-term debt for the next five years and thereafter are as follows:

2023	\$ 287,263
2024	288,138
2025	285,440
2026	221,747
2027	164,768
Thereafter	<hr/>
	1,003,574
	<hr/>
	\$ 2,250,930

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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10. Obligations Under Capital Lease

	2022	2021
Obligation under capital lease for a Peterbuilt hauler, with blended monthly payments totaling \$4,627 including interest at 4.91% per annum, secured by specific equipment with a net book value of \$200,306	\$ 130,391	\$ 178,240
Obligation under capital lease for a Peterbuilt hauler, with blended monthly payments totaling \$3,326 including interest at 3.24% per annum, secured by specific equipment with a net book value of \$241,600	<u>134,835</u>	<u>169,760</u>
	<u><u>\$ 265,226</u></u>	<u><u>\$ 348,000</u></u>

Interest expense for the year related to the obligations under capital lease is \$12,378 (2020 - \$6,789).

Future minimum lease payments under the capital leases for the next four years are as follows:

2023	\$ 95,437
2024	95,437
2025	67,673
2026	<u>23,279</u>
	281,826
Less: amounts representing interest	<u>16,600</u>
	<u><u>\$ 265,226</u></u>

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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11. Accumulated Surplus

Accumulated surplus is comprised of the following:

	Balance March 31, 2021	Surplus (deficiency)	Transfers to (from)	Balance March 31, 2022
General Non-financial assets	\$10,011,794 15,291,030	\$ 9,627,555 (1,069,564)	\$ (785,330) 390,592	\$18,854,019 14,612,058
	<u>25,302,824</u>	<u>8,557,991</u>	<u>(394,738)</u>	<u>33,466,077</u>
Internally Restricted Reserves				
Health replacement reserve	137,330	(39)	20,000	157,291
Education replacement reserve	146,829	-	-	146,829
Administration reserve	375,000	-	350,000	725,000
Elders' replacement reserve	40,986	76	-	41,062
Economic development replacement reserve	75,000	-	-	75,000
	<u>775,145</u>	<u>37</u>	<u>370,000</u>	<u>1,145,182</u>
Externally Restricted Reserves				
Equity in Ottawa Trust Funds	202,776	5,657	-	208,433
CMHC replacement reserve	344,895	(3,767)	32,200	373,328
CMHC operating reserve	200,807	-	(7,462)	193,345
	<u>748,478</u>	<u>1,890</u>	<u>24,738</u>	<u>775,106</u>
Total Restricted Reserves	<u>1,523,623</u>	<u>1,927</u>	<u>394,738</u>	<u>1,920,288</u>
Total Accumulated Surplus	<u>\$26,826,447</u>	<u>\$ 8,559,918</u>	<u>\$ -</u>	<u>\$35,386,365</u>

Internally restricted reserves were underfunded by \$1,053,930 at March 31, 2022 (2021 - underfunded \$689,376). Underfunded replacement reserves are partially covered by operating GIC's totaling \$256,648 in 2022 (2021 - \$256,648) that are included within short-term investments.

The CMHC housing reserves in general were underfunded by \$23,806 in 2022 (2021 - underfunded \$2,834).

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## Iskut Band Council Notes to Consolidated Financial Statements

March 31, 2022

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### 12. Economic Dependence

The Band receives a major portion of its revenue from Indigenous Services Canada and First Nations Health Authority. The nature and extent of this revenue is of such significance that the Band is economically dependent on these sources of revenue. During the year, the Band received 37% (2021 - 36%) of its revenue from Indigenous Services Canada and 21% (2021 - 24%) from First Nations Health Authority.

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### 13. Comparative Figures

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

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### 14. Federal Assistance Payments

The Iskut Rental Housing Operations receives federal assistance through CMHC to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of assistance received for the year was \$105,651 (2021 - \$107,462), and this amount is included in CMHC revenue on the consolidated statement of operations.

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### 15. Contingencies

Various lawsuits have been threatened against the Band for incidents which arose in the ordinary course of business. In the opinion of management, it is not determinable if lawsuits will be filed. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

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### 16. Uncertainty Due to COVID-19

The impact of COVID-19 in Canada and on the global economy has been significant. The Band had undertaken efforts to combat the pandemic by initially assessing and estimating the potential impact COVID-19 could have on the community. As a result of the assessment, amongst other measures, services provided by certain of the non-essential programs were temporarily suspended, whereas, certain new programs to address the needs of the community during this pandemic were initiated by the Band. As the impacts of COVID-19 continue, there could be further impact on financial operations, financial position, and liquidity in fiscal 2023.

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Iskut Band Council  
Notes to Consolidated Financial Statements

March 31, 2022

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17. Statement of Expenditures by Object

	2022	2021
Expenditures		
Administration	\$ 452	\$ -
Amortization	1,087,974	1,083,923
Bad debts	128,272	313,704
Bank charges	11,506	13,510
Contract services	466,912	740,561
Cultural services	14,880	3,992
Direct social assistance	304,718	302,741
Equipment rental	38,248	42,537
Guidance and counselling (recovery)	30,480	(188,110)
Honoraria	34,855	35,180
Insurance	80,267	74,163
Interest on long-term debt and capital lease	71,500	64,020
Materials and supplies	473,142	584,200
Office and miscellaneous	1,313	-
Patient transport	697,195	514,827
Professional fees	564,030	389,284
Program resources	575,169	483,866
Rental	1,242	-
Repairs and maintenance	343,561	439,719
Salaries and benefits	4,381,518	4,499,380
Student allowance and transportation	193,209	172,818
Technology	158,296	151,016
Telephone	127,282	124,699
Travel and accommodation	341,343	225,593
Tuition fees	94,541	50,450
Utilities	194,463	176,035
Vehicles operations and maintenance	146,538	143,043
Workshops and training	480	8,839
 Total expenditures for the year	 \$ 10,563,386	 \$ 10,449,990

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## Iskut Band Council Notes to Consolidated Financial Statements

March 31, 2022

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### 18. Segmented Information

The Band provides a wide range of services to its members including social, education, health, housing, public works and economic activities. For management reporting purposes, the Band's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives with special regulations, restrictions or limitations. Services are provided by programs and their activities are reported in these funds. Certain programs have been separately disclosed in the segmented information, along with the services they provide, and are detailed in the schedule that follows.

#### Administration

The Administration Services program provides administration support to other band operation programs and services.

#### Social Services

The Social Services program provides financial benefits and services to individuals and families, resident on reserve, who are in need.

#### Education

The Education program provides services to eligible First Nation students enrolled in elementary/secondary education programs and eligible post-secondary education programs.

#### Fisheries

The Fisheries program was a co-management initiative with the Department of Fisheries and Oceans Canada that included monitoring and enhancement projects. The program ceased operations in fiscal 2021.

#### Community Health

Iskut Valley Health Services provides health programs and services under an agreement with First Nations Health Authority.

#### Housing

The Housing program provides on-reserve housing to eligible members under the CMHC housing programs for First Nations.

#### Public Works

The Public Works program is responsible for the construction and maintenance of public spaces within the community.

#### Enterprise Fund

The Enterprise Fund is responsible for all locally initiated business activities, usually derived from non-government financial support.

**Iskut Band Council**  
**Notes to Consolidated Financial Statements**  
**Schedule of Segmented Financial Activities**

March 31, 2022

**18. Segmented Information (continued)**

2022

	Administration	Social Services	Education	Community Health	Housing	Public Works	Subtotal	Enterprise Fund	Total
<b>Revenue</b>									
ISC	\$ 876,858	\$ 995,943	\$ 1,943,077	\$ -	\$ 166,685	\$ 851,151	\$ 4,833,714	\$ 98,373	\$ 4,932,087
CMHC	-	-	-	-	105,651	-	105,651	-	105,651
FNESC	-	-	434,912	-	-	-	434,912	-	434,912
FNHA	91,049	-	-	2,642,163	-	-	2,733,212	-	2,733,212
Housing charges	-	-	2,875	-	247,160	-	250,035	-	250,035
Investment income	8,665	-	-	-	-	-	8,665	1,244,640	1,253,305
Investment income from BP	-	-	-	-	-	-	-	6,279,442	6,279,442
Province of B.C.	-	249,808	-	30,596	-	-	280,404	-	280,404
BCFNGRS LP	-	-	-	-	-	-	-	390,894	390,894
Other	28,811	509,884	1,683	72,856	13,599	10,993	637,826	1,825,536	2,463,362
	1,005,383	1,755,635	2,382,547	2,745,615	533,095	862,144	9,284,419	9,838,885	19,123,304
<b>Expenditures</b>									
Amortization	16,584	51,760	91,385	181,050	252,169	495,026	1,087,974	-	1,087,974
Direct assistance	-	304,718	-	-	-	-	304,718	-	304,718
Interest	-	2,245	-	7,100	24,064	-	33,409	38,092	71,501
Materials, supplies and utilities	163,006	21,469	142,970	142,839	23,547	67,516	561,347	234,850	796,197
Operations and maintenance	650,990	134,976	466,644	423,494	248,334	212,703	2,137,141	458,048	2,595,189
Salaries, wages and benefits	812,069	294,388	1,347,763	1,408,296	45,072	134,926	4,042,514	339,005	4,381,519
Student costs	-	-	287,750	-	-	-	287,750	-	287,750
Transportation costs	23,763	44,350	45,334	869,049	5,208	10,569	998,273	40,265	1,038,538
	1,666,412	853,906	2,381,846	3,031,828	598,394	920,740	9,453,126	1,110,260	10,563,386
<b>Surplus (deficiency) of revenue for the year</b>	<b>\$ (661,029)</b>	<b>\$ 901,729</b>	<b>\$ 701</b>	<b>\$ (286,213)</b>	<b>\$ (65,299)</b>	<b>\$ (58,596)</b>	<b>\$ (168,707)</b>	<b>\$ 8,728,625</b>	<b>\$ 8,559,918</b>

**Iskut Band Council**  
**Notes to Consolidated Financial Statements**  
**Schedule of Segmented Financial Activities**

March 31, 2022

**18. Segmented Information (continued)**

**2021**

	Administration	Social Services	Education	Fisheries	Community Health	Housing	Public Works	Enterprise Fund	Total
<b>Revenue</b>									
ISC	\$ 1,371,935	\$ 630,372	\$ 1,874,843	\$ -	\$ -	\$ 192,962	\$ 338,511	\$ 267,373	\$ 4,483,034
CMHC	-	-	-	-	-	-	-	-	192,962
Fisheries and Oceans Canada	-	-	-	-	-	-	-	-	-
FNESC	-	-	377,614	-	-	-	-	-	377,614
FNHA	224,575	-	-	-	2,657,025	-	-	-	2,881,600
Housing charges	-	-	12,850	-	-	253,815	-	-	266,665
Investment income	8,018	-	-	-	-	-	-	406,420	414,438
Investment income from BP and Tahltan Heritage Trust	-	-	-	-	-	-	-	2,949,758	2,949,758
Province of B.C.	-	242,843	-	-	29,626	-	-	-	272,469
BCFNNGRS LP	-	-	-	-	-	-	-	686,231	686,231
Other	62,103	614,335	4,995	-	51,714	-	59,153	1,945,012	2,737,312
	1,666,631	1,487,550	2,270,302	-	2,738,365	446,777	397,664	6,254,794	15,262,083
<b>Expenditures</b>									
Amortization	11,956	-	90,301	-	205,380	252,169	524,117	-	1,083,923
Direct assistance	-	302,741	-	-	-	-	-	-	302,741
Interest	-	1,038	-	-	6,389	29,348	-	27,245	64,020
Materials, supplies and utilities	322,302	8,793	111,172	-	164,506	14,978	55,811	207,371	884,933
Operations and maintenance	716,177	92,837	149,216	12,532	483,900	348,003	204,071	644,571	2,651,307
Salaries, wages and benefits	705,939	433,884	1,426,507	-	1,378,148	40,917	227,088	286,898	4,499,381
Student costs	-	-	223,268	-	-	-	-	-	223,268
Transportation costs	12,054	20,692	31,904	-	646,804	-	2,548	26,415	740,417
	1,768,428	859,985	2,032,368	12,532	2,885,127	685,415	1,013,635	1,192,500	10,449,990
<b>Surplus (deficiency) of revenue for the year</b>	<b>\$ (101,797)</b>	<b>\$ 627,565</b>	<b>\$ 237,934</b>	<b>\$ (12,532)</b>	<b>\$ (146,762)</b>	<b>\$ (238,638)</b>	<b>\$ (615,971)</b>	<b>\$ 5,062,294</b>	<b>\$ 4,812,093</b>